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Renewable Energy Deals Increase as Confidence Returns, PWC Says

Renewable energy mergers and acquisition activity escalated last year as confidence returned to the market and sellers priced assets more realistically, the global accounting firm PwC said.

The number of deals including biofuels and wind, solar and hydroelectric power climbed by two-thirds to 530 in 2010 from 319 the previous year, PwC said today in an e-mailed report. At the same time, renewable energy deals were smaller, with total value falling to \$33.4 billion from \$48.8 billion.

"There's relatively strong confidence coming back to the renewables market," **Ronan O'Regan**, London-based director of renewables at PwC, said in a phone interview. "There was a clear gap in 2008 and 2009 between sellers' expectations and buyers' view of value, and people have become more realistic on value."

While deal activity picked up, renewable energy shares slumped in 2010, with the **Wilderhill New Energy Index** declining 15 percent and the FTSE Renewable and Alternative Energy Index falling 8.4 percent as the Standard & Poor's 500 Index and Dow Jones Industrial Average both rose.

New low-carbon energy investment surged to a record \$243 billion last year, according to Bloomberg New Energy Finance. That figure includes share offerings, asset financing and venture capital, though not mergers and acquisitions, because they're not considered new investment.

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The uptick is likely to continue this year as economic growth picks up and renewable energy businesses become "more mature," O'Regan said.

"I'd expect wind and solar will continue to dominate deal activity," he said. "We'll probably see some larger transactions in the offshore wind space, where we're starting to see more assets come through into commercial operations, and we're starting to see stakes being sold."