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Green Giraffe Sees Funds Available for EU Offshore Wind Plans

By Sally Bakewell - Apr 20, 2012

Developers of offshore wind power stations in [Europe](#) will be able to find the “tens of billions of euros” they need to build the capacity planned even though banks are lending less, said Green Giraffe Energy Bankers.

“Available funds are growing alongside the industry,” Jerome Guillet, managing director of the Paris-based company that advises on wind projects, said by e-mail. “They will come from the traditional investors in the sectors such as utilities and from third parties” ranging from infrastructure to pension funds, he said.

Investors including Japanese trading house [Marubeni Corp. \(8002\)](#) and pension funds including PensionDanmark A/S are channeling money into European wind projects to tap long-term returns. Britain and Germany are leading construction of 35.5 gigawatts of offshore wind plants by 2020, requiring about 127 billion euros (\$166 billion) of investment, according to Bloomberg [New Energy \(NENE\)](#) Finance. The facilities will provide 3.2 percent of the European Union’s electricity demand.

“Funding, whether debt finance, equity or other hybrid forms, is there for good projects and will continue to be as the industry grows,” he said. This is despite a “general perception” of financing shortages caused by the European debt crisis, he said. Third-party funding has actually outpaced industry growth in the past two years, he said.

EDF and Dong

Spending on wind and solar parks and other renewable projects fell 28 percent to \$27 billion in the first quarter from the last three months of 2011, according to New Energy Finance.

Guillet’s Green Giraffe Energy Bankers is working on offshore wind projects in six countries including [France](#), where it advised [Electricite de France SA](#) and Dong Energy A/S on their winning bid in the nation’s wind tender. The company also advised [Blackstone Group LP \(BX\)](#), the world’s largest private-equity firm, on a 1.2 billion-euro (\$1.6 billion) park in the German [North Sea](#) last year.

More than 30 banks already provided loans for offshore wind, with more than 20 taking construction risk, Guillet said. Lenders prefer projects in Germany and the U.K. to those in [Spain](#) and Greece, which combine less predictable regulatory frameworks and sovereign risk, he said. Spain in January halted subsidies to new renewable plants.

Utilities including Dong, [Centrica Plc \(CNA\)](#) and EON AG built offshore wind farms and plan more as

[Germany](#) replaces phased-out nuclear power. Britain is targeting 18 gigawatts of turbines at sea by 2020.

“We are coming to a point where several of the large utilities have the ability to point to large operational wind farms, a big difference from just two or three years ago,” Guillet said.

Utilities that have sold stakes in projects to help raise funds may increasingly rely on non-recourse [project financing](#), where banks can recoup their investments from the project’s cash flow though not the developers, Guillet said.

“Within a few more years, the industry will have a large fleet of projects operating and will have the kind of track record that will help a larger universe of banks and infrastructure investors join the fray,” he said.

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