

RENEWABLE ENERGY

Report: Big businesses hit brakes on wind, solar electricity

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Published: Wednesday, August 12, 2020



Fewer corporations reached deals in the first half of 2020 for power from wind farms like this one, backed by Google LLC. Google

Corporate purchases of renewable power fell in the United States during the first half of the year due to pandemic fallout and slumping interest from technology giants, according to a new analysis.

Clean energy researchers at Bloomberg New Energy Finance counted 4.3 gigawatts' worth of corporate contracts for wind and solar electricity so far in 2020, they said in an outlook released yesterday, compared with 6 GW as of this time last year.

Renewable advocates regard such deals as a key barometer of the energy transition away from fossil fuels. Demand from large companies can sway entire power markets, said Kyle Harrison, a sustainability analyst at BloombergNEF.

"It changes the way utilities think, the way policymakers think," Harrison said. "That, in turn, creates a positive feedback loop that can benefit these big tech companies and give them more options to achieve their clean energy goals."

But the pandemic has discouraged many large companies from inking new deals by throwing expectations for electricity use into disarray.

With many employees working from home until further notice, "it becomes more complicated to understand what their electricity consumption is going to look like a year from now, or seven years down the line. It could change dramatically," Harrison said.

The pandemic has also sent wholesale power prices crashing. That's bad for corporate buyers who usually enter power supply agreements so they can pay less than the rest of the market. When the wholesale price falls below the contracted price, the corporation must pay the clean energy developer the difference.

That was seen most dramatically in Texas, where a 9% plunge in power demand — and a corresponding fall in wholesale prices — warded off new deals. Midway through 2019, large companies had reached 5.5 GW of new clean electricity deals in the state, compared with just 940 megawatts in the first part of 2020, according to BloombergNEF.

The analysis came on the same day that federal energy authorities released optimistic projections for renewable power growth.

Renewables will be "the fastest-growing source of electricity generation in 2020," wrote the U.S. Energy Information Administration (EIA) in a [**short-term outlook**](#) yesterday. Zero-carbon sources, led by wind and solar, would rise from 17% of the energy mix in the United States last year to 20% this year, and to 22% in 2021, the agency projected, while noting that growth was "subject to a high degree of uncertainty."

Natural gas is on track to advance this year, as well, EIA said, from 37% of power generation to 40%, before falling slightly in 2021 in response to forecasts for higher gas prices. Coal's share is expected to do the inverse, falling from 24% in 2019 to 18% this year before rebounding to 22% next year, EIA said.

Corporations might be prompted to enter new deals for renewable power if there's progress on fighting the pandemic, Harrison said. The market could also get a lift with a handful of outsize purchases — including from new entrants from the manufacturing, financial, and even oil and gas sectors.

So far in 2020, Amazon.com Inc. and Microsoft Corp. were the biggest corporate buyers of renewable energy outside the utility space, followed by General Motors Co., Verizon Communications Inc. and the University of Pennsylvania, which this spring signed a deal involving two large-scale solar projects.

Some of the traditionally renewable energy-oriented tech companies, like Google LLC, have shied away from new deals this year because they've hit clean energy targets, added Harrison. A next phase of contracts from those companies would likely begin when they develop new strategies for renewable procurement aimed at powering their operations directly from wind or solar projects instead of offsetting their energy use.

"A big part of it is the market just maturing," Harrison said.