

Masterclass

Bridging the Gap Between Energy and Finance -The Two Fuels of an Economy

18 July 2019 | 1400 - 1500 hrs

Hyatt Regency, New Delhi

An energy revolution is under way. Globally, investments in renewables-based electricity capacity have beaten fossil fuels consecutively for the past two years. In India, too, renewables have dominated power sector investments since 2015. Yet, many investors remain wary of investing in renewable energy. This is particularly evident in developing countries, which have large untapped potential for both solar and wind energy on the one hand, but which are generally perceived as challenging markets to operate in, especially by conservative investors. Why do clean energy investments continue to be viewed as risky, despite evident trends to the contrary? More importantly, what are these risks and just how real are they?

Renewable energy projects in emerging economies face several real risks. Some are unique to the sector itself, such as technology risk, integration of a variable source of supply, etc. while others are common across sectors in emerging economies, such as currency risk, counterparty risk, political risk, etc. However, there is a third risk category that is playing spoilsport for clean energy markets in emerging economies and that is the perception of risk. Specifically, in the case of renewables, there appears to be a delta between perceived risk and actual recorded risk, and letting this delta remain intact acts as a deterrent to investment. The cause of this delta is a paucity of adequate data and its effect is often a lack of coherence in actions between various stakeholders.

CEEW Centre for Energy Finance's analysis of the risks to capital flows in the clean energy markets of India, Indonesia, and South Africa confirms that there is a growing need to bridge this information asymmetry, not just with improved data, but also with clear, precise, and comprehensible communication between the energy and finance communities. Energy and finance are the driving fuels of any economy, and it is imperative that for the two to intersect to enable an efficient energy transition. It is in this context that this Masterclass has been conceived.

The Masterclass hosted as part of Energy Horizons 2019, CEEW's annual flagship event, is designed as a candid and interactive 60-minute session, to identify and address the barriers to effectively communicating the investment opportunity posed by the energy transition. The participants will include market players such as independent power producers (IPPs), active investors, representatives of banks and development finance institutions (DFIs), and civil society actors.

With this Masterclass we aim to achieve the following objectives:

- Identify the challenges that impede the mainstreaming of the energy transition in the perception of investors
- Debate mechanisms to bridge the gap between the energy and finance communities
- Propose that the continuing evolution of new energy technologies will require continuing innovation in financing