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Growth projections for renewables capacity in 2023?

Wind and solar don't compete with oil in the liquids market but in gas markets, particularly in Europe these days, they are more viable. At the start of the Ukraine crisis last year, we projected that Europe could fully get off Russian gas in four years by going full throttle on renewables. They did it in about 12 months, albeit aided by factors like mild weather and a big cratering of industrial gas demand. We also had gas to coal switching and US LNG supply. Renewables are the fastest growing segment of the energy space. Solar demand globally increased about 50% last year compared to the 1% growth rate we are accustomed to seeing in the oil market.

Will Europe abandon its Energy Transition for energy security?

It's very hard to have an Energy Transition if you ignore energy security goals. It was very prudent for example in the case of Germany, to bring some of their coal plants back online last year - these decisions were quite practical. But I think all governments and most stakeholders are continuing full steam ahead on everything Energy Transition related.

Does China, or the Ukraine war hold greater weight today on energy markets?

China's reopening will be the big differential but there are other factors, such as whether a recession will happen and how deep or long it will be. The value of the dollar is also critical and how US policy decisions feed into that.

Is Europe's renewables agenda vulnerable to its reliance on Chinese materials?

Once you've got the equipment installed, there's less concern, but about 80% of the solar supply chain globally is in China. We saw the US take some significant action this past year to help try to manage that risk. The Inflation Reduction Act is basically a clean energy bill, and the US wants to push manufacturing domestically. Europe is probably going to take a very serious look at that question because if it doesn't change the incentive structure, it risks the manufacturing happening in China or perhaps the US. The wind supply chain isn't nearly as concentrated in China however, with companies like Vestas, Siemens, Gamesa and Nordex quite actively making turbines in Europe. ■

**Paraphrased Comments*