CFRA

Industry Surveys

Alternative Energy

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CHARTS & FIGURES

NEW THEMES

What's Changed: While solar energy promotes a greener solution to global warming, it comes at a price: solar projects involve clearing large fields to fill them with solar panels, thus damaging ecologically sensitive areas. Check out page 16.

What's Changed: The price of polysilicon continues its rally in 2022, surging more than 600% to reach $45.7 per kilogram in September compared to its low of $7 in the second quarter of 2020. See page 23.

EXECUTIVE SUMMARY

CFRA has a positive outlook for the Alternative Energy industry. Here are the key themes we are focused on, mainly for two key segments in the industry, solar and wind, with additional discussions on hydroelectric, biomass, biofuel, and geothermal.

Solar: Optimism Muted by Concern for European Energy and Domestic Regulatory Issues

CFRA has a positive fundamental outlook on the solar space. However, we see the potential risk for an over-reliance on solar in the European Union. This winter could be an inflection point for solar energy's role in curbing their energy issues. Solar is an intermittent peak load power source, which could prove problematic supporting the power grid once the sun goes down in harsh European winter, and failure to aid the power grid as expected could lead European demand towards alternative sources such as nuclear as well as lead to the cancellation of solar capacity plans in the region. If solar proves more efficient than expected, there could be upside to regional demand as the European energy crisis is here to stay and likely does not improve in 2023. Also, solar firms remain leveraged to California that has its own host of problems (NEM 3.0, Rural Protests, etc.). However, even in the bearish scenario, we like First Solar (due to protectionism as the U.S. has restricted the import of conflict panels from China) and Enphase Energy as premium microinverter companies that are also benefiting from the trend of grid independence.

Consumer Sentiment Shifting Towards the Goal of Grid Independence

Inflation microinverter companies (Enphase Energy and SolarEdge Technologies) are diversifying their product offerings to include full service grid-independent systems. Microinverters (pieces of electronic equipment that change the waveform of an electrical current from direct current to alternating current) remain the flagship products for these companies, but these companies are offering systems for residential, commercial, and installer customers in different tiers from "only solar" to "completely energy independent." This gives homeowners or businesses the ability to control energy from a phone app by pulling solar power that is powering a building to charge batteries, charge EVs with the home charger, or even sell power back to the grid when electricity costs are high and the utilities are in need. Putting money back into the pockets of consumers has always been a powerful selling point and this is evident in the growth estimates for these companies that are expected to grow revenue with a ~32% CAGR from 2021 through 2025.

The Inflation Reduction Act: A New Dawn for the Investment/Producer Tax Credits

We view the investment tax credit (ITC) as the life blood of the solar industry, and with the passage of the Inflation Reduction Act, both the ITC and the producer tax credit (PTC) have been extended at 30% for the latter of 2032 or when greenhouse gas (GHG) emissions from U.S. electric generation are reduced 75% from 2022 levels (PTC = $0.04/watt for Thin Film [First Solar] and Crystalline PV, $12/square meter for PV wafers, $3/kg for solar grade polysilicon, and $0.07/watt for solar modules), which we view positively as it removes a possibly overhang on solar names and aids pricing into the next decade. We note a wildcard possibility of potential removal of tariffs placed on solar goods manufactured outside of North America.

Wind Power Looks to Expand… With Headwinds in the Way

CFRA's outlook on the wind segment is positive. Demand for wind power continues to increase, and cumulative installed capacity through 2025 (globally) will likely see a healthy growth rate of about 8% per year, although the two biggest adherents of wind power (China and the U.S., respectively) are likely to grow by 7.5% and 6.0%, trailing the rest of the market. It's good news, in our view, that other countries are joining the wind power movement in a bigger way, such as Japan (which recently instituted an offshore wind law meant to jumpstart its geographical advantage as an island country with ample winds), as well as Mexico, Brazil, Argentina, Canada, Germany, and India. The bad news – at least for providers – is that pricing is likely to come down as well. The advent of competitive auction markets for wind power in a number of these countries is bringing down the price per megawatt hour (MWh, equal to 1,000 kilowatt hours) and recent estimates suggest that prices may go lower still. However, lower prices in the near term could provide the market incentive needed to hasten more cost reductions, which, in the long run, would be a positive development. Offshore development in the U.S., the U.K., Germany, and China can also help to drive capacity growth.

CFRA **Industry Snapshot** www.cfraresearch.com

ALTERNATIVE ENERGY

Outlook: Positive

U.S. RENEWABLE ENERGY CONSUMPTION*

RANK NO.	ENERGY SOURCE	TRILLION BTU
1	Biomass	2,831
2	Wind	2,375
3	Hydroelectric	1,524
4	Biofuel	1,390
5	Solar	1,138
6	Geothermal	120

*Data through July 2022 (latest available).
Source: U.S. Energy Information Administration (EIA).

ETF FOCUS

ICLN iShares Global Clean Energy	AUM ($M) 5,065.1	Expense Ratio 0.40
TAN Invesco Solar	AUM ($M) 2,650.2	Expense Ratio 0.69
ACES Alps Clean Energy	AUM ($M) 754.9	Expense Ratio 0.55
FAN First Trust Global Wind Energy	AUM ($M) 252.0	Expense Ratio 0.60

BY THE NUMBERS

5.6% U.S. Residential Solar PV – cumulative capacity CAGR for 2021-2028E

160,000 tons/year Capacity plants opened in China

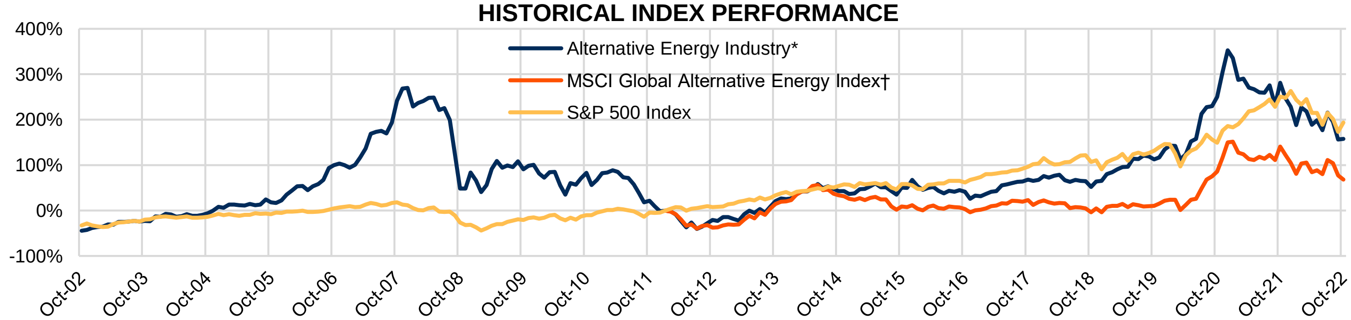
$45.7/kg Polysilicon prices in September 2022, surged 600% from its low in 2020

11% Expected increase in global solar PV capacity in 2022

59% Decrease in World Container Index as of September 2022

29% Increase in wind PPA prices in 2022 compared to 2021

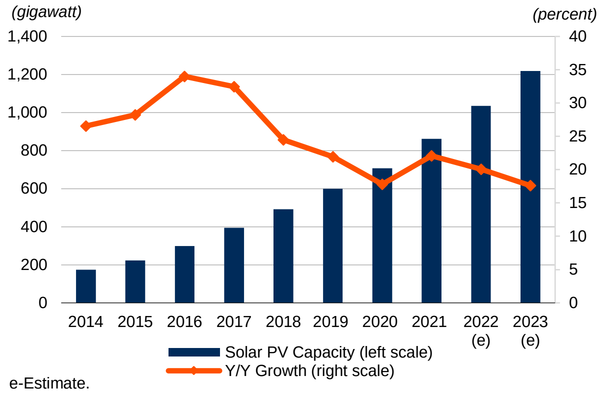
HISTORICAL INDEX PERFORMANCE



*Market-cap weighting of pure-play renewable companies listed in the *Comparative Company Analysis* section of the survey. †Index launched on January 1, 2012.
Data through October 26, 2022.
Source: S&P Global Market Intelligence.

KEY INDUSTRY DRIVERS

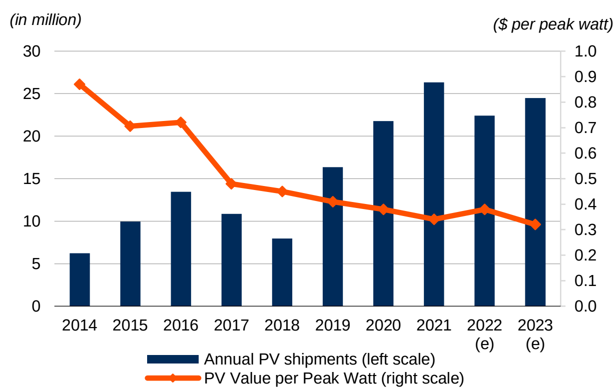
Global Solar PV Capacity



e-Estimate.
Source: CFRA, U.S. Energy Information Administration (EIA).

- Global solar capacity has doubled in four years from 408 GW in 2018 to one terawatt (TW) in 2022. The same figure is expected to reach 2.3 TW in 2025. The growth was made possible by strong government fiscal policy such as the Investment Tax Credit (ITC), as well as an increase in demand for green energy.
- Solar is leading the growth in renewable energy, representing over half of new renewable energy capacity installed in 2021.
- Amid a more mature solar landscape, in the long term, we expect manufacturing capacity growth to be better aligned with demand, reducing boom-bust periods witnessed in the past and creating more manageable pricing declines.

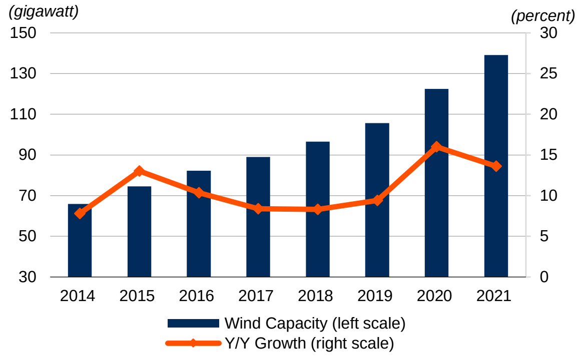
Annual PV Module Shipments and Average Cost of PV Modules in the U.S.



e-Estimate.
Source: CFRA, U.S. Energy Information Administration (EIA).

- Module prices have come down considerably over the last decade, as cost per watt improvements and lower raw material prices have been passed on to consumers. However, prices have recently gone up, breaking the trend that was well over a decade. This is due to the Russia-Ukraine war and surging raw material prices, coupled with the already disrupted supply chain. We think the industry's gross margins will be affected in the short to medium term.
- In the long term, system prices will be driven by technological advances and the shift to mono-crystalline cells from multi-crystalline cells, thereby offering more efficiency, albeit at relatively higher prices.
- We estimate module prices to increase in 2022 and 2023, in line with the recent surge in raw material prices and the general inflation that may hike the costs even more.

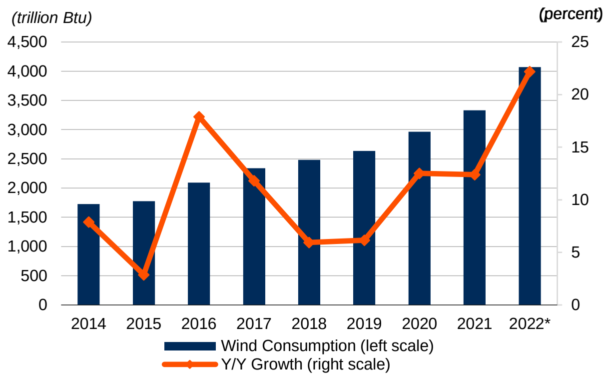
U.S. Wind Capacity



Source: U.S. Energy Information Administration (EIA).

- Wind power capacity has been on the rise and will likely continue to rise in the coming years, in our view. Reductions in levelized cost of supply have made it easier for wind to compete with fossil fuels, a trend we see continuing.
- However, wind is likely to be susceptible to the "law of large numbers" problem, as supply growth begins to level out in the high-single-digit per year range. Wind power is not fully scalable because the primary input (wind!) is variable across geographies and, as shown recently in Texas, can be taken offline by extreme weather (cold).

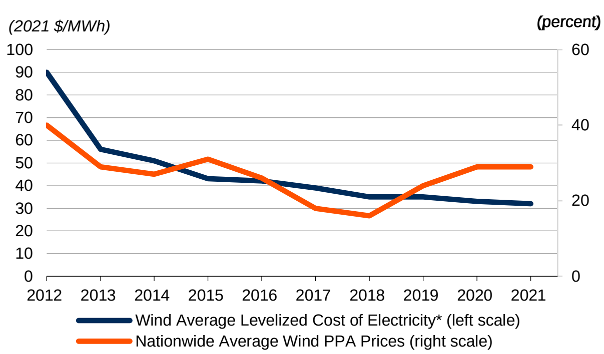
U.S. Wind Consumption



*Estimated; actual data through July.
Source: U.S. Energy Information Administration (EIA).

- Wind power consumption has been on the rise for two reasons, in our view. One is via taking market share from fossil fuels – coal, in particular. There is to some degree a regional nature to wind power consumption and the interior of the country is the nerve center for it.
- The second source of consumption is likely from ITC. The late 2020 extension of ITC for wind provides additional backing. Furthermore, in October 2022, the Biden administration announced plans to scale up offshore wind energy projects, setting a bold target of deploying 30 GW of offshore wind by 2030 and allocating $30 million from Biden's Bipartisan Infrastructure Law to fund research and development projects on wind energy.

Average Wind Cost and Price in the U.S.



*Only includes land-based cost (e.g. excludes offshore wind).
Source: U.S. Department of Energy - Berkeley Lab, National Renewable Energy Laboratory.

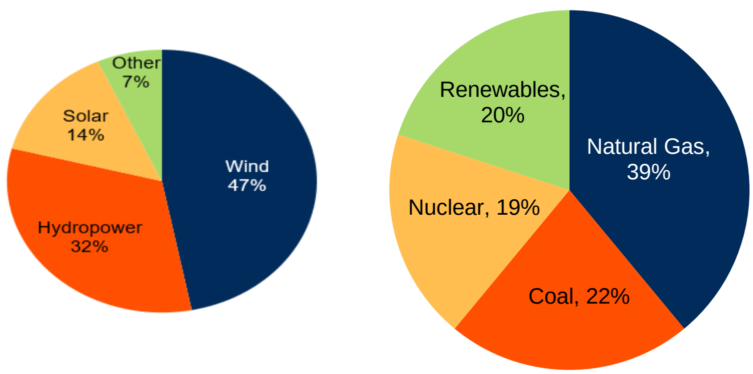
- Average wind cost improved dramatically in a short period of time, but this is not uncommon, in our view, as immature technologies reach adulthood. We think further cost improvements are likely.
- The biggest wildcard, in our view, for average wind cost is the potential for continued tariffs on Chinese wind power equipment, particularly steel, and, potentially, tariffs on European-made wind equipment to hurt U.S. wind power producers.

INDUSTRY TRENDS

Renewable or alternative energy sources have gathered global attention in recent years. As energy investors clamor for more capital allocation towards renewables and as global efforts to reduce greenhouse gas emissions expand, many countries and governments are looking toward alternative energy sources for replacement. Additionally, the deepening concern of climate change and global warming led to increased pressure to use clean energy.

According to the U.S. Energy Information Administration (EIA), in the last 12 months ending August 2022, approximately 4.22 trillion kilowatt-hours (kWh) of electricity were generated at utility-scale electricity generation facilities in the U.S. Nonrenewable energy accounted for about 59.7% of the electricity generation, which includes natural gas (39.2%), coal (19%), and petroleum and other gases (0.74%). Nuclear energy accounted for about 18.3% and renewable energy sources generated 21.8% of the electricity generation. EIA expects renewable power generation growth in the U.S. to outstrip natural gas power generation by 2045.

U.S. ELECTRICITY GENERATION BY SOURCE, 2021



Source: U.S. Energy Information Administation (EIA).

The renewable energy industry has been around for a very long time but has only started gaining traction over the last decade as technology advancements have allowed for more competitive cost and pricing for renewables. According to EIA data, in recent years, solar consumption in the U.S. has experienced the fastest growth rate among other alternative energy sources, with a five-year CAGR of 11.9%.

U.S. RENEWABLE ENERGY CONSUMPTION BY SOURCE
(in trillion Btu)

							MARKET SHARE		5-YEAR
SOURCE TYPE	2017	2018	2019	2020	2021	2022e	2017	2022e	CAGR (%)
Hydroelectric Power	2,767	2,663	2,564	2,502	2,255	1,829	25.0	19.1	-7.9
Geothermal	210	209	201	214	205	144	1.9	1.5	-7.3
Solar	777	915	1,017	1,246	1,574	1,366	7.0	14.2	11.9
Wind	2,343	2,482	2,635	3,006	3,190	2,850	21.1	29.7	4.0
Biomass									
Wood	2,185	2,261	2,236	2,101	2,093	1,437	19.7	15.0	-8.0
Waste	495	487	442	430	429	292	4.5	3.0	-10.0
Biofuels	2,304	2,283	2,255	2,000	2,240	1,668	20.8	17.4	-6.3
Total Consumption	**11,080**	**11,302**	**11,350**	**11,499**	**11,986**	**9,586**	**100.0**	**100.0**	**-2.9**

* Estimated, actual data through July.
Source: U.S. Energy Information Administration (EIA)

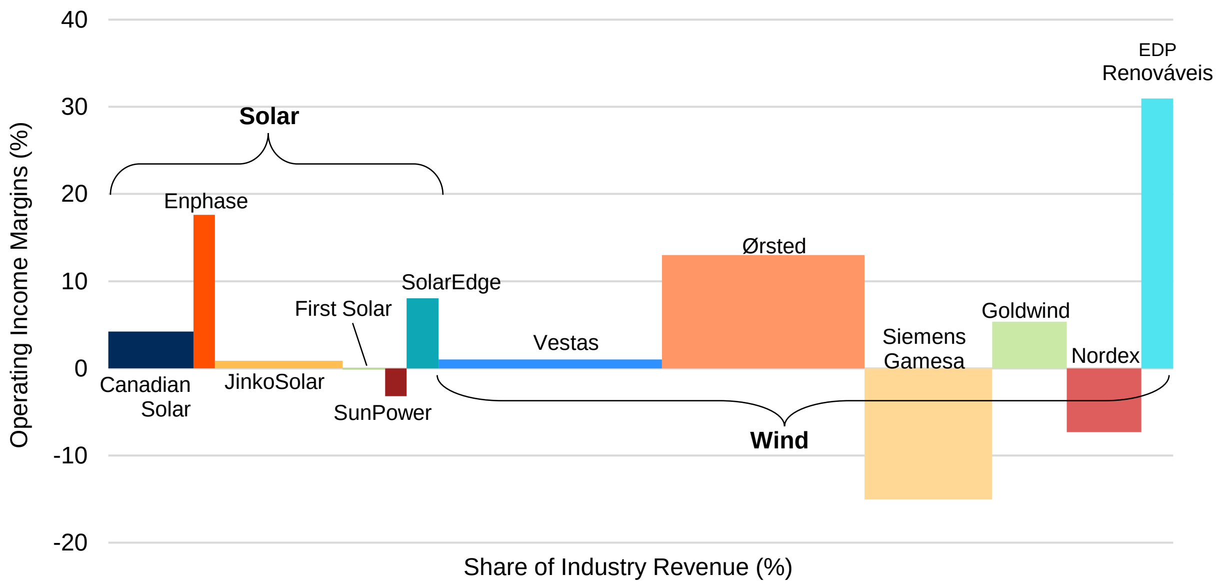
Competitive Environment

Solar energy still has enormous potential for growth, according to CFRA analysis, and will likely continue to have the highest CAGR among renewable sources, considering planned capacity additions in the future. As wind shows the second-highest growth potential, we focus our attention on the solar and wind segments for our profit pools and Porter's Five Forces analysis below.

Profit Mapping of the Solar and Wind Segments

Our profit pool analysis comprises major pure-play solar and wind energy players. Among these companies, wind companies are much larger in terms of revenue compared to solar players. Among the six global solar companies, China-based JinkoSolar ranked highest in terms of revenue share. While Enphase continues to take the top spot in terms of operating margin in 2022, it generated the least revenue. Wind energy companies typically earn a larger portion of revenue due to scale, with Vestas and Ørsted A/S capturing the largest revenue share. On the other hand, EDP Renováveis contributed the least revenue while having the highest operating margin.

PROFIT SHARE MAP OF MAJOR GLOBAL SOLAR AND WIND PLAYERS*



*Last twelve months through the third quarter of 2022.
Source: CFRA, company reports.

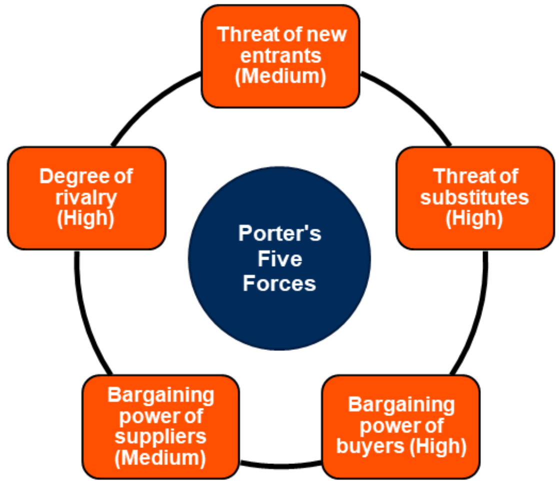
PORTER'S FIVE FORCES

Porter's Five Forces, which provide a framework for industry analysis, were formulated by Michael E. Porter of Harvard Business School in 1979. Below we describe the five parameters on which an industry can be analyzed, and how these apply to the solar and wind power business.

Solar Energy Segment

Threat of new entrants (Medium)	Given the capital-intensive manufacturing requirements of solar modules and the lower subsidies now being offered by governments across many countries, we think barriers to entry across the supply chain are increasing. However, we forecast new technological advances could create the need for niche players across both the supply chain and services side of the business.
Threat of substitutes (High)	There are many other types of alternative energy sources that can be great substitutes for solar energy. As technology advances, cost reductions and storage capabilities are likely to enhance the competitiveness of other renewable sources. Apart from that, the cost of electricity from coal and natural gas is still much lower than solar. Hence, solar companies will need to focus on price and efficiency innovations to remain competitive.
Bargaining power of buyers (High)	The solar industry is fairly distributed with many suppliers, granting customers the flexibility to choose. Also, the low product differentiation of solar power (differentiated based only on cost/KW efficiency) has resulted in higher bargaining power for buyers.
Bargaining power of suppliers (High)	The suppliers for the solar industry have high bargaining power. The low concentration of solar manufacturers decreases the bargaining power of suppliers, but the limited number of suppliers for key solar components plus the growing solar demand increases bargaining power for solar suppliers. CFRA expects suppliers' power to weaken in the future as cost of solar inputs continues to decrease and more solar companies are likely to consolidate. Additionally, the shortage of semiconductor chips is making life harder for solar module producers.
Degree of rivalry (High)	The emergence of new pure-play solar companies and increased solar investments from established companies have intensified competition. As prices for solar inputs continue to drop, many firms are scaling up their operations to increase generation capacity to meet demand, boosting the competitive rivalry among solar players. Going forward, we forecast the competition within the industry will diminish as the industry matures. In addition, less efficient manufacturers with significant scale but unattractive balance sheets could find themselves out of business.

Wind Power Segment



Threat of new entrants (Medium)	The companies that manufacture wind power equipment include business units of larger conglomerates (*e.g.,* Siemens, GE, Mitsubishi) but also include a growing number of smaller, pure-play entities (*e.g.,* Vestas SA). Wind power has moved from a nascent technology to a more established one, and the improvement in the cost profile has pulled down prices with it. This provides even further incentive for more innovation by suppliers. Nonetheless, in terms of operating capacity, the industry is somewhat top-heavy and led by the Siemens and GEs of the world.
Threat of substitutes (High)	The biggest users of wind energy (utilities) typically have a portfolio of electricity-generation assets and can therefore shift among them, depending on the nature of the generation (*e.g.,* baseload vs. peak). We see wind growing as an important source for such generation, and as the cost profile shifts lower, that should boost wind's perceived merits. We think offshore wind, while more expensive than onshore, has longer lead times (3-5 years) and less risk of substitution once installed.
Bargaining power of buyers (High)	Wind power developers are more fragmented – in terms of U.S. operating capacity – than their wind power supplier counterparts. On that dimension alone, wind power suppliers ought to have the better end of that business relationship. However, the threat of substitution to alternative energy sources is real, and we note that a recent switch by buyers to auction-based pricing (from the former cost-based pricing) is putting more pressure on suppliers than ever before and weighing on margins.
Bargaining power of suppliers (Medium)	The suppliers for the wind industry have moderate bargaining power. CFRA expects suppliers' power to weaken in the future as cost of wind power inputs falls. We would not be surprised to see more consolidation emerge, especially with ITC for small wind projects set to expire by 2023.
Degree of rivalry (High)	The appearance of new pure-play wind power companies and increasing investments from established companies have intensified the competition within the industry. We note that the continuation of ITC for small wind projects – but not for large ones – may incent a rising share of smaller projects led by smaller firms.

Regulatory Updates

The regulatory and legislative environment remains, for now, the most important factor for the alternative energy industry, from CFRA's perspective. Given the high cost and relatively lower margin of many renewables, regulatory mandates and government incentives have been driving the demand for renewable energy sources over the years. We will discuss the major regulatory trends in the U.S., followed by regulation targets and developments in other geographies – like China, India, Europe, and Japan – with a large renewable presence.

United States

ITC Remains the Lifeblood of Solar Demand

As a major piece of climate legislation, the recently approved Inflation Reduction Act (IRA) has garnered a lot of attention. Many of the renewable energy provisions in the IRA are similar to provisions that were originally proposed in the Build Back Better Act, which failed to gain legislative traction at the end of 2021. The IRA is a significant step in the United States' decarbonization and climate resilience efforts. Beyond the green movement, the legislation also marks a major investment in American competitiveness and innovation. According to the White House, by 2030, U.S. greenhouse gas emissions will have decreased by nearly 40%, or one gigaton.

One significant inclusion in the IRA was the extension for investment tax credit (ITC) and production tax credit (PTC). ITC is extended through 2024 for the existing 30% rate for solar, qualified fuel cell, waste energy recovery, geothermal, and other specified electricity generation facilities. Under the previous law, the 30% ITC for solar energy property was scheduled to phase down between 2020 and 2023. Certain solar projects placed in service before 2022, however, may qualify only for a 26% ITC. The second extension is related to the current PTC for eligible hydropower, wind, biomass, landfill gas, trash, and other designated energy producing facilities through 2024. Prior legislation phased down PTC for wind farms between 2017 and 2021. On top of the extension, there are two new tax credits for projects that will commence after 2024 – the Clean Electricity Investment Credit and the Clean Electricity Production Credit. These credits operate similarly to the existing ITC and PTC but are technology neutral.

While environmentalists may dream of a day when oil and gas wells are plugged and abandoned, and the transportation fleet is electrified, using power generated from renewable sources, the near-term reality, in our opinion, is that the U.S. will only be taking baby steps towards renewables as a share of energy production. Thus, although President Biden has previously announced major plans for renewable energy moonshots (such as the IRA mentioned above), we think that the president will have to work with the tools he has at hand, settling for singles and doubles rather than home runs.

Some of the work has already been done for him during the Trump administration. In late December 2020, the ITC, which stood at 26% in 2020 and was due to step down to 22% in 2021, was extended at the 26% level for two more years and now does not see a decline until 2023. However, with the recent IRA effective on August 2022, ITC will see its rate increase back to 30% with a further extension through 2024.

We view the ITC as the lifeblood for solar demand in the U.S. At the federal level, the ITC has gone through several cycles of enactment and expiration over the last 30 years. In 2015, Congress extended the 30% ITC for both residential and commercial solar installations through 2019. In February 2018, the ITC was modified by replacing the requirement to place solar projects in service by a certain date with a requirement to begin construction by a certain date. In June 2018, the IRS released new guidance to determine when construction has started on a solar project. As a result, projects that began construction in 2019 would be eligible for the 30% ITC. Then in 2022, the Inflation Reduction Act (IRA) instituted a new dawn for not only the ITC but the PTC as well.

The IRA extended the ITC at 30% through the latter part of 2032 or when greenhouse gas (GHG) emissions from U.S. electric generation are reduced 75% from 2022 levels. The IRA also extended the PTC at 100% of its current levels ($0.04/watt for Thin Film [FLSR] and Crystalline PV, $12/square meter for PV wafers, $3/kg for solar grade polysilicon, and $0.07/watt for solar modules) through the latter part of 2032 and when GHG emissions for U.S. electric generation are reduced 75% from 2022 levels. The IRA also added 10% PTC/ITC kicker if domestic content requirements are met and for certain projects up to 20% ITC kicker in energy communities or low income communities.

What do we think President Biden will have to work on? First, we think he could reinstate the auto emissions waiver for California that was rescinded by the Trump administration in 2019. Interestingly, that process, led by President Trump and supported by four major automakers, just saw its first desertion, as General Motors (GM) took a very public about-face and now supports California emissions as well as larger climate goals. We think this adheres to a shift in strategy for GM that promotes more electric vehicles. Given the importance of the California market to the nation as a whole, we could see a reinstated waiver helping to drive (over the long term) more vehicle innovation and potentially greater proliferation of electric vehicles in the U.S. It also dovetails nicely with GM's recent announcement that it would no longer sell cars with internal combustion engines after 2035.

Second, President Biden has already rejoined the Paris Climate Accord. The nomination of John Kerry to the post of special envoy for climate change is instructive since, as noted by the science journal Nature, it was Kerry who served as Secretary of State under Obama and helped craft the Paris Accord in the first place. The Obama-Biden administration was very effective, in our view, in supporting new renewable initiatives and placing limitations on carbon pollution. In 2015 (signed in 2016), the former administration helped adopt the Paris Agreement (total of 197 countries participate), with the intent to mitigate greenhouse gas emissions. Under the Paris Agreement, each country must determine, plan, and regularly report on the contribution that it undertakes to mitigate global warming. In June 2017, President Trump announced his intention to withdraw the U.S. from the agreement.

Third, Biden could use existing legislative tools in his arsenal. The Clean Air Act (CAA), for example, gives Biden the latitude to regulate emissions from a wide variety of sources. Foreign Policy magazine notes that the CAA provides authority for Biden to scrutinize emissions from power plants, autos, as well as methane emissions from the oil and gas industry. His rejection of the Keystone XL pipeline is one example. Of course, more stringently applying the existing laws on the books also opens up the possibility of legal action, and so we would also expect that any major industry shakeups that occur from a more climate-friendly Biden administration could result in Supreme Court scrutiny down the road.

Additionally, in November 2021, President Biden signed the bipartisan Infrastructure Investment and Jobs Act (IIJA) into law. Seen as more of a compromise (a lot of climate-related issues are addressed in Build Back Better), the $1.2 trillion IIJA includes $550 billion in new spending divided between improving surface transportation and core infrastructure. However, there were some appropriations for alternative energy. This includes $8 billion for hydrogen hubs and $1 billion for electrolysis (the process of using electricity to split water into hydrogen and oxygen), funds for renewable energy demonstration projects ($100 million for wind; $80 million for solar), and incentives for hydropower, among other topics.

It is also worth thinking about actions we do NOT expect Biden to take. For one, we doubt Biden would impose a ban on fracking in oil and gas, for one simple reason: jobs. A ban on the use of fracking, in our view, would decimate the oil and gas industry in Texas, Oklahoma, North Dakota, Pennsylvania, and Colorado. We note that Biden's ambitious energy plan talks about lots of high-paying jobs in green energy, and killing jobs in the oil industry (before the green jobs ultimately arrive en masse, which itself is a rosy assumption) is likely a non-starter.

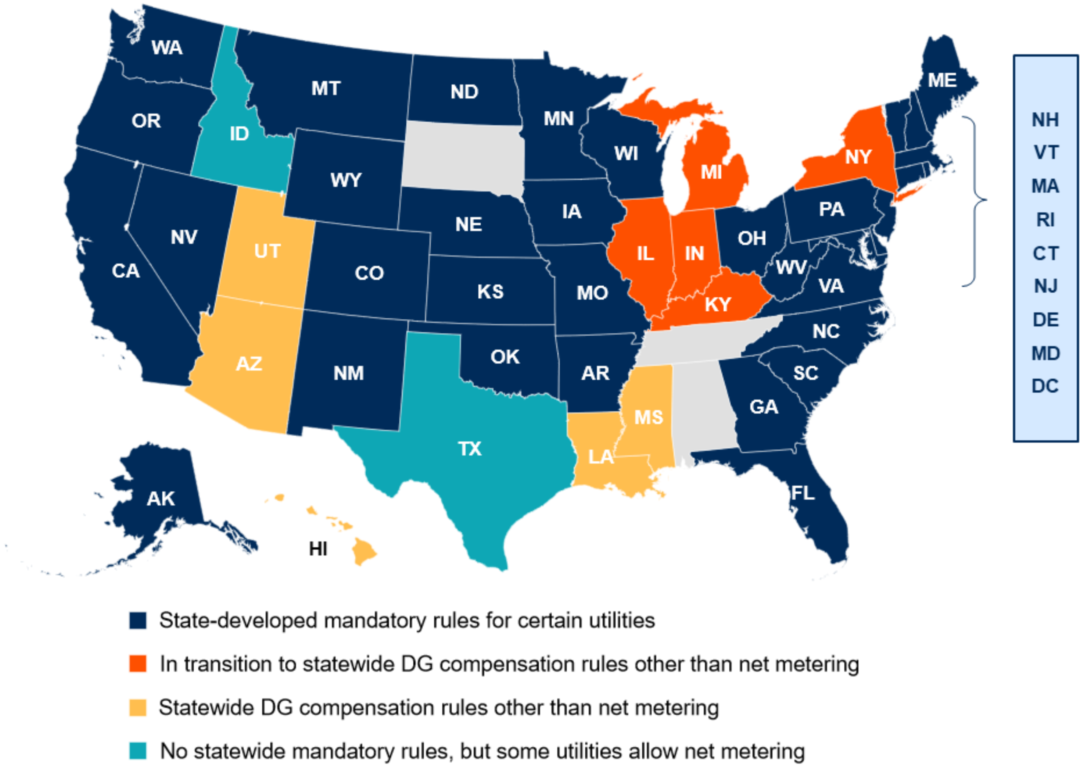
Second, Biden is likely to be just as tough on China as Trump has been in terms of tariffs. In January 2018, President Trump imposed a 30% tariff on all silicon solar cells and modules produced outside the U.S. The tariffs declined over five percentage points in each of the subsequent three years (implies a 20% tariff in 2020 and 15% for 2021). We note that the first 2.5 gigawatts (GW) of imported cells are excluded, which may help support some module manufacturing by Chinese players as they look to circumvent tariffs. However, the effectiveness of the tariffs began to dissipate in 2019 due to strong demand in the U.S. solar market and an exemption that was given for bifacial solar modules. The Section 201 tariffs were scheduled to be phased out on February 7, 2022. But the Biden administration decided to extend the tariffs for another four years with several terms eased. The four-year extension exempts bifacial solar panel, a technology sought by many big developers, and doubles on the allowance for import solar cells. Furthermore, a duty-free supply from neighboring countries such as Canada and Mexico was also introduced in the extension. The extension may prove to deviate Biden administration's goal of clean energy and decarbonization by 2035 as the U.S. panel manufacturing capacity is nowhere near meeting the industry demand. However, we think the exemption of bifacial solar panels and the allowance for import solar cells will provide a much-needed boost for the industry.

We originally thought that direct-pay provisions would be on the table in the renewable energy legislation that passed in December 2020, but these were left out. In 2021, a draft legislation was released in September, proposing a substantial extension and expansion of clean energy and tax incentives, which include the direct-pay provision providing a ray of hope, but for now, we think direct-pay provisions are probably unlikely to happen in 2022, which is another way of saying that tax equity financing will have to do the bulk of the heavy lifting in the near term.

Net Metering Rules to Encourage Growth in Distributed Solar Generation

Net energy metering (NEM), or net metering, is a billing system that credits owners of distributed energy generation (DG) systems for excess electricity that they add to the utility's electric grid. For example, when a homeowner installs a PV solar system on the roof and generates more electricity than the consumption of the home during certain times of the day, the excess electricity is exported to the grid and the owner is only billed for the "net" energy used over the entire day.

NEM customers are generally compensated for excess electricity on a per kWh basis and the level of compensation differs by location depending on state and local policies. Currently, 41 states, Washington D.C., and four territories offer net metering policies. Also, there are utilities that voluntarily offer NEM arrangements to customers in states, like Idaho and Texas, without mandatory NEM policies.



Source: National Conference of State Legislatures

Uncertainty with NEM 3.0 in California

Net metering has played a large role in renewable energy generation growth in California. Under the current system (NEM 2.0), which went into effect in 2016, customers receive full retail rate credits for energy exported to the grid during a 12-month billing cycle. However, an evaluation found that NEM 2.0 negatively impacted non-participating customers (disproportionately impacting low-income ratepayers), and that the costs of NEM 2.0 exceeded its benefits. In December 2021, the California Public Utilities Commission (CPUC) issued a proposal that would be voted on in January 2022. The proposal included a monthly residential grid participation charge and reduced solar credit, which we think would reduce the return on investment for homeowners investing in solar and adversely impact solar adoption. However, in February 2022, amid widespread controversy over the proposal, the CPUC delayed its decision indefinitely.

The alternate decision has mostly taken shape and we believe that the key component of this forthcoming proposal will be the adoption of an Avoided Cost Calculation for the rate of export for new solar customers. The changes to the tariff are intended to encourage more rooftop solar customers to adopt battery storage, which California officials want to use to bridge the “duck curve,” whereby a large number of solar power go offline quickly as the sun goes down. Numerous rooftop solar firms are providing battery storage with new systems.

The debate around gross vs. net billing and non-bypassable charges (NBCs) for solar users is likely to be another key component of the alternative decision. The Sierra Club, an environmental organization, suggested switching from the present net consumption system to one that bills solar consumers according to gross consumption. Thus, solar consumers would be responsible for paying non-bypassable fees for all of the energy they use, not just the amount they buy from the utility. Users using solar currently pay only four NBCs, far less than non-solar customers. Although this is without a doubt the most contentious point in this case, the CPUC has stated that it intends to reduce the “cost shift” in California, or the fees that solar customers place on non-solar consumers.

Solar Expansion Hindered by Rural Protest

The solar market has experienced the fastest growth rate in renewable energy and is expected to accelerate over the coming years. The global solar capacity has more than doubled over the past four years, with the annual growth averaging at around 20%. With the price of solar panel equipment dropping in recent decades, solar is able to compete with fossil fuels. Solar panels are now a common sight in housing areas, businesses, and some government infrastructure. But analysts expect the majority of solar energy production in the near future to come from utility-scale projects, in part because of the savings that come with massive installations.

While solar energy promotes a greener solution to global warming, green fields are being destroyed left and right to achieve it. Solar advocates are pushing for a cleaner alternative to fossil fuel, with massive solar projects constructed across the U.S. On the other hand, people who live near the solar projects watch in horror as fields are filled with rows of silicon solar panels, damaging ecologically sensitive areas.

To put it in perspective, the Solar Star project in California boasts 1.7 million panels spread over 3,000 acres, one of the largest solar energy facilities in the world. A natural gas power plant, on the other hand, produces the same amount of energy on just 122 acres. Solar projects require a huge amount of land to operate and this is increasingly becoming one of the top barriers for solar expansions.

Against the backdrop of declining solar panel equipment prices in recent decades, solar was made possible to compete on the same stage as fossil fuels. Solar panels are now a common sight on houses, businesses, and some government infrastructure.

According to NBC News, there have been 57 cities, towns, and counties across the U.S. where residents have proposed solar moratoriums since the start of 2021, and not every proposed ban gets local news coverage. At least 40 of those approved the measures. Other localities did so in earlier years. In addition to that, local governments in states such as California, Indiana, Maine, New York, and Virginia have imposed moratoriums on large-scale solar farms, as the nation’s push for cleaner energy has collided with complaints about how the projects affect wildlife and landscape. The protests proved to be very effective as more than 1.7 gigawatts of proposed solar capacity was dropped in 2021, according to Wood Mackenzie’s analysis.

Siting new solar projects on farmland is essentially another chapter in the U.S. culture wars and, as developers eye larger and larger projects, resistance is likely to accelerate. We expect the majority of solar energy production in the near future to come from utility-scale projects, retailers’ and businesses’ roof tops, and car parks.

EPA’s New Rules and Policies Scrapped By Court

The Clean Power Plan (CPP), originated under the Obama administration, aimed to reduce nationwide carbon emissions by an estimated 32% below 2005 levels by 2030. Power plants are said to be the largest stationary source of carbon pollution in the U.S. Hence, the CPP was enacted to limit the carbon emission for new and reconstructed power plants.

In June 2018-2019, the U.S. Environmental Protection Agency (EPA) enforced a new rule, known as the Affordable Clean Energy (ACE), to replace Obama’s CPP. According to the EPA, the final ACE rule establishes emission guidelines for states to use when developing plans to limit greenhouse gas emissions from existing coal-fired electric generating units (EGUs). The rule was issued by the EPA on June 19, 2019, and would cover about 600 coal-fired EGUs in 300 facilities, according to the EPA.

Concurrently, the CPP, which exceeded the EPA's statutory under the Clean Air Act, was formally repealed. Most notably, under the proposed ACE rule, carbon emission guidelines are established by the federal government, but states will have the flexibility to determine their own emissions standards for coal-fired power plants.

In January 2021, however, the EPA's ACE rule was overturned by the United States Court of Appeal for the D.C. Circuit. Both the CPP and ACE use the best system of [CO_2] emission reduction (BSER). The CPP adopted a broad BSER system definition that included power generation shifting between coal, gas, and renewable electricity units, while the ACE applied only to coal-fired generating units, ignoring oil, renewables, and natural gas, limiting the coverage for emission reduction. The ruling will give Biden's administration an opportunity to implement a more holistic and stringent rule to achieve its goal of clean energy and decarbonization by 2035.

PJM's Replacement Rule Could Boost Support for Renewable Energy Resources
In an attempt by the Trump administration to obstruct the transition to clean energy transition while artificially reviving a dying coal industry, the Federal Energy Regulatory Commission (FERC) had issued an order to create new rules that unfairly favor electricity from coal plants over cleaner and less costly alternative energy. In December 2019, a minimum offer price rule (MOPR) order was issued by FERC to the largest U.S. grid operator, PJM Interconnection LLC, which required resources that receive state-supported resources to enter capacity market bids at higher prices (based on actual cost of production), rather than a lower figure that was enabled by state subsidies. In effect, the order would effectively hamstring the adoption of carbon-free fuels and slow the reduction of carbon emissions.

In September 2021, FERC recognized that PJM Interconnection's MOPR replacement proposal, previously filed with FERC in July 2021, went into effect by operation of law after the Commission failed to act on PJM's filing within the 60-day statutory deadline. The new replacement rules significantly expand PJM's MOPR to cover new and existing energy sources, including renewables and nuclear. This would effectively raise the bidding price for those sources in PJM's next capacity auctions boosting support for renewable energy resources.

The Proposed PURPA Rulemaking May Increase Uncertainty for Solar Renewable Projects
In September 2019, FERC proposed a series of fundamental changes to the Public Utility Regulatory Policies Act, known as PURPA – a landmark law that helped spur the small-scale solar and wind farms across the U.S. – as well as other renewable sources like biomass and geothermal across the U.S. The proposed changes include lowering the mandatory purchase obligation for utilities to 1 megawatt (MW) from 20 MW and giving states more authority to set the price (based on market conditions) for small-scale generators to sell their power, rather than using a fixed-price contract. In short, rather than focusing on PURPA's goal of ensuring competition, the proposed changes will have the effect of dampening competition and allowing utilities to strengthen their monopoly status; to another extent, it could substantially increase uncertainty for renewable project developers and lenders.

Tax Equity Investing in Wind Projects Remains Robust
According to our estimates, the U.S. wind market raised $9.3 billion in new tax equity financing in 2020, which is higher than that of prior years. Notably, tax equity yields of 4% near year-end 2018 suggest that there is plenty of competition among investors seeking stakes in wind projects, in our view. Meanwhile, industry publication Project Finance Newswire in February 2020 suggested that tax equity flip yields for utility-scale wind projects ranged from 6.25% to 6.80% in 2019, which although higher than year-end 2018 levels, are still reasonable in our view. The Department of Energy's Berkeley Lab estimates that there is – after 2020 – 10 GW of potential wind capacity in backlog at the 80% Production Tax Credit (PTC), and 6.6 GW at the 60% PTC level. Given the U.S. installed capacity of about 106 GW at the end of 2019, this suggests backlog waiting in the wings (after 2020) amounting to 15.7% of current capacity – and likely to be implemented by 2021-2022.

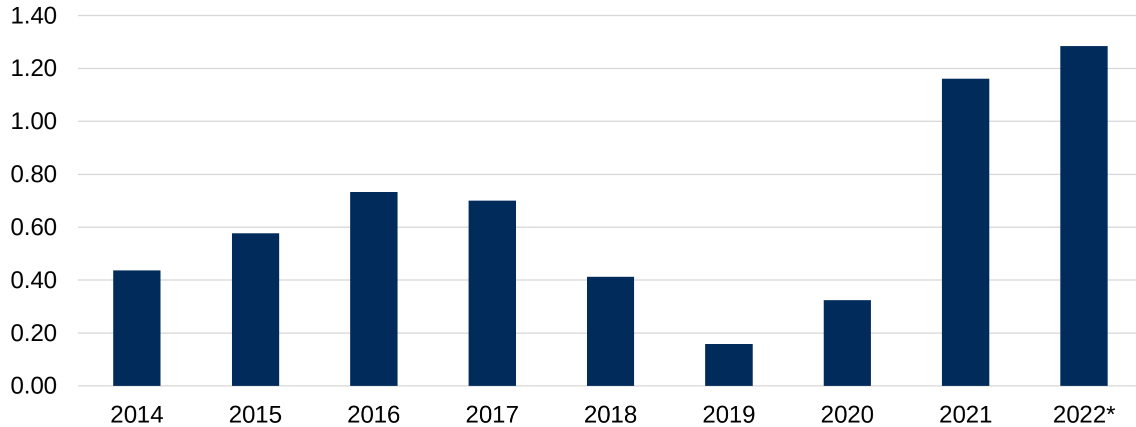
In August 2022, the Inflation Reduction Act was introduced, and with it comes an extension for PTC to wind projects that begin construction before the end of 2024. This three-year extension to the PTC for wind projects comes with other qualification requirements not previously included under Section 45. Any wind project put into service after December 31, 2021 will no longer be subject to the PTC phaseout; however, any wind project put into service before January 1, 2022 will still be subject to the present PTC phaseout. As a result, wind projects commencing after December 31, 2021 are eligible to receive tax credits at full value, rather than the reduced values under the old law.

Biofuels: Which Industry Group has the Best Lobbyists?

In August 2019, the Trump administration approved exemptions from the Renewable Fuels Standard (RFS). The exemptions permit 31 small refineries to refrain from purchasing renewable identification numbers (RINs) that would normally be required for blending ethanol into the U.S. fuel supply – which means less outlay for these RINs, and lower volumes of ethanol being blended. These waivers apply to the 2018 RFS requirements and amount to almost 7.5% of the pre-exemption levels (about 1.43 billion gallons of 19.32 billion gallons of ethanol in the RFS mandate for 2018), highest level of exemption granted in the last five years. The announcement of the exemptions helped to drive the price for so-called D6 RINs (the largest category of renewable fuels) to just $0.11 per gallon, down from a prior $0.20 per gallon. With no exemption granted during the 2019-2021 period, we note that the RIN prices have been increasing and substantially in 2021 and 2022, driven by both the return of gasoline demand and rising global demand for agricultural feedstocks.

AVERAGE D6 RIN PRICE

(by year of transfer, in $/gallon)



*Data through September.
Source: U.S. Environmental Protection Agency.

Ethanol (in the U.S.) is made mainly from corn. According to the U.S. Department of Agriculture, four states have produced over 1 billion bushels of corn each in 2020: Iowa, Illinois, Nebraska, and Minnesota. For these four states (and others, to a lesser degree), regulation-mandated demand for corn-based ethanol has been a massive tailwind. Those RIN costs fall on the shoulders of the buyers, mostly refiners, and roughly half of all refining capacity in the nation is in the Gulf Coast states of TX, LA, and MS. It seemed that the Gulf Coast refiner lobbyists were eating the lunches of the Corn Belt lobbyists because exemptions under Trump had been far higher than normal. D6 RIN prices rallied following Election Day (November 3, 2020) on the belief that a Biden administration would result in stronger enforcement of biofuel mandates, which we believe will continue.

CHINA

Auction Mechanism and Subsidy Cuts for Renewable Projects

China's rapid growth in renewable energy has made it the largest producer of wind and solar energy. Beijing set an annual cap on solar subsidies, in efforts to limit the capacity of subsidized solar projects and to ease the CNY120 billion payment backlogs on subsidies. In August 2021, China halted subsidies for new solar power stations, distributed solar projects by commercial users, or onshore wind projects from the central government budget in 2021, given strong capacity growth in China. In November 2021, China's Ministry of Finance set the 2022 renewable power subsidy at $607 million, with $357 million for solar and the rest for wind.

INDIA

Solar Safeguard Duty – Detrimental to India's 2022 Solar Target

In July 2018, India imposed a 25% safeguard duty on solar imports from China and Malaysia for two years to prevent the complete erosion of the local solar manufacturing industry, noted by India's Directorate General of Trade Remedies (DGTR). The full 25% duty took effect from July 30, 2018 to July 29, 2019; it was then lowered to 20% through January 29, 2020, and then again to 15% through July 29, 2020. On July 29, 2020, the Indian government announced a further extension of the duty at 14.9% until January 28, 2021 on solar cells and modules imported from China, when it reduced to 14.5% until July 29, 2021. In March 2021, India further imposed 40% safeguard duty on solar modules and 25% on solar cells from April 1, 2022, replacing the previous 15% safeguard duty currently imposed on imports from China and Malaysia.

The duty, however, sparked much criticism from industry players as solar projects would now cost more. India's heavy reliance on China for solar parts goes so deep that made it almost impossible for domestic manufacturers to replace imports within two years given their current technology. The cost of China's solar cells would still be cheaper than India's even after factoring in the 25% safeguard duty, according to *pv magazine*. Hence, many solar developers have either chosen to stall planned projects to avoid the duty period or to source other, cheaper solar imports from other Southeast Asia countries like Singapore, Vietnam, and Thailand.

For this reason, we think India's ambitious target of reaching 100 GW of solar capacity by 2022 is rather challenging. We note that India has managed to install 13 GW of solar capacity in 2021, up by more than 200% compared to 2020. However, given that the current solar capacity stands at 60.8 GW as of September 2022, the number will have to grow significantly more during the year to achieve the 2022 target.

JAPAN

Japan's Promoting Wind Power

Despite Japan's potential for generating wind energy as a nation of islands, wind power generation was rather immaterial, at only 0.86% of total power generated in 2020, according to the Institute for Sustainable Energy Policies (ISEP). However, we think an offshore wind law (passed in November 2018) will drive momentum for offshore wind investments by: 1) extending potential development zones from port areas only to general sea areas; 2) lengthening occupancy allowance of wind farms to 30 years; and 3) implementation of an auction process for better cost-effectiveness and capacity efficiency.

One possible wildcard on this front occurred in late August 2020, when Prime Minister Shinzo Abe resigned. We suspect that because the ruling Liberal Democratic Party is retaining power, prior policies for renewable energy are still likely to remain in place.

The Japan Wind Energy Association estimated that by 2030, 10 GW of offshore wind capacity will be installed, which will cut carbon dioxide emissions by 70 million tons and generate up to 90,000 new jobs. Considering Japan's offshore wind energy capacity was just 0.1 GW in 2019, according to the International Energy Agency, these goals will certainly be challenging to achieve.

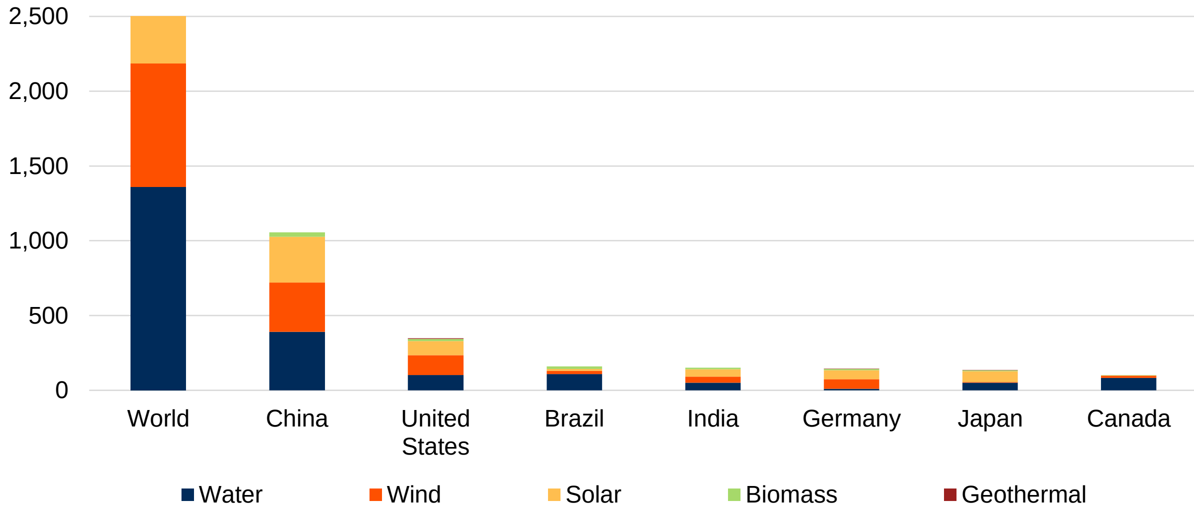
Operating Environment

As the world becomes increasingly concerned about the threat of global warming, many countries have taken steps to encourage and drive energy consumption from renewable sources. Exxon Mobil forecasts that global primary energy demand will reach 660 quadrillion Btu by 2050, driven by policy, technology, and consumer preference. While oil and gas will remain large components of demand, wind and solar are expected to grow the fastest at an average annual growth rate of 6.2% from 2019 to 2050.

A Country-by-Country Breakdown

In terms of generation capacity, based on data from the International Renewable Energy Agency (IRENA), China had the largest installed capacity in 2021, more than double the amount of the U.S. Other countries with meaningful renewable capacity include Brazil, Germany, India, Japan, and Canada. In total, these seven countries accounted for about 65% of the worldwide renewable installed capacity.

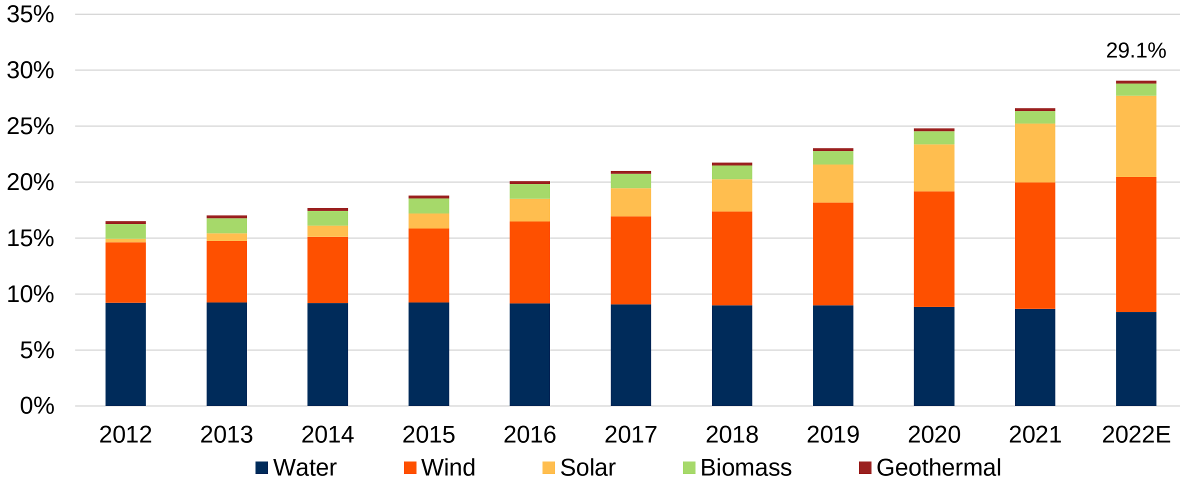
TOP COUNTRIES WITH LARGEST RENEWABLES CAPACITY
(for 2021, in gigawatt)



Source: CFRA, International Renewable Energy Agency (IRENA).

In the U.S., the total share of installed energy capacity that comes from renewable sources increased to 26.6% in 2021 from 14.3% in 2009, according to our analysis based on data from S&P Global Market Intelligence. Wind energy is a large contributor to this growth, increasing from only 3.3% in 2009 to 11.3% in 2021 of total installed capacity. In terms of growth rate, solar emerged as the energy source with the fastest growth rate (10-year CAGR of 48.1%) but represented an estimate of only 5.3% of total installed capacity in 2021. In 2022, another 140 MW of new generating capacity will be added to the U.S. grid. Wind and solar dominated the new additions, accounting for 38.5% and 15%, respectively, according to S&P Global Market Intelligence.

INSTALLED CAPACITY IN THE U.S. BY RENEWABLE ENERGY SOURCE
(in percent)



Source: CFRA, S&P Global Market Intelligence.

Expected Power Plant Additions in the Next Few Years

U.S. electricity demand growth, on a three-year rolling average, is expected to peak in 2023 as the economy fully recovers from the Covid-19 pandemic, according to projections in the EIA's Annual Energy Outlook 2022 (AEO2022). However, between 2021 and 2050, the average annual growth rate for U.S. electricity demand is expected to remain below 1% for much of this period before surpassing 1% near the end. Slow growth in electricity demand can be attributed to older, less-efficient appliances, heating, ventilation, cooling units, and capital equipment being replaced with newer, more-efficient devices and production processes. That said, according to the AEO2022, renewable electricity generation is expected to increase faster than electricity demand in the U.S. through 2050, with the share of renewables in U.S. electricity generation projected to more than double from 2021 to 2050.

Over the past decade, CO_2 emissions declined because of a shift toward less carbon-intensive generation sources, low natural gas prices, and federal tax credits for renewables and state-level renewable portfolio standards. CFRA thinks natural gas-fueled generation capacity will continue to rise as EPA regulations surrounding sulfur and nitrogen emissions encourage companies to switch out of coal.

Shown below are the projections for U.S. power plant capacities through 2030:

U.S. POWER PLANT CAPACITY PROJECTIONS
(all regions, in gigawatts, arranged by 2021 capacity)

Fuel	2021	SHARE (%)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	SHARE (%)	10-YEAR CAGR *(in percent)*	TOTAL CHANGE 2021-2031
Gas	61.6	48.8	63.8	64.1	64.9	66.7	67.4	67.4	67.4	67.4	67.4	67.4	30.5	0.9	5.7
Wind	33.9	26.8	38.5	43.5	46.3	46.3	46.3	46.3	46.3	46.3	46.3	46.3	20.9	3.2	12.4
Coal	14.5	11.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	6.6	0.0	0.0
Solar	9.3	7.4	15.0	37.9	65.4	75.2	75.4	76.6	76.8	76.8	76.8	76.8	34.7	23.5	67.5
Nuclear	5.1	4.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	3.9	3.9	1.8	(2.7)	(1.2)
Water	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.2	0.0	0.0
Biomass	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.1	2.2	0.1
Oil	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Other Nonrenewable	1.1	0.9	2.7	8.0	11.0	11.6	11.6	11.6	11.6	11.6	11.6	11.6	5.2	26.3	10.4
TOTAL	**126.4**	**100.0**	**140.3**	**173.8**	**208.0**	**220.1**	**221.0**	**222.3**	**222.5**	**222.5**	**221.3**	**221.3**	**100.0**	**5.8**	**94.9**

Note: Future capacity is based on actual planned and under construction projects, and not based on any projections of unreported new developments or retirements.
Source: CFRA, S&P Global Market Intelligence

Wind Power, Solar, and Other Generation Additions

Wind and solar generation both have low rates of capacity utilization – only one-third to one-fifth as much as fossil fuel technologies, according to *Public Utilities Fortnightly*, a trade publication. Because of this, three to five times as many megawatts of renewables capacity must be installed, compared with the megawatts of fossil fuel capacity being replaced, to produce equivalent megawatt-hours of electrical energy.

During the 2010-2019 period, electric utilities did not build many coal plants in the U.S. Most notably, coal generation capacity shrank by 73,075 MW over that 10-year period due to the retiring of coal plants outpacing capacity additions. Most new electric generation capacity in 2022 is likely coming from renewables. The S&P Global estimates that solar (15.0 GW, or about 26% of the 56.8 GW of total added capacity) and wind (38.5 GW, or 68%) dominate the new additions. CFRA notes that the time frame to get new wind and solar plants from concept to operations is much shorter than for large combined-cycle natural gas plants, meaning that many more renewable projects than natural gas can be added in a given time period.

While the current market prices for coal and natural gas show that the average existing coal-fired power plant and the average existing natural gas combined-cycle power plant generate power at similar costs, we think natural gas prices would have to remain above $7 per million British thermal unit (MMBtu) for a sustained period to encourage the building of new coal plants. In 2021, natural gas prices averaged $4.06/MMBtu, almost double 2020 levels. Given that consumption trends are expected to remain stable in 2022, coupled with production growth, we expect prices to average around $3-$4/MMBtu.

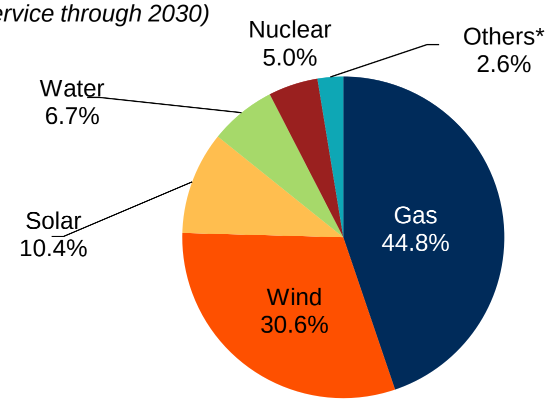
The cost to build new coal plants today is far higher than those built in the 20th century – due to pollution control requirements, elevated prices for construction materials, higher labor costs, and other inflationary pressures.

The EIA also projects in the AEO2022 that natural gas prices will stay below $4.0/MMBtu for most of the period through 2050. The decline in natural gas prices and rising penetration of renewable electricity generation led to lower wholesale electricity prices, in our view.

Aside from the declines in coal capacity and nuclear capacity, petroleum capacity is also expected to decline in the coming years, contributing to the market's increased reliance on natural gas, solar, and wind.

POWER PLANTS UNDER CONSTRUCTION AND IN EARLY OR ADVANCED DEVELOPMENT BY PRIMARY FUEL TYPE

(for units slated to enter service through 2030)



Total: 242,078 MW

*Others include Coal (0.8%), Geothermal (0.8%), Other nonrenewable (0.5%), and Biomass (0.4%).
Source: CFRA, S&P Global Market Intelligence.

Rising Raw Material Prices Could Challenge Growth in 2023

The input costs of raw materials of solar modules rose substantially in 2021, driven by elevated demand as world governments are trying to ramp up their efforts to fight climate change. The polysilicon price (a key raw material for solar cells) continue its price rally in 2022, reaching $45.7 per kilogram in September, surged more than 600% compared to its low of $7 in the second quarter of 2020, according to BloombergNEF. This crushes the initial estimate by BNEF early this year, predicting that the price of polysilicon will normalize during the year. We estimate no moderation of prices until 2023. Similarly, the prices of other key materials such as steel and copper also went up considerably.

On top of the raw material prices, the freight rates for many routes out of Asia are rising, as fewer containers are making the return journey to China due to Covid-19 restrictions. The average composite index of the World Container Index (WCI) surged significantly peaking at $9,518 per 40ft container in January 2022 before declining to $4,014 in September 2022, down around 50% from its peak. CFRA believes raw material prices will continue to pressure much of producers’ margins and potentially slow growth trends in the industry.

Bright Outlook for Solar Energy

CFRA has a positive long-term view on the solar space. We see the ongoing maturation of the solar industry as a positive, as demand becomes more elastic and relies less on global incentives. We anticipate greater contributions from regions outside of the U.S. and China going forward. CFRA sees a robust acceleration in 2022 following a strong 2021, in which global solar capacity increased by over 120 GW.

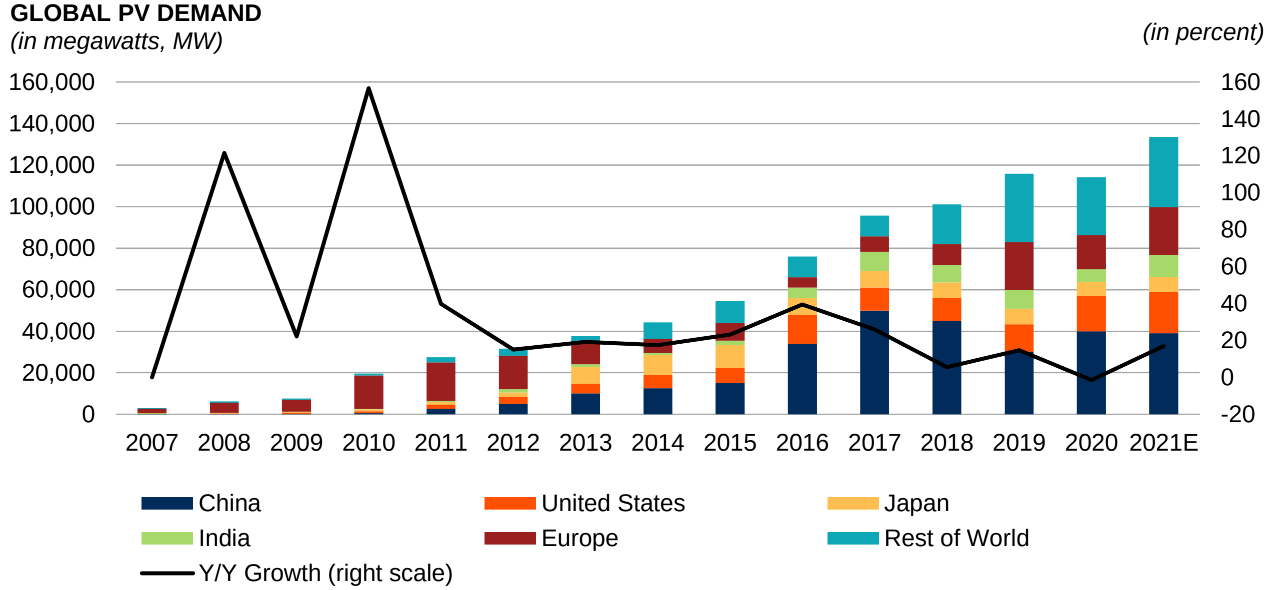
In our view, the U.S. had witnessed healthy demand as customers purchased solar ahead of a step down in the ITC at the end of 2019. Despite Covid-19’s impact, solar capacity in the U.S. improved 14.7 GW, with 3.2 GW coming from residential. Additionally, according to SEIA and Wood Mackenzie, solar improved to 54% of new electric generating capacity in 2021.

While China disappointed in 2019 by only installing 29.6 GW of solar, a more than 30% decline from 2018, the country installed over 49 GW of solar in 2020. CFRA thinks the new norm for annual installations in China will likely be around 38-40 GW in the coming decade. India, a top-three solar country and one with aggressive targets, increased its capacity by over 10% in 2020.

Europe is a bright spot, but comparisons get tougher. Under a renewable energy directive signed in 2018, the European Union (EU) set a target of 32% of all energy from renewable resources by 2030 (20% objective for 2020 versus 17% in 2016 and 8.5% in 2004). While Sweden generates the largest percentage of its energy needs from renewables (more than 50%), the biggest drivers to solar growth come from Germany and Spain. Spain has committed to an ambitious scheme to switch to 100% renewable electricity by 2050 and plans to add about 3 GW of wind and solar power every year. Also, in late 2018, the EU abolished the MIP (Minimum Import Price) mechanism with China. The combination of aggressive country renewable mandates, lower cost of capital, and better access to cheaper panels will likely continue to support growth in the region.

Our chart below provides an overview of the PV demand per region from 2007 to 2021.

GLOBAL PV DEMAND
(in megawatts, MW)

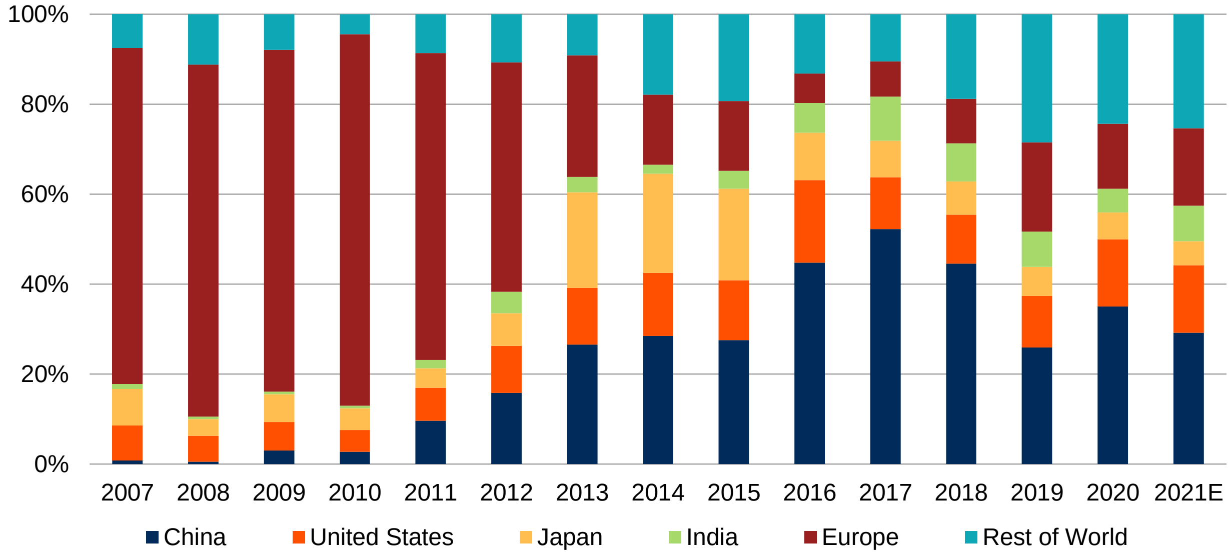


Source: CFRA.

Lower Solar Prices Open Up Opportunities for Greater Geographic Distribution
We note that most of the demand for the solar industry in recent years has come from growth in China, the U.S., and India (we estimate over half of total installations in 2020 and 2021). In fact, growth in these markets over the last several years helped alleviate the boom-bust period that took place in Europe earlier this decade.

Germany is likely to be the biggest purchaser of solar in Europe while Spain and the Netherlands also contribute. We think India, currently the third-largest solar market behind China and the U.S., has the biggest growth potential over the next three years, given the backing from that country's government to promote solar growth. We note that contributions from new emerging markets across the globe (*e.g.,* South Africa, Latin America, and the Middle East, among other areas) will represent most of the growth for the industry over the next decade. Many of these regions are unsubsidized but will likely begin to invest heavily in solar as the lower price points become more comparable to traditional fossil fuel prices – especially where electricity prices are high and access to solar energy is more abundant.

PV DEMAND GEOGRAPHIC SHARE
(in percent)



Source: CFRA.

Technological Advances – the Silicon Carbide Revolution

Silicon carbide (SiC) is seeing widespread adoption not only in the automotive space, but also in the industrial and energy space, most notably with solar. SiC is capable of reliability and efficiency for the most demanding power applications – for solar, its adoption can offer up to 30% lower losses, up to 50% higher power density, and up to 10% system cost savings. The adoption of SiC by the solar industry has been brought on by its increased energy production when higher voltages are paired with storage along with surge and backup capabilities that are much more scalable when the pair is built on SiC rather than Silicon. Smart grids are also adopting SiC due to improvements in on-premise storage solutions, DC microgrid, and solid state transformers. Solar microinverters, modules, and battery storage systems are adopting SiC alongside EV chargers and other renewable systems like wind.

Microinverter companies like Enphase Energy and SolarEdge Technologies are diversifying their product offerings to include full-service grid-independent systems. A microinverter is a piece of electronic equipment that changes the waveform of an electrical current. The inverter changes direct current (DC) into an alternating current (AC). Microinverters have taken over the market share for solar panel systems from legacy string inverters; with string inverters, there can be a single point of failure for the entire panel system, whereas with microinverters, if one fails, it only brings the one solar panel attached to it offline rather than the entire system. These microinverters are the flagship products for companies like Enphase Energy and SolarEdge Technologies, but these companies are offering systems for residential, commercial, and installer customers in different tiers from “only solar” to “completely energy independent.” This gives homeowners or businesses the ability to control energy from a phone app by pulling solar power that is powering a building to charge batteries, charge EVs with the home charger, or even sell power back to the grid when electricity costs are high and the utilities are in need. Putting money back into the pockets of consumers has always been a powerful selling point and this is evident in the growth estimates for these companies that are expected to grow revenue with a ~32% CAGR from 2021 through 2025. In addition, with the Inflation Reduction Act and continued traction in EV adoption, we view this as a conservative base scenario for growth estimates.

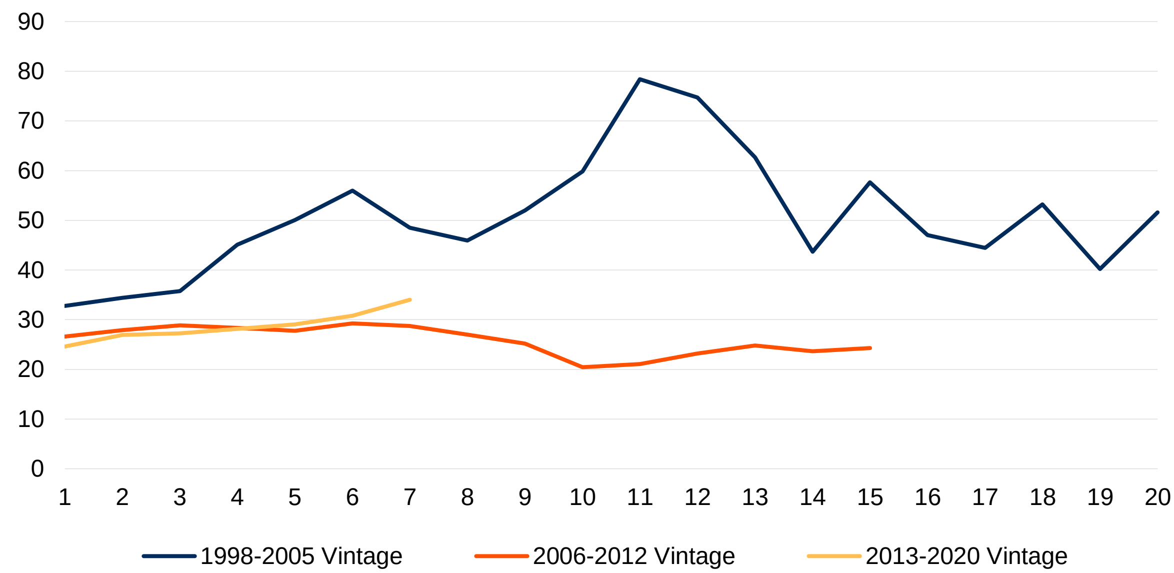
The energy saved per car using SiC is undeniably the more efficient resource for battery-powered EVs. If, in 2030, 35 million battery EVs, which is a very conservative number, are on the road using SiC (rather than Silicon for an EV since this comparison is not between an internal combustion engine and an EV), in that one year, the savings would amount to $8.2 billion in electricity (owners would save ~$233 of electricity), 192 million barrels of oil (5.5 barrels of oil per sedan), and the lifetime greenhouse gas emissions would be $2.7 billion gallons of gas, assuming the U.S. average residential electricity price is $0.137/kWh. These savings are hard to argue against with automobile manufacturers looking to reduce emissions and produce more ecologically friendly automobiles.

Wind Power Operating Costs Rising – Slightly

The first incarnations of U.S. wind power projects started in 1998, and like many nascent technologies, operating costs back then were not where they are now. In fact, operating costs for new wind power installed between 1998-2005 rose over time through 2009, peaking at an average of roughly $75 per kilowatt. Subsequent “vintages” of wind projects, however, have gotten considerably cheaper. For example, for projects installed between 2006 and 2011, average costs stayed remarkably stable in the $20-$25 per kilowatt range. The last vintage of wind projects, since 2012, are slightly more expensive, in the high-$20, low-$30 per kilowatt range. Still, this is far cheaper than projects used to be.

MEDIAN ANNUAL O&M COST OF WIND POWER

(by number of years since commercial operation, in 2021 $/kW)

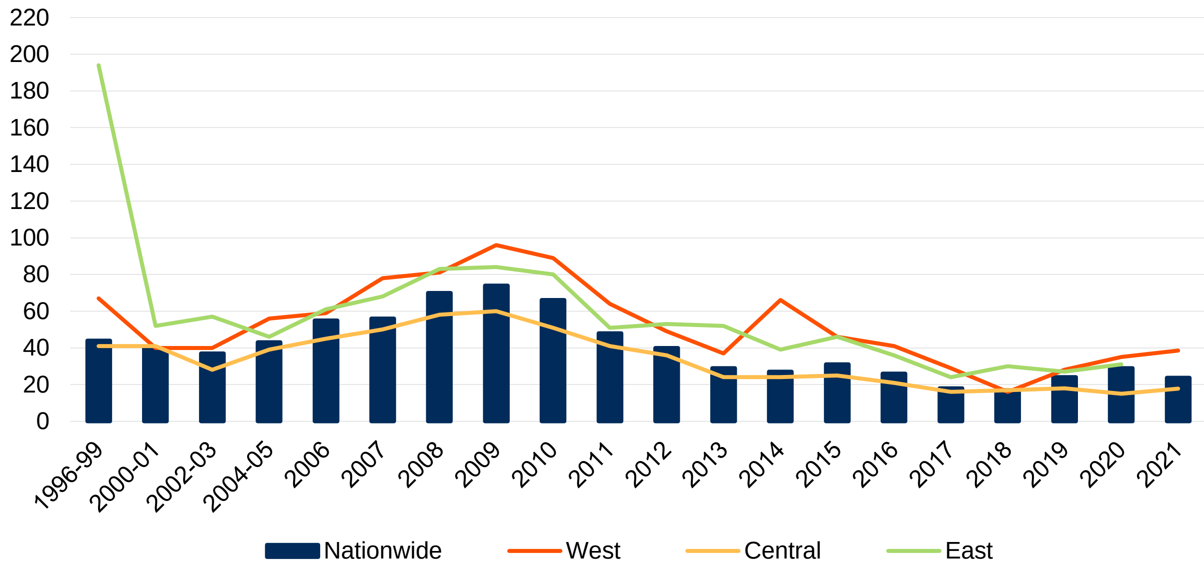


Source: U.S. Department of Energy - Berkeley Lab.

Wind Power Cost Curve has had a Gravitational Pull on Prices

As projects got cheaper to install, providers could compete downwards on price, benefiting customers. Since peaking in 2009, prices have dropped by more than 80%. Prices in the interior of the country are generally cheaper than elsewhere (possibly reflecting higher costs for offshore projects).

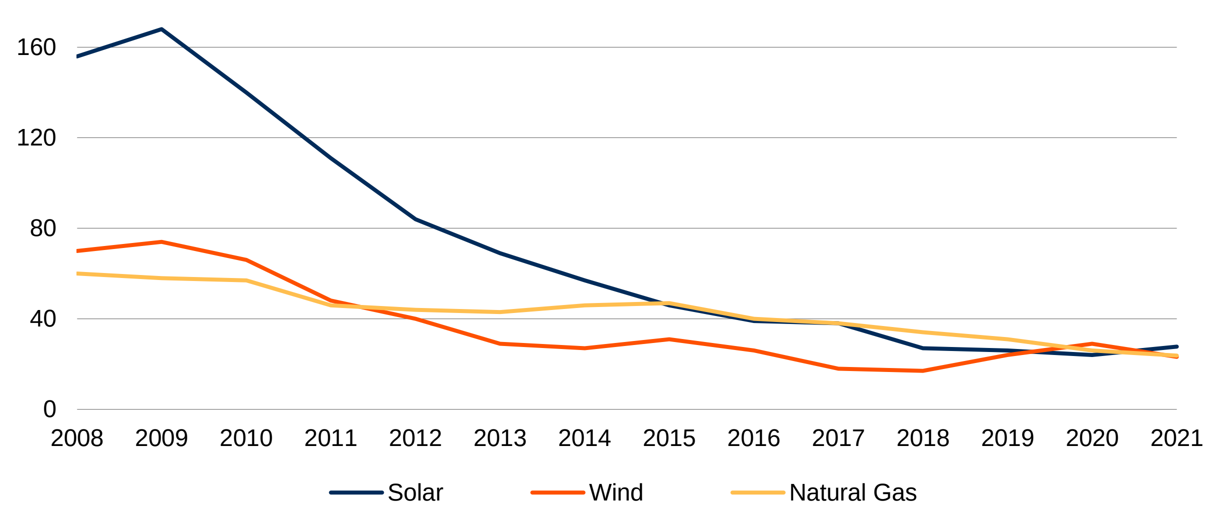
NATIONWIDE GENERATION-WEIGHTED LEVELIZED WIND PPA PRICES
(by PPA execution date, in 2021 $/MWh)



Source: U.S. Department of Energy - Berkeley Lab.

Lastly, wind and solar are very competitive with natural gas projects today (and have been, for a few years running). Based on data from the Department of Energy, wind power crossed below natural gas on pricing in 2012, and solar followed suit in 2016. The bigger issue for these renewables is intermittency, but if that problem gets resolved by technology, we think renewable adoption will be strongly enhanced.

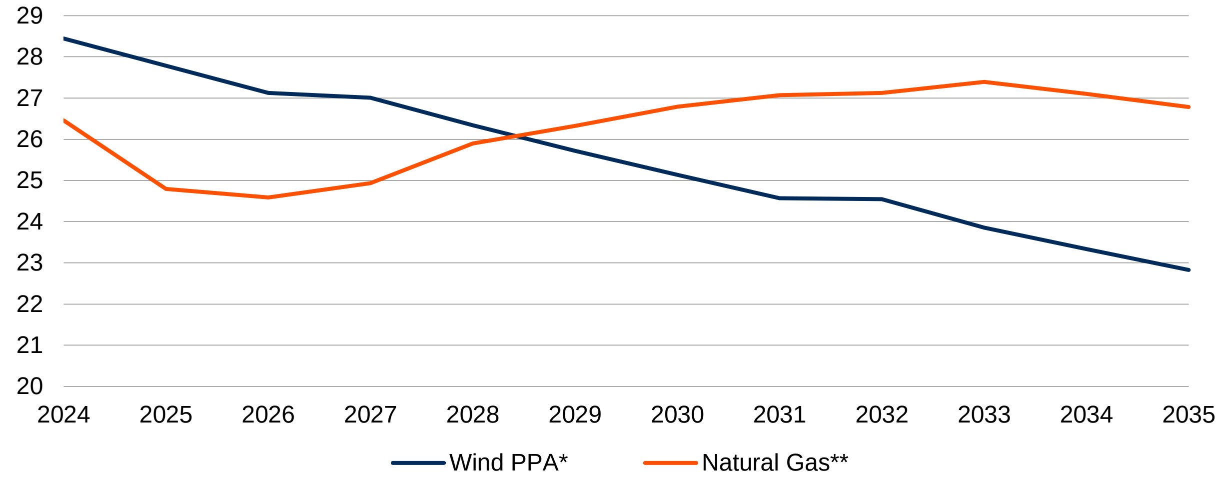
LEVELIZED WIND, SOLAR AND NATURAL GAS PPA PRICES
(in $ per MWh)



Source: U.S. Department of Energy - Berkeley Lab.

Looking ahead, we see wind increasingly able to exact a price advantage over natural gas through the medium term.

FORECAST WIND PPA PRICES VS. FORECAST U.S. NATURAL GAS PRICES
(2022-2035, $ per MWh)



*Wind PPA prices are based on the difference between the 90th and the 10th percentile aggregate wind PPA prices among 39 PPAs executed 2022.
**Forecast natural gas prices represent Reference Case in EIA's Annual Energy Outlook 2022.
Source: U.S. Department of Energy - Berkeley Lab, U.S. Energy Information Administration (EIA).

Energy Storage Investments Essential for Low-Carbon Strategies
Due to the intermittent nature of wind and solar resources and a mismatch between the timing in daily peak supply and peak demand, utilities pursuing the change to largely or 100% carbon-free generation will have to invest in energy storage assets.

Solar generation output typically peaks at noon as that is when the sun is highest in the sky and then starts to fall off after 3 p.m. quickly. In addition, solar radiation is highest in June but starts to fall off by August. Wind generation is intermittent, but on average, wind speeds tend to temporarily peak in the late afternoon and then see a solid peak from 7 p.m. through 1 a.m. Additionally, wind speeds tend to be lower during the summer months. Electric demand, on the other hand, typically peaks in the mid-afternoon during the summer months of July through September.

The mismatch between supply and demand will require the use of grid-tied energy storage to match hourly demand loads with supply. However, to date, very few regulated battery storage assets have been built, and we forecast substantial investment will be required as utilities move towards a low-carbon or carbon-free future.

Demand for Diesel Improves Outlook for Biofuels
The increase in demand for diesel post-Covid-19, especially in regions such as Indonesia and Brazil, has led to an improved outlook for renewable fuels (*i.e.,* biofuels). According to S&P Global Platts, global implied blend represented a slightly higher market share of 6.3% of diesel fuels in 2020, compared to 6.2% in 2019, as countries around the world remained strongly committed to renewable fuel mandates. Despite an improved outlook, challenges remain as total demand will likely stay below 2019 levels while the world slowly recovers from the pandemic.

We note that the Energy Secretary, Jennifer Granholm, was a strong advocate of renewable energy in Michigan, where she previously served as governor; she is expected to align with Biden’s platform and indicate the push for renewables is real, in our view. We think the Granholm-led Energy department, along with a (presumably) more climate-focused EPA, will grant fewer RFS exemptions for refiners, leading to more demand for RINs and higher prices. D6 RIN prices have shot up from just $0.12 per gallon in January 2020 to roughly $1.55 per gallon as of September 2022, as Covid-19 weighed on ethanol production, with production units average just 85% of capacity.

Notably, the recent RIN prices broke all-time highs, affected by rising global demand for the agricultural feedstocks, which drove fuel ethanol and biomass-based diesel prices higher in 2021, pushing their corresponding RIN prices to new highs. Corn fuel ethanol D6 RIN prices reached $1.90 per gallon, and biomass-based diesel D4 RIN prices reached $2.00 per gallon, both marking all-time high daily prices.

One strategic move now being pursued by many independent refiners is the expansion of renewable diesel. Such diesel, which fits into the D4 category, has a few advantages. First, as a so-called “drop-in fuel”, which can be easily moved within existing diesel infrastructure such as storage tanks or pipelines and can be consumed in engines that take regular diesel with no modifications needed. Second, it has low sulfur content, which is relatively climate-friendly. Third, assuming the pricing gap between D4 and D6 persists, it will help pay down the expense associated with D6 needs on gasoline production.

Renewable diesel earns premium RIN points as well. Each gallon of renewable diesel produced by a refiner earns it 1.7 RINs (because of its higher energy content), which can be used to offset the obligations on blending needs for gasoline. So, if a refiner produces a gallon of renewable diesel and a gallon of gasoline, it can meet its volume obligation on gasoline with its own renewable diesel and still come out 0.7 RINs ahead.

Renewable diesel production also earns federal tax credits that bridge the higher cost of producing biodiesel. In December 2019, President Trump extended the Blender’s Tax Credit through 2022, and made it retroactive and applicable to 2018 and 2019 production. The tax credit stands at $1.00 per gallon and thus improves the economics of all biofuels including renewable diesel. To put this credit in perspective, a gallon of B99 biodiesel (99% pure biodiesel) averaged $3.73 per gallon in the U.S. in October 2021, according to the Alternative Fuels Data Center, a unit of the Department of Energy. By comparison, a gallon of diesel retailed for $3.10 per gallon nationally. Since biodiesel is more expensive to produce (before tax credits), the tax credit extension gives refiners a bit more incentive, at least through 2022, to produce biodiesel. We think it is reasonable to assume that biodiesel continues to be encouraged by the Biden administration.

All the major independent refiners have begun to build out renewable diesel capabilities. There have been a slew of announcements since Q3 2019, as seen in the table below. Among independent U.S. refiners, we estimate planned renewable diesel capacity totaling 164,000 b/d of incremental capacity to be obtained by 2024. By comparison, as of October 2020, S&P Global Platts estimated 2021 U.S. renewable diesel production at just 48,000 b/d – and that is up 24% over anticipated 2020 volumes.

Announcement Date	Refiner	Location	Incremental Volume of Renewable Diesel	Project Timeline*
10/7/2020	Renewable Energy Group	Geismar, LA	16,000 b/d	2023
8/12/2020	Phillips 66	Rodeo, CA	52,000 b/d	2024
8/5/2020	Marathon Petroleum	Martinez, CA	48,000 b/d	2023
6/1/2020	HollyFrontier	Cheyenne, WY	13,000 b/d	2022
12/9/2019	HollyFrontier	Artesia, NM	9,000 b/d	2022
9/10/2019	Valero Energy	Port Arthur, TX	26,000 b/d	2024

Source: Company Reports.

* Expected date of reaching full capacity. MPC's Dickinson plant went operational in late 2020. VLO's expansion in Port Arthur has not yet received final approval but is under consideration.

A major incentive to use renewable diesel is the low-carbon fuel standard (LCFS), which we think could expand under the Biden administration. According to the Alternative Fuels Data Center, most renewable diesel today is consumed in California (a little bit in Oregon), where there is an LCFS in place. Energy law consultancy Baker & O'Brien noted that renewable diesel composition is essentially the same as ultra-low sulfur diesel. We also note that the Jacobsen Price Reporting Agency, a renewable fuels data and research provider, identified six U.S. states considering adding a LCFS program: Washington, Colorado, South Dakota, Minnesota, Iowa, and New York. Technically, such a standard is a state-level decision. However, a federal government that is providing more clarity on its intention to support a green revolution could encourage more states to follow suit.

Hydropower Remained Stagnant Throughout the Past 40 Years

Hydropower was once one of the most important sources of electricity in the U.S. with well-known projects throughout the country, including Hoover Dam and Niagara Falls. In 1950, hydropower accounted for over 30% of total power generation in the U.S.; however, in 2019, this fell to about 7% of total generation and 8.3% of the total U.S. capacity. Hydroelectric output generally grew through the mid-1970s but has since remained relatively flat while generation capacity from other nonrenewable and renewable sources increased.

Run-of-river and dam hydropower use water as a free fuel to create electricity, which makes them attractive to run as baseload power plants (these plants run 24 hours a day, 7 days a week). The pumped storage plants, however, use electricity as a fuel to move water from a lower reservoir or river to a higher reservoir during off-peak times. Then, during peak electric demand periods, water is released to generate electricity in the same way a dam creates electricity.

M&A Environment

The renewable energy industry has grown significantly on the back of government incentives and escalating environmental concerns. Many established companies from various verticals (*e.g.,* technology, industrial, oil & gas, and utilities) have been focusing on reducing carbon emissions from their operations. They are now looking toward mergers and acquisitions (M&A) for further investments in renewables.

Solar Players to Consolidate

We see many reasons for increased concentration as the solar industry begins to mature. Primary drivers for industry consolidation include greater balance sheet flexibility, cost advantage via economies of scale, and brand awareness. In October 2020, the largest home solar installer in the U.S., Sunrun Inc, completed the acquisition of its biggest competitor, Vivint Solar, for an enterprise value of $3.2 billion.

Industry leaders also took lessons from the failure of others (*e.g.,* Suntech and Yingli) and are adopting a more asset-light approach to enhance liquidity and to avoid excessive spending in areas such as cell and polysilicon manufacturing, which are much more capital intensive. One of such examples includes U.S. solar panel maker SunPower, which spun off its manufacturing operations in August 2020 to focus on commercial and residential solar and storage installations in the U.S.

While most leading solar producers are in a net debt position, there is still no cause for concern for the time being, in our view. The top producers have all generated a significant scale, which has allowed them to gain a cost advantage relative to peers. Rising demand in China has supported higher production from the manufacturers, as we note non-China-based companies have had an extremely tough time benefiting from a higher volume in this geographic region. We forecast the scale from these companies is now too great for new entrants to overcome. The industry leaders have also developed significant partnerships with key solar developers and suppliers, as their brand position will help support further share gain.

Finally, we note that the ability of some players to take advantage of the various federal tax credits remains driven by a thriving tax equity market. The lack of a direct-pay provision in the December 2020 tweaks to the ITC rules means that tax equity financing remains critical, and if that market begins to dry up (perhaps hurt by Covid-19-related stresses), then that in turn could provide additional impetus for M&A.

Tech and Utility Companies in the Green

In the U.S., large technology companies are becoming an important consumer for the renewables space. In March 2019, Microsoft, together with leading U.S.-based sustainable energy solutions developer, Invenergy, agreed to construct a 74 MW solar project in North Carolina estimated to bring Microsoft's renewable energy portfolio to more than 1.3 GW. In July 2020, Microsoft further signed with another leading national solar energy firm Sol Systems to develop 500 MW of U.S. solar projects. Amazon has also committed significant investments toward clean energy with its announcement of three new renewable projects totaling 229 MW in Ireland, Sweden, and the U.S. in April 2019. As of December 1, 2021, Amazon had a total of 274 renewable energy projects globally, with 12 GW of electricity production capacity globally. We note that Apple, at this point, essentially meets all its energy needs utilizing renewables.

Additionally, technology investor SoftBank Group aims to build as much as 220 GW of solar capacity in Saudi Arabia and India by 2030 – equivalent to approximately half of the global solar capacity today. However, we view this as an ambitious target given that the group has only been able to secure the contracts for approximately 3 GW in India and 700 MW in Japan.

With tech companies helping to lead the shift towards renewables, major utility companies around the world are also actively jumping on the alternative energy bandwagon. In July 2019, British utility giant National Grid completed its acquisition of U.S. renewables developer Geronimo Energy for $100 million.

Conventional Energy Companies Testing Unconventional Waters

The traditional oil & gas companies are also involved. For example, in the last decade, ExxonMobil invested about $250 million in biofuels research, including research into using algae as a biofuel. Chevron's alternative energy portfolio includes investments in solar, wind, geothermal, biofuels, and renewable diesel. Similarly, in September 2020, BP made a more than $1 billion investment in wind power.

In terms of their collective response to the threat of renewables, the supermajor oils (the biggest fossil fuel producers on the planet) are acknowledging renewables' rising importance. What used to be largely a PR exercise to pretty up the annual report is now – in some cases – a real strategic interest.

Interestingly, NextEra Energy, the world's biggest provider of wind and solar energy, briefly surpassed ExxonMobil in market capitalization in early October 2020. Outside the U.S., Enel, Iberdrola, and Ørsted are now more valuable than comparable oil majors, underlining how mainstream clean energy bets have become for investors. Enel SpA has become Europe's biggest utility and it is rapidly expanding its clean energy portfolio outside the continent. Although still about 40% of the company's installed capacity is made up of fossil fuels, the company plans to reduce coal generation by 74% in 2022 and more than double its renewable power capacity by 2030.

Renewable energy can come in many forms, and the VC-like approach taken by some of many of these supermajors is a smart strategy, in our view. Rather than investing solely in one area, supermajor oil companies are diversifying their renewable exposure, which we think has two advantages. First, because many types of renewable energy are fairly new, there are question marks around which ones will be the most commercially scalable, which ones have the most opportunity for cost reductions, and which ones will see the fastest adoption by customers. Second, since regulatory policy matters a great deal for renewables, a diversified strategy should make it easier for these firms to expand more quickly in areas that receive favorable regulatory treatment.

As the renewables industry begins to mature, the risk-return profile of alternative energy investments is becoming clearer and more predictable. Also, government incentives are expected to continue (albeit decreasing) in the near term, further encouraging more investments in this space.

HOW THE INDUSTRY OPERATES

Renewable or alternative energy generally refers to the energy that comes from natural sources and processes that are unlimited – such as sunlight and wind. Although these sources are likely to exist forever, they often have a limited amount of energy that is available per unit of time, as described by the U.S. Energy Information Administration (EIA).

Based on EIA data, we categorize renewable energy sources into six major types: hydropower, geothermal, solar, wind, biomass (wood and waste), and biofuels. Among these, wind is the largest consumed renewable source at 24%, followed by hydropower (22%) and wood (20%).

An overview is provided for each of the energy sources and a general description of how each works.

SOLAR

The sun produces solar energy, and it has been used by humans for warmth, to grow crops, and to dry foods. As technology advances, we are now able to collect and store solar energy and convert it into heat energy and electricity for other uses.

Solar Photovoltaic (PV) Systems

Solar or PV cells convert sunlight directly into electricity and can be used to power different things depending on the size of these cells. Small PV cells can power small electronic devices such as calculators and watches. Larger PV systems such as PV panels (made from multiple PV cells) and PV arrays (an arrangement of multiple PV panels) can produce enough electricity for a house or even an entire neighborhood. There are also PV power plants (solar farms) that can have thousands of panels that can generate enough power for thousands of homes.

Advantages and Disadvantages of Solar Energy

One of the advantages of solar energy systems is that they do not produce any greenhouse gases or other air and water pollutants while generating electricity. If they are responsibly mounted, solar panels have a minimal harmful environmental impact. However, large solar power installations can harm or kill birds that get too near the mirror arrays.

An inherent problem of solar energy is the inconsistency of sunlight that reaches the surface of the earth. Factors such as location, time of day, seasons, and weather conditions could affect the efficiency and effectiveness of solar systems. Also, solar technologies can be costly to deploy since they often require a huge surface area to collect a useful amount of energy.

Concentrating Solar Power (CSP)

In contrast to PV technology, CSP technology is an indirect method of producing electricity that uses reflective materials to concentrate light onto receivers that are placed at the focal point. These receivers collect and convert solar energy into heat, which is ultimately converted into electricity via a steam turbine. CSP has two main categories currently in operation: parabolic trough and power tower.

- **Parabolic trough.** Uses long arrays of single-axis tracking, curved parabolic mirrors to reflect sunlight onto a receiver tube that consists of fluid used for heat transfer. This heated fluid passes through a heat exchanger to transfer the heat into water, creating pressurized steam, which is then used in a conventional turbine to generate electricity.

- **Power tower.** This system uses tracking mirrors called heliostats to track the sun on two axes, concentrating sunlight onto a receiver at the top of a tower to heat a fluid. When water is used as the working fluid, it is heated to create high-temperature steam used in a conventional turbine to generate electricity. It is also possible to use a mixture of molten salts, which, after absorbing heat from concentrated solar energy, produces high-temperature, pressurized steam in a heat exchanger. The molten salts can be used to store heat in a tank until needed to make steam later.

CSP currently accounts for less than 5% of installed PV generation capacity globally due to its higher total costs relative to PV, especially given ongoing industry price declines, according to CFRA analysis. Additionally, CSP requires specific geographic conditions and direct solar radiation to operate, while PV cells can be used, albeit with varying levels of productivity, even in locations with relatively weak direct solar radiation.

Distributed Generation vs. Utility-Scale

The solar industry can be broken down into two types of systems – distributed generation systems (DG) and utility-scale. A DG system refers to a variety of technologies that generate solar at or near where it will be used, while the utility-scale solar system refers to large-scale solar generation, usually driven by mandates such as renewable energy goals and renewable portfolio standards. DG systems can be offered to residential and commercial customers, while the utility-scale solar system will only be offered to the wholesale utility customer.

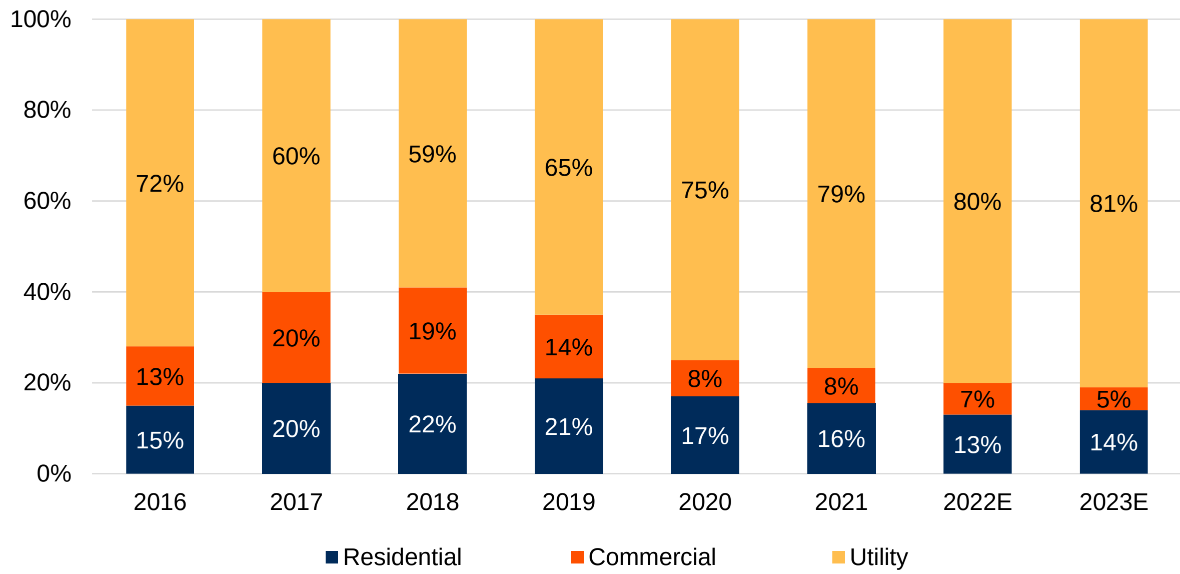
What distinguishes utility-scale solar system from the DG system is the project size, system costs, average price per watt, as well as the payment structure. For a utility-scale solar system, it is designed for large-scale project sizes of at least 1 MW but has the lowest system costs and average price per watt as compared to the DG system.

	Distributed Generation		
	Residential	Commercial	Utility
Market Share	About 20%	10% to 15%	65% to 70%
Average Size	5 kw to 10 kw	10 kw to 100 kw	> 1 megawatt
System Costs	High	Medium	Low
Average Price	$2.50 to $3 per watt	$1.50 to $1.75 per watt	$1 to $1.25 per watt
Payment Structure	Cash/Loan, Leasing or PPA's	Cash/Loan, Leasing or PPA's	PPA's
Source: CFRA			

U.S. Market Segment Trends

The utility PV market has led the overall U.S. solar market in terms of installed capacity since 2015. The utility PV market increased its capacity by 19% to 23.6 gigawatts-direct current (GW_{dc}) in 2021, compared to the 19.2 GW_{dc} in 2020, according to Solar Energy Industries Association (SEIA). Solar accounted for 46% of all new electricity-generating capacity added in the U.S. in 2021. The residential PV market is the second-largest market in the U.S. after seeing substantial growth in recent years, and installations are expected to grow 17% from 2021 to 2025. On the other hand, the community PV reached 957 MW_{dc}, a 7% year-over-year growth, while the commercial PV market remained mostly unchanged. Both sectors face challenges from project delays and supply chain constraints.

U.S. PV INSTALLATION MARKET SHARE BY CUSTOMER SEGMENT



Source: CFRA, Wood Mackenzie Power & Renewables.

Solar Financing Options

To reduce the cost of the utility bill, customers will choose a simple and low-maintenance financing options for installing a solar system on their property. Solar projects are usually done either via financing options like solar loans, solar leases, or solar power purchase agreements (PPAs).

- **Solar Loans**
  With a solar loan, customers are required to make monthly payments over time, in amounts generally smaller than a typical utility bill, according to the U.S. Solar Energy Technologies Offices. Unlike solar leases or solar PPAs, a solar loan allows customers to own the system outright and benefit directly from the tax credit upon completion of all the payments.

- **Solar Leases vs. Solar PPAs**
  Similarities: Solar leases and solar PPAs are the financial agreements where a developer installs a solar system on a customer's property at little to no upfront cost. Generally, the contract term usually lasts 20 to 25 years. Under the arrangements, the developer who owns and maintains the solar system is entitled to income from sales of electricity, tax credit benefits, and any other incentives.

  Differences: Solar leases and solar PPAs are very similar in practice; however, there is a key difference between the two. With a solar lease, customers agree to pay a fixed monthly "rent" for the solar system. With solar PPAs, instead of paying to "rent" the solar system, customers agree to purchase the power generated by the system at a set per-kWh fixed price.

Each of the solar financing options allows customers to enjoy immediate utility bill savings every month. Below, we outline the benefits of using cash, solar loans, solar leases, and solar PPAs. To sum up, customers will enjoy more benefits when adopting cash or solar loans as their financing tool.

	Cash / Loans	Leases/ PPAs
$0 Down Option	Yes	Yes
Savings From Day 1	Yes	Yes
System Performance Guarantee	Yes	Yes
Warranty	Yes	Yes
Monitoring	Yes	Yes
No Annual Escalator	Yes	No
Ease of Home Resale	Yes	No
Home Value Appreciation	Yes	No
No Prepayment Fees	Yes	No
Maximum Financial Benefits	Yes	No
Federal / State Tax Credits	Yes	No
Source: CFRA.		

WIND

Wind is a phenomenon that exists due to differences in atmospheric pressure that are caused by uneven heating of the earth's atmosphere. Since air exerts a pressure of about 14 to 15 pounds per square inch at sea level, it contains kinetic energy that can move the blades of a wind turbine. As the blades move, they turn a shaft attached to an electric generator to produce electricity. Total electricity generated from wind in the U.S. has increased considerably from approximately 16 billion kilowatt-hours (kWh) in 2000 to about 976 billion kWh in 2021, according to EIA. We note that new technologies and government incentives have contributed to the growth of this energy source.

Location of Wind Power Plants

The location and positioning of wind power plants must undergo thorough planning as factors such as wind speed and wind frequency can significantly affect the efficiency of the power plant. Generally, small wind turbines are best operated at places with an annual average wind speed of 9 miles per hour (mph), while large utility-scale turbines are most efficient at wind speeds of 13 mph. Also, it is important to note that wind speeds can change drastically throughout the day and from season to season, which can significantly impact the efficiency of wind generation.

In addition to being built on land, wind turbines can be built offshore. As the wind speeds are higher offshore relative to on land, offshore wind projects are typically able to generate more electricity per installed capacity but can be more expensive to install. The U.K, China, and Germany represent most of the market share for offshore wind projects in 2020, according to the Global Wind Energy Council.

Wind Turbines

The two types of wind turbines are the horizontal-axis turbines and vertical-axis turbines.

- **Horizontal-axis turbines** look like the propeller engine of an airplane and have three blades. According to the EIA, the common horizontal-axis turbines are around 20-stories high with blades exceeding 100 feet. Presently, most operational wind turbines are horizontal-axis turbines.

- **Vertical-axis turbines** generally look like eggbeaters with their blades attached to the top and bottom of a vertical rotor. However, there are very few vertical-axis wind turbines currently active due to their inferior performance relative to the horizontal-axis turbines.

We note that wind turbines come in many sizes, but the length of their blades are the biggest determinant in terms of electricity generation capacity. Generally, smaller wind turbines that have a generation capacity of 10 kW can power a single home, whereas the largest operational wind turbines have electricity generating capacity of close to 10,000 kW.

A cluster of many large turbines forms a wind farm or wind power plant, which can generate large amounts of electricity to power up electricity grids. For example, one of the largest wind farms globally – the Horse Hollow Wind Energy Center in Texas – consists of 430 wind turbines and spans 47,000 acres. Horse Hollow boasts electricity generating capacity of close to 735 MW, according to EIA.

Advantages and Disadvantages of Wind Energy

Wind is considered a renewable and clean energy source like solar. Use of wind turbines does not cause any air or water pollution apart from the manufacturing of the turbines. By replacing other traditional nonrenewable energy sources with wind power, harmful emissions can be reduced to healthier levels. Offshore projects have an advantage that wind speed tends to be more uniform than it is over land.

However, although a clean energy source, the turbines that are used to harness wind energy could pose some level of risk to the environment. Although uncommon, there were occasions where some turbines have caught fire and have leaked harmful lubricants. Some environmental and wildlife groups complain about the harm to birds and bats as the blades strike them. In addition, some residents near wind farms have complained about the noise the blades produce as they turn.

Offshore wind projects, in addition, have a special disadvantage of note: logistics costs. A study from 2010 by the National Renewable Energy Laboratory (part of the Department of Energy) estimated that turbine-related costs comprised 70% of onshore wind projects, but just 45% of offshore projects. When something breaks on an offshore wind project, fixing it requires the hiring of vessels (possibly with large new hardware to replace).

Finally, as alluded to earlier, wind speed over land is more variable. If more states replace more conventional fossil fuel plants with wind energy, there is a risk that the supply of wind power could be insufficient, and like most things that experience a shortage, prices rise. On August 14, 2019, a Reuters article noted that spot prices for electricity in Texas briefly soared to the cap of $9,000 per MWh, and next-day spot prices averaged $315/MWh, versus $114.25/MWh one day earlier. Although the Reuters article did not specifically attribute the price rise to a shortage of wind (certainly hot weather helped on the demand side of the ledger), another article from 2018 by S&P Global noted that Texas electricity prices briefly spiked to $5,800/MWh in January 2018 as wind output dropped 15%.

HYDROPOWER

Hydropower or hydroelectric power is one of the earliest sources of mechanical and electrical energy and was used to power grain and lumber mills before steam became available in the U.S. It has also been the largest renewable source of energy for electricity generation in the U.S., accounting for approximately 6.1% of total U.S. utility-scale electricity generation in 2021.

Hydroelectric Power

The energy from moving water is converted into hydropower through hydroelectric power plants. Water descending from high points carries significant energy that can be used to push or turn the blades of a turbine to generate electricity. According to the U.S. Department of Energy, there are three main types of hydropower plants: impoundment, diversion, and pumped storage.

- **Impoundments** are the most common type of hydroelectric power plant, using dams to raise the water level, creating a reservoir. Once at the required water level, the water flows through a pipe or penstock to spin the turbine of a generator and typically operates 24 hours a day, seven days a week.

- **Diversion,** also called run-of-the-river system, channels a portion of the river water to flow through penstocks to spin the turbine of a generator. These systems also typically run constantly.

- **Pumped Storage** works like a battery that stores electricity for later use. A pumped storage system involves two reservoirs with different elevations. The lower reservoir will pump water uphill into a higher reservoir to store energy during periods of low electricity demand. When more electricity is needed, water in the higher reservoir is then released through penstocks to generate electricity.

Tidal Power

Tides are formed by the gravitational forces of the moon and sun acting against the earth's rotation. These tides produce tidal energy that can be harnessed to generate electricity. Generally, tidal energy systems can be differentiated into tidal barrages, tidal turbines, and tidal fences.

- **Tidal barrages** are like dams and are used to capture water flowing in and out of an ocean bay.

    - Ebb generation barrages use sluice gates to allow a tidal basin to fill on incoming high tides. The water is stored, and once the tide recedes, channels are opened to allow the water to flow through turbines to generate electricity.

    - Two-way generation barrages generate power during both flood and ebb tides to constantly turn the turbines. This barrage system produces less energy than ebb generation, but the electricity is produced over longer periods of time.

- **Tidal turbines** look and operate like wind turbines but are placed on the seabed with strong tidal flow. Tidal turbines generally cost more to manufacture than wind turbines, but they can generate more electricity with blades of the same size.

- **Tidal fences** are also mounted on the seabed like tidal turbines. However, tidal fences consist of vertical axis turbines that are arranged in a fence-like structure to capture the energy from the water passing through the turbines.

Wave Energy

The waves formed through wind movements across the ocean surfaces are a huge source of energy. According to the EIA, the theoretical annual energy potential of waves off the coasts of the U.S. are estimated to reach as much as 2.64 trillion kWh or 64% of total U.S. electricity generation in 2021. Wave energy can be harnessed by focusing waves into a narrower channel to increase their size and power to spin the turbines or by channeling them into a reservoir where water flows into a turbine at a lower elevation.

Ocean Thermal Energy Conversion (OTEC)

OTEC systems leverage the temperature difference between waters at the ocean surface and deep ocean to power a turbine. The warmer surface water is pumped into an evaporator to vaporize a working fluid with low boiling points, such as ammonia, that will spin the turbine and generate electricity. The vaporized fluid will then be cooled in a condenser with the cold deep ocean water.

Advantages and Drawbacks of Hydropower

Although hydropower generators do not directly cause air pollution, the construction of these hydropower generators such as dams or reservoirs can disrupt river and coastal ecosystems and surrounding communities. For example, a dam will impact and alter the ecology and physical characteristics of a river and can have an adverse effect on native plants and animals surrounding the area. Sometimes a dam will also require the relocation of nearby neighborhoods and can cause distress for the impacted residents.

Besides that, the greenhouse gases emitted by reservoirs (*e.g.,* CO_2 and methane) can contribute to concerns about man-made global warming. The EIA estimates that the greenhouse effect from reservoirs may be equal to or greater than the greenhouse effect of the CO_2 emissions from an equivalent amount of electricity generation with fossil fuels. Hydro-Québec estimates that greenhouse gas emissions from reservoirs in its system rise temporarily after impoundment of the water, but after 12-14 years, emissions are similar to levels given off by neighboring lakes and rivers.

For tidal power, tidal stations can affect the environment near the inlets of the tidal basin. Tidal barrages will alter the tidal level and increase the number of suspended solids in the water (turbidity).

BIOMASS

Biomass is a source of renewable energy obtainable from plants and animals and can be used to create energy by direct burning (*e.g.,* solid biomass) or by converting them into biofuels. For this section, we will be focusing on solid biomasses, consisting mainly wood and waste. Biofuels such as ethanol and biodiesel will be discussed in the following section, under Biofuels.

Wood

EIA data shows that wood (*e.g.,* bark, sawdust, wood chips, wood scrap, and paper mill residues) represented roughly 2% of total U.S. annual energy consumption in 2021. Industrial users, especially wood products and paper manufacturers, account for the majority of wood energy demand. This is followed by the residential sector as wood is commonly burned in homes for heating purposes.

Apart from heating, there are some power plants that generate electricity mostly from the burning of wood. There are also several coal powered plants that burn wood along with coal in an effort to reduce the emissions of harmful substances.

Waste

Like wood, municipal solid waste (MSW) or garbage can also be collected and burned to produce heat energy to create steam for electricity. Generally, MSW covers biomass/biogenic materials (*e.g.,* paper, food waste, and leather products), non-biomass combustible materials (*e.g.,* plastic), and noncombustible materials (*e.g.,* glass).

Waste-to-energy plants are power generation plants that burn MSW to generate electricity and/or heat energy. There are also many large landfills that capture methane gas (produced from decomposing biomass) and use it as a fuel to generate electricity.

In addition to generating electricity, burning MSW could significantly decrease the amount of waste buried in landfills and will contribute to a cleaner environment.

Implications of Biomass

The burning of wood, waste, or traditional fossil fuels releases carbon dioxide (CO_2) and other gases, which contributes to global warming. Additionally, increased particulate matter and sulfur and mercury emissions are harmful to the environment. However, as plants are the underlying source of wood and some wastes, their absorption of CO_2 during photosynthesis almost offsets the amount emitted when burned. Hence, using renewable biomass as a source of energy can reduce and replace the burning of fossil fuels, thus lowering the overall amount of CO_2 released into the atmosphere.

Nevertheless, employing wood and waste as alternative sources of energy has negative implications as well. The harvesting of wood can lead to the thinning of forest or even deforestation, which will affect the habitat of some animals. Also, the smoke and ashes released from the burning of wood or MSW contain toxic substances like carbon monoxide and chemicals that can be harmful to the environment and poisonous to people. For that reason, the EPA placed strict environmental rules on power plants involved in the burning of waste to control the release of dangerous pollutants.

BIOFUELS

Biofuels are recognized as a carbon-neutral renewable energy source as the plants that are used as feedstock (raw material to make a product) absorb CO_2 when they undergo photosynthesis and will offset the CO_2 emissions when biofuels are produced and burned. For that reason, biofuels are encouraged to be used as transportation fuels to help reduce the harmful greenhouse gas emissions to the environment.

In 2007, the U.S. government signed a Renewable Fuel Standard (RFS) that calls for the production of 36 billion gallons of biofuels by 2022. Every year, the EPA will set the target of biofuel volumes that oil companies must blend with their petroleum-based products. The EPA has finalized a blending mandate of 20.63 billion gallons for 2022, 9.5% higher than its 2021 target.

Closed-loop biomass plants, *i.e.,* plants burning organic material from vegetation planted exclusively for use in power generation, received a federal production tax credit of $25 per MWh of generation in 2022.

According to the EIA, biomass fuels accounted for approximately 5% of total energy demand in the U.S. in 2021. Of that 5%, 48% were biofuels, 43% were wood and wood-derived biomass, and 9% were biomass in municipal wastes. Within biofuels, ethanol represents the majority of biofuel consumption, followed by biodiesel and other renewable fuels.

Ethanol

Ethanol is an alcohol that can be made from different types of feedstocks through fermentation or breaking down the cellulose in plant fibers. Fuel ethanol feedstocks are usually grain and crops with high starch and sugar content like corn, barley, and sugar cane. Another form of ethanol is known as cellulosic ethanol and can be produced by breaking down cellulose in plant fibers of trees, grasses, and agricultural residues.

Ethanol is commonly used as a fuel in mixtures of other petroleum-based gasolines. Generally, most ethanol content in motor gasoline does not exceed 10% of its total volume. E10, E15, and E85 are terms used to refer to gasoline with ethanol content of 10%, 15%, and 51% to 83%, respectively. Currently, all gasoline vehicles can use E10, while only light vehicles with model year newer than 2001 can use E15. E85 gasoline is defined as an alternative fuel and can only be used by flexible-fuel vehicles.

Biodiesel

Biodiesel is a renewable fuel produced from vegetable oils and animal fats and can often be used in the same equipment as petroleum-based diesel fuel. Like ethanol, biodiesel is normally blended with petroleum diesel in 2% (B2), 5% (B5), and 20% (B20) ratios but can also be used as pure biodiesel (B100). The excellent lubrication properties of biodiesel can enhance engine performance and have led to the popularity of low-level blends like B2 and B5 in the trucking industry. The consumption of biodiesel in the U.S. grew significantly from 10 million gallons in 2001 to 1.65 billion gallons in 2021, driven by the environmental benefits of biodiesel as well as state-level incentives and the federal RFS.

Advantages and Disadvantages of Biofuels

Pure ethanol and biodiesel are both nontoxic and biodegradable and are good substitutes to reduce environmental pollutions. These biofuels are considered to be carbon neutral as their absorption of CO_2 during photosynthesis offsets the CO_2 that forms during the production and burning of these biofuels for energy.

However, the use of plants for fuel has sparked many debates as numerous people think plants should be used for food instead of burning them for fuel. Also, many large areas of vegetation and forest have been cleared to make space for growing plants used to make biofuels. This can have severe adverse implications to the nature and animals inhabiting these lands and its negative effects could even be greater than the potential environment benefits of using renewable biofuel. Newer alternative methods encourage the use of inedible materials like sawdust and wastepaper that can reduce the usage of food crops for biofuel production.

GEOTHERMAL

Geothermal energy is a source of renewable energy that comes from the heat produced within the earth and is commonly used for direct heat energy and to power heating systems, geothermal heat pumps, and electricity generation. This energy source can be found at geothermal reservoirs, volumes of hot rock located deep underground. The geothermal reservoirs can be accessed by drilling production and injection wells and injecting water into the reservoir.

The ‘Ring of Fire’ that encircles the Pacific Ocean is one of the most active geothermal resource areas in the world. Due to this, most of the geothermal power plants in the U.S. are in the western states, with 94% of U.S. geothermal generating capacity in California and Nevada. The U.S. had 3.7 GW of operating geothermal capacity as of 2021, about half of which came online in the 1980s, according to the EIA.

Geothermal differs from other renewable technologies because it is not dependent on seasonal factors (precipitation, wind, or sun exposure), and it provides a constant source of energy. Geothermal power plants tend to have high and flat capacity factors year-round. However, the technology also has relatively high capital costs and carries investment risk because of long payback periods. Geothermal installations have slowed because of geographical limitations, declining wholesale electricity prices, and declining costs for other renewable technologies.

Geothermal Electricity Generation

Geothermal energy is used to generate electricity via geothermal power plants that are built on top of geothermal reservoirs. The three basic types of geothermal power plants are dry steam, flash steam, and binary cycle power plants.

- **Dry steam plants** most often use steam created from water in a geothermal reservoir to rotate generator turbines. The water is condensed after turning the turbine and reinjected into the geothermal reservoir for reuse. On occasion, steam that naturally vents to the surface is used to turn a turbine.

- **Flash steam plants** convert hot water within the earth to steam to rotate generator turbines. The condensed steam is recycled back into the earth to be reheated and used again. Most geothermal plants are flash steam plants.

- **Binary cycle power plants**. The hot water from geothermal sources is used to heat another liquid, which turns it into steam to power generator turbines. The water used to heat the liquid is most often reinjected into the ground.

Currently, the U.S. generates more electricity from geothermal sources than any other country in the world. According to the EIA, there were seven U.S. states with geothermal plants in 2021, which cumulatively generated approximately 16 billion kWh or 0.4% of total U.S. utility-scale electricity generation. (Of course, the U.S. dominance comes in part due to its size. Iceland, a far smaller country with a total population of only about 340,000, gets 100% of its energy from renewable sources; the majority of it comes from hydropower with about 10% from geothermal sources.)

Geothermal Heat Pumps

Geothermal heat pumps use the consistent temperature of the earth (generally 10 feet below ground) to heat and cool buildings during winter and summer. As the temperature within the earth's surface is usually warmer than the air in winter and cooler in summer, these pumps can be used to transfer heat from the earth into buildings during winter and vice versa during summer. The EPA indicated that geothermal heat pumps are presently the best system (in terms of energy efficiency, environmental impact, and cost-effectiveness) for heating and cooling all types of buildings.

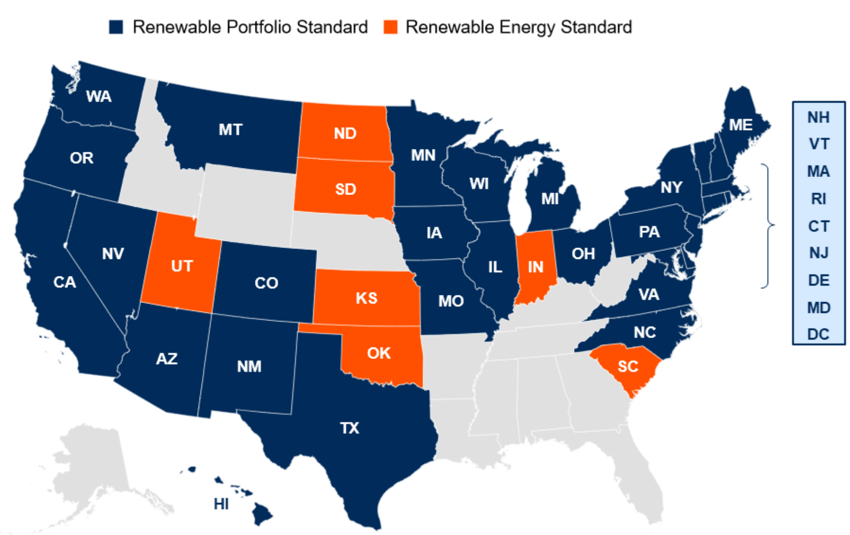
Benefits of Geothermal Energy

The use of geothermal energy as an energy source has significant benefits for the environment. Heating applications and geothermal heat pumps have very low or close to zero negative effects on the environment while being able to reduce the usage of other harmful energy sources. Further, the emission of geothermal power plants contains low levels of air pollutants compared to other fuel burning power plants (97% less acid rain-causing sulfur compounds and 99% less CO_2 than fossil fuel plants, according to EIA).

RENEWABLE ENERGY TARGETS ACROSS THE GLOBE

United States

According to the National Conference of State Legislatures (NCSL), 30 states, Washington, D.C., and three territories have renewable portfolio standards, while seven states and one territory have renewable energy standards. Fourteen states have standards that require more than 50% of electricity to come from renewable sources.



Source: National Conference of State Legislatures

RENEWABLE PORTFOLIO STANDARDS AND GOALS BY STATE

STATE	REQUIREMENT	TARGET YEAR	STATE	REQUIREMENT	TARGET YEAR	STATE	REQUIREMENT	TARGET YEAR
AZ*	15%	2025	ME	40%	2017	OR	25%	2025
CA	44%	2024	MD	50%	2030		50%	2040
	52%	2027	MA	7%	2020	PA	18%	2021
	60%	2030	MI*	15%	2021	RI*	15%	2019
	100%	2045	MN*	27%	2025		39%	2035
CO*	30%	2020	MO*	15%	2021	SC	2%	2021 †
CT	44%	2030	MT	15%	2015	SD	10%	2015 †
DE	25%	2026	NV	25%	2025	TX	5,880 MW	2015
HI	30%	2020	NH	25%	2025	UT	20%	2025 †
	40%	2030	NJ	50%	2030	VT*	55%	2017
	70%	2040	NM	40%	2025		75%	2032
	100%	2045	NY	70%	2030	VA	100%	2045 †
IL	25%	2026	NC	13%	2021	WA*	15%	2020
IN	10%	2025 †	ND	10%	2015 †	WI	10%	2015
IA	105 MW		OH	13%	2026	DC	20%	2020
KS	20%	2020 †	OK	15%	2015 †		100%	2032

*Denotes states that have renewable energy standards and not renewable portfolio standards.

†States with a voluntary renewable portfolio standard or goal.

Source: CFRA, National Conference of State Legislators

As time passes, the costs for new renewable sources (construction, installations, permits, etc.) decline. Meanwhile, many lawmakers back renewable energy in the face of increasing concerns of a climate emergency on the planet due to the burning of fossil fuels and other human activities.

China

In May 2019, China's National Energy Administration (NEA) issued a final policy paper on the country's RPS (effective 2020 for five years). It assigned renewable consumption targets at a provincial level and distributed mandates for such achievement among responsible parties, namely load-serving entities. The RPS aims to increase the country's share of non-fossil fuels to 15% of primary energy consumption by 2020 and 20% by 2030. In December 2020, China's President Xi further pledged to boost the share of non-fossil fuels in primary energy consumption to around 25% by 2030. According to Moody's Investor Services, clean energy represented 15.3% of primary energy consumption in 2019 (latest available).

Europe

Under a renewable energy directive termed The European Green Deal, signed in 2018, the EU set a target of 32% of all energy from renewable resources by 2030, with a clause for a possible upward revision by 2023. It required the EU to achieve at least 20% of all energy needs with renewable by 2020. The EEA proves that the EU achieved a total share of energy consumed from renewable sources of 22.1% in 2020 from 19.9% in 2019, reaching its 2020 headline target (20%). The EU increased its next target to 32% set for 2030.

In terms of the solar industry, EU saw 2021 as the best year for solar installation with a record-breaking 25.9 GW of PV capacity installed, up 34% year-over-year compared to prior year period. On top of that, Europe is stepping on the gas to reduce emissions with its latest installment of "fit for 55" legislative package introduced back in December 2021, a plans that aim to reduce emissions by 55% by 2030.

India

According to the Ministry of New and Renewable Energy (MNRE), renewable energy in India accounted for 38.27% of total installed generation capacity as of October 2021. India has fourth and fifth global positions in the wind and solar power deployment, respectively, the government said.

In 2015, the government of India set renewable energy targets of 175 GW of installed capacity by 2022. India has also set a target of 450 GW renewable energy capacity by 2030. As of October 2021, India's installed capacity for renewable energy stands at 149 GW.

At the United Nations Framework Convention on Climate Change (UNFCCC) Climate Conference in Spain in December 2019, the MNRE announced plans to set up a $100 million Green Window for financing renewable energy projects, which will be hosted by the Indian Renewable Energy Development Agency (IREDA). Prime Minister Modi also announced India's commitment beyond the 2022 target and install 450 GW of installed capacity. Hence, we think the IREDA green window would provide a significant boost to the renewable energy market and could achieve the new target easily.

INDIA RENEWABLE ENERGY TARGETS
(in Megawatt peak, MWp)

SOURCE TYPE	Installed Capacity in 2022*	2022 Target	Penetration Rate
Solar	60.8	100.0	60.8%
Wind	41.6	60.0	69.3%
Small Hydro	4.9	5.0	98.0%
Biomass	10.2	10.0	101.8%
Total Capacity	**117.5**	**175.0**	**67.1%**

Source: India Ministry of New and Renewable Energy (MNRE)
*Data as of September 2022.

Japan

After the Fukushima Daiichi nuclear disaster on March 11, 2011, Japan's 30% reliance on nuclear energy was immediately cut off. The disaster drove the country to more dependency on imported fossil fuels to meet energy demands. Japan currently has a renewable energy goal to reach 22% to 24% of total power generation by 2030, a rather conservative ambition given that renewable sources accounted for 22.4% of total energy generated in 2021, according to data from the Institute of Sustainable Energy Policies (ISEP).

On August 26, 2011, The Act on Special Measures Law Concerning the Procurement by Electric Power Companies of Renewable Energy Electricity (amended to "Renewable Energy Law") was enacted, and it introduced the feed-in-tariff (FIT) program to spur the development of Japanese renewable energy projects. Under the FIT program, electricity from renewable energy sources is guaranteed a sale at a fixed price (tariff rate) to electric power companies. During the early phases of the FIT program, the tariff rates were set at attractive levels, leading to the rapid development of the renewables industry in the country. For example, tariff rates for non-residential solar-based electricity were 40 yen/kWh but have gradually decreased to 13 yen/kWh for systems between 10kW and 50kW and 12 yen/kWh for systems between 50kW and 250kW starting from April 2020.

On May 25, 2016, Japan's government passed an amendment to the Renewable Energy Law. The amendment made several modifications to the FIT program, including a three-year deadline from facility certification to power generation and the requirement to participate in a bidding system to promote competition.

HOW TO ANALYZE A COMPANY IN THIS INDUSTRY

This survey is different compared to other CFRA industry surveys as it does not strictly adhere to the Global Industry Classification Standard (GICS), as there are many different types of companies from other industries that are also involved in alternative energy. In general, CFRA identifies two major type groups: a) the pure-play renewable energy players and b) companies that have significant investments in renewable energy but for which it is not a core business operation. Many of the large renewable players are i) power providers to the electric utilities industry or ii) solar manufacturers that have operations and structure similar to semiconductor companies (and are classified, from a GICS perspective, as chip companies).

CFRA recommends that investors look at profit growth prospects and valuations of individual companies versus peers. Investors should be aware of valuations of other sectors and the broader market.

Industry Drivers

◆ **Key demographic and housing statistics.** Demographic trends can influence the customer base of a company in the alternative energy industry. New household formations and the rate of new housing construction are sources for residential customer growth, which is a driver for energy demand. The U.S. Census Bureau reports household formations, while the U.S. Department of Commerce (DOC) reports housing starts monthly.

◆ **Gross domestic product & GDP growth.** GDP is a broad measure of aggregate economic activity. It is the market value of goods and services produced by labor and capital in any specific country or region. Growth in the economy is measured by changes in inflation-adjusted (or real) GDP. U.S. GDP and GDP growth are reported quarterly by the U.S. Department of Commerce. Reports of actual GDP stats and forecasts of future GDP growth for countries and regions around the world are widely reported.

Changes in demand for energy closely mirror the rate of economic growth. However, weather patterns can cause swings in energy consumption.

Qualitative Factors

An examination of a company's historical results gives a strong indication of management's past success in running an enterprise in various stages of the business and product cycles and is a good initial guide to the future. Given the uncertain nature of renewables, operating results for a company in this industry should be considered within the context of the overall market situation.

For example, operating performance during an industry downturn is an indicator of management's ability to weather storms. How a company performs relative to its competitors is key. Often, industry leaders will use a decline in business conditions to streamline operations and focus on new product offerings. Such activities position a company to outperform its peers during the next upcycle.

Other important factors that affect a company's business position include competitive positioning, business strategy, and the regulatory environment.

Financial Statement Analysis

Ultimately, the qualitative factors discussed earlier will reveal themselves in a company's financial statements. Those firms with experienced management and strong competitive positions in attractive market segments typically will display strong financial profiles.

Looking at the Income Statement

A company's income statement provides a comprehensive review of its revenues, costs and expenses, and earnings during an accounting period. As such, it is an important tool for identifying growth and profitability trends.

◆ **Revenue Growth.** Did growth come from a hike in prices? From increased demand? From a new product? From expansion into a new territory? The solar manufacturing business is unusual in that, under normal market conditions, prices fall at a steady rate. Consequently, these companies often report strong growth in unit sales volume, but from time to time may show flat or declining revenue trends. This dynamic increases the difficulty of forecasting future sales.

◆ **Operating Expenses.** An improving trend in operating costs usually indicates that a company is focusing on streamlining its operations and controlling costs.

◆ **Margins.** Profit margins for companies in the alternative energy industry vary widely, depending on market segment characteristics and prevailing industry conditions. Other factors that influence margins include capacity utilization, raw material pricing, operational efficiencies, and product mix.

For solar manufacturers, the cost of goods sold generally includes a high level of fixed charges, largely reflecting the significant depreciation charges associated with companies' manufacturing plants ("fabs"). Therefore, profit margins generally move in the same direction as sales, but the magnitude of the change in profits is greater than that of sales. Since variable costs are a small part of the equation, each incremental dollar of sales produces more profit on the bottom line, as fixed costs are spread over a larger sales base. This high degree of operating leverage can result in large swings in earnings as chipmakers move through business cycles. However, the increasing use of chip foundries helps integrated chip manufacturers shift some of the fixed costs of plant ownership from their books, thereby smoothing gross margins and reducing the severity of cyclical swings in earnings.

Looking at the Balance Sheet

The balance sheet, or statement of financial condition, shows the status of a company's assets, liabilities, and shareholders' equity on a given date. With these data, an analyst can determine much about a company's financial health, including its liquidity, asset turnover, and capital structure.

◆ **Liquidity.** Liquidity is an important indicator of a firm's ability to fund its day-to-day operational needs. The simplest measure of liquidity is working capital, or the excess of current assets over current liabilities. Working capital represents a liquid reserve that companies can draw upon to finance the cash cycle of the business. Two other liquidity measures are the current ratio (current assets divided by current liabilities) and the quick ratio (current assets less inventory, divided by current liabilities). These financial ratios show a company's ability to pay its current obligations out of current assets.

Future liquidity may be inferred from the turnover ratios for inventory and accounts receivable. Inventory turnover, calculated by dividing inventory into cost of goods sold, shows how many times a firm's inventory is sold and replaced during an accounting period. Low turnover relative to comparable firms in the manufacturing industry is an unhealthy sign, as it indicates a firm may be carrying excess inventory, which would make it vulnerable to falling prices. Furthermore, excess inventory represents an inefficient use of capital since the investment carries a very low rate of return.

The numbers do not always tell the whole story, however. Chip companies sometimes build inventory in anticipation of rising sales. While this practice may initially result in lower inventory turnover, the bullish sales forecast actually would be a positive indicator for the firm.

◆ **Accounts receivable turnover.** The accounts receivable turnover ratio is obtained by dividing total credit sales by accounts receivable during an accounting period. The ratio, which measures the number of times that the receivables portfolio has been collected during the period, is used to determine bad debt risk. A rising ratio could indicate that a company's customers are facing cash flow problems and cannot pay their account balances. Many renewable companies have significant sales exposure to Asian countries; given the region's history of credit crunches, analysts should keep a close watch on receivables turnover to gauge credit risk.

***Watch Out!** Companies can remove accounts receivable from the balance sheet and boost cash flow from operations through securitization activities. To the extent the off-balance sheet receivables remain outstanding at the reporting date, these activities have the potential to distort trends in accounts receivable, cash flow and cash flow growth.*

◆ **Days sales outstanding (DSO).** The wind power industry, especially for larger offshore projects, has a multi-year sales cycle. An increase in unbilled DSOs, per CFRA's Forensic Research team, can be an indication of project execution issues, or potentially a given company being aggressive in the choice of timing of revenue recognition (including, perhaps, revenues of lower quality).

◆ **Days of outstanding inventory (DOI).** Specific to solar manufacturing, the industry constantly faces periods of oversupply and undersupply. Since these periods tend to impact sales and margins, we think it is important to keep a close eye on inventory. Commonly used in the cash conversion cycle, DOI can also gauge inventory health, especially when compared with historic and seasonal averages. It is useful to run the analysis not only for the company under consideration, but also for the companies throughout the supply chain so that investors can watch for inventory buildups. DOI is calculated by dividing 365 (or the number of days in the period) by the inventory turnover ratio (cost of sales divided by average inventory).

***Watch Out!** A substantial increase in inventory may be a leading indicator of an upcoming decline in margins. Specifically, when a company's inventory rises faster than cost of goods sold, CFRA cautions that the inventory growth may be due to the company's inability to sell the inventory (which raises the risk of future obsolescence charges) or that the company may be leaving costs on its balance sheet in the form of inventory rather than expensing these costs on its income statement, raising concerns about the sustainability of earnings and margin growth.*

◆ **Capitalization Ratios.** When analyzing a company's balance sheet, pay close attention to the capitalization ratio, which measures long-term debt as a percentage of capital. The main factors influencing the level of debt are the level of capital expenditures, particularly construction expenditures and the cost of debt compared with the value of the company's common stock. (A company will generally not issue new shares if its stock price is relatively low.) Companies with strong balance sheets will have more flexibility to further reduce their debt, invest in their non-regulated businesses and/or increase their dividends.

***Watch Out!** Investors may be misled by the items on the face of a company's financial statements if the company is involved in significant off-balance sheet entities and/or activities. In this way, an investor may not be able to ascertain the true risks and obligations, including cash outflows, associated with all of a company's activities.*

◆ **Debt and debt ratings.** The alternative energy industry is capital intensive, requiring investment in plants and production equipment that can cost billions of dollars. To fund this investment, many companies carry a moderate amount of debt on their balance sheets. Debt can be an important and beneficial tool for firms seeking to fund growth through new product development or expansion into new markets. However, firms with a high level of indebtedness must allocate a large portion of cash flow to debt service. The times-interest-earned ratio (income before interest expense and taxes, divided by interest expense) measures a company's ability to pay its interest charges; this ratio should be closely examined for firms with high debt-to-capital ratios.

A debt rating measures a company's financial position and its ability to repay debt. Investors should look for any trends in these credit ratings over time. Have they changed for the better or the worse?

Although a strong (high) debt rating is usually desirable, it is not always the best news for shareholders. For example, a company that focuses on using earnings (cash) to pay off debt may do so at the expense of common stock dividend payments. As a rule, however, low debt ratings are not desirable. Companies with low ratings often find it hard to raise capital; they also incur high interest payments to finance capital improvements.

Cash Flow

The statement of cash flows reports a firm's sources and uses of cash by category: operations, investments, and financing activities. This is valuable information regarding a company's transactions. The statement illustrates, among other things, how a company generated or used cash from its business, funded capital expenditures, or paid debt.

U.S. accounting standards allow some degree of latitude in how companies can present certain aspects of their financial condition. For example, the rate at which a company depreciates its assets and the method it uses to account for its inventory can have a significant impact on net income. Consequently, analysts often look to the statement of cash flows for a more accurate assessment of financial health. Quite simply, it is cash, not net income, that must be used to repay loans, fund capital spending, and pay dividends.

Free cash flow is defined as cash flow from operations less capital expenditures and changes in working capital. This figure, sometimes referred to as "owners' earnings," represents the cash flow that accrues to the firm after all obligations have been met.

Performance and Valuation Metrics to Consider

Drawing from both the income statement and the balance sheet, two important measures of a company's overall financial performance are return on assets (ROA) and return on equity (ROE). These measures, along with growth projections, provide key indicators for a valuation analysis.

In evaluating the relative attractiveness of a company's current stock price, performance metrics and growth rates should be considered alongside price-related valuation ratios such as price-to-earnings (P/E), price-to-sales (P/S), and price-to-cash flow. The analyst should compare valuation ratios with the company's own historical ratios and with those of peer companies and the overall stock market.

◆ **ROA and ROE.** The two most popular measures of return on investment (ROI) are ROA and ROE. ROA (net income divided by average total assets) measures the operating efficiency of a firm or the return earned on assets under management's discretion. ROE (net income divided by average total shareholders' equity) measures the return earned on shareholders' capital. Both ratios measure management's ability to earn a reasonable profit on the assets and capital entrusted to them.

Watch Out! *Significant and/or recurring use of special charges is a red flag that a company may be using special charges to flatter non-GAAP results. Specifically, we caution that companies may boost non-GAAP earnings in the current period by bundling normal, recurring costs into the special charges.*

◆ **P/E and Dividend Yield.** To arrive at the price-to-earnings (P/E) ratio of a stock, simply take the stock price and divide by the current year's projected earnings. For a forward projection, one can use the forecasted earnings for the next year. Dividend yield can be calculated by taking the total of the last twelve months (LTM) dividend divided by the company's market cap or the LTM dividend per share divided by the current share price.

To evaluate the current market price of a company's shares, look at the P/E ratio and the dividend yield. Is the P/E ratio greater or less than the expected sustainable growth rate of the company's earnings? How does the P/E compare with the industry average? Investors tend to pay a higher P/E and to accept a lower dividend yield from the shares of a company with earnings that are expected to rise rapidly.

◆ **Price-to-sales.** Dividing the current share price of the company by its projected revenues for the current year on a per-share basis is how the price-to-sales (P/S) ratio is derived. This ratio is used in times when earnings are not available (the company is operating at a loss), or when earnings forecasts are in question.

◆ **Price-to-cash flow.** This ratio is calculated by taking the price of a company's stock and dividing by the sum of the current year's forecasted cash flow. The most used proxy for a company's cash flow is referred to as earnings before interest, taxes, and depreciation and amortization (EBITDA). The real-world use of this ratio is generally derived using the forecast of EBITDA for the next year. This ratio is typically used if a company's earnings are penalized by high capital intensity.

GLOSSARY

Baseload—The minimum constant level of electric power delivered or required in a given time period.

Baseload unit—An electricity-generating plant, or a generating unit within a plant, that normally is operated continuously to meet the system's minimum constant level of electric demand.

Biodegradable—An object capable of being decomposed by microorganisms such as bacteria.

British thermal unit (Btu)—A measurement of heat and is equivalent to the amount of heat required to raise the temperature of one pound of liquid water by 1-degree Fahrenheit.

Carbon emissions—The release of carbon into the atmosphere that is harmful to the environment and a contributor to global warming.

Cost of capital—The sum of the weighted cost of capital for each funding source: long-term debt, preferred stock equity, and common stock equity.

Degree-day—A unit of measure expressing the extent to which temperatures vary from a specific reference temperature (usually 65 degrees Fahrenheit) during a given time period; each degree above or below the benchmark equals one degree-day. Thus, a given period (month, quarter, or year) during which the mean temperature is 55 degrees would be considered as 10 heating-degree-days. This usually would be compared with the prior period and the historical average.

Distributed energy generation (DG) system—A method of generating electricity from sources close to the electricity demand such as residential solar PV systems and small wind turbines.

Electric grid—A transmission system for electricity that delivers electricity from producers to consumers.

Electric transmission—The transportation of bulk quantities of electric energy, via electric conductors, from generation sources to an electric distribution system, a load center, or an interface with a neighboring control area.

Feed-in-tariff—A policy used to encourage investments in renewable energy by offering contracts at favorable prices to renewable energy producers.

Feedstock—A term to describe raw materials that are used for fuel or to convert into other forms of energy.

Generation capacity—The maximum electricity that a generator can produce while running at peak levels.

Generator—A machine that converts mechanical energy into electrical energy; also, a company that uses such machines to generate electrical energy.

Gigawatt—A unit of power or capacity equal to one billion watts.

Greenhouse gas—Gas that absorbs infrared radiation that causes the greenhouse effect. For example, carbon dioxide, methane, nitrous oxide, and chlorofluorocarbons are commonly known greenhouse gases.

Investment tax credit (ITC)—A tax-related incentive that allows individuals or entities to deduct a certain percentage of specific investment related costs from their tax liability apart from usual allowances for depreciation.

Kilowatt—A unit of power or capacity equal to one thousand watts.

Levelized cost of electricity (LCOE)—A measurement used to compare the cost of energy for different energy sources. It is calculated by having the average total lifetime cost of a power-generating system divided by the total lifetime energy output. The LCOE is a benchmark to determine the price needed per unit of electricity for the system to breakeven.

Load—The amount of power carried by a utility system or subsystem, or the amount of power consumed by an electric device at a specified time; also referred to as demand.

Load factor—The ratio of the actual electric energy consumed during a given time period to the consumption that would have occurred at the peak demand level.

Megawatt—A unit of power or capacity equal to one million watts.

Net energy metering—A mechanism that offers credit to consumers that are able generate his own electricity (*e.g.,* residential solar systems) when excess energy is exported back to the grid.

Peak demand—The maximum amount of electricity required during periods of highest usage.

Peak load—The maximum amount of energy carried by a utility system during a specific period. Peak load determines the required system capacity.

Penstock—A gate or pipe that controls the flow of water in hydro turbines or sewerage systems.

Photovoltaic (PV)—A method of converting light energy (photo) from the sun into electricity (voltaic) by using the flow of electrons. A photovoltaic system uses solar modules to generate solar energy, which can be used to power equipment.

Power purchase agreements (PPA)—A legal contract between an electricity producer and buyer where the buyer (generally a utility company) agrees to purchase electricity from the producer.

Pure-play—A company that focuses on a particular industry or product. In this survey, pure-play renewables are companies that operate only in the renewable energy industry.

Rate base—The value of property upon which a utility is allowed to earn a specified rate of return as established by a regulatory authority.

Rate of return (ROR)—The return earned by or allowed a utility enterprise, calculated as a percentage of the utility's rate base.

Renewable identification number (RIN)—A serial number assigned to a batch of biofuel for the purpose of tracking its production, use, and trading as required by the U.S. Environmental Protection Agency's Renewable Fuel Standard (RFS).

Solar cell—A device that converts sunlight energy directly into electricity using the photovoltaic effect.

Solar lease—A legal contract between an electricity producer and buyer where the buyer (generally a utility company) agrees to purchase electricity from the producer.

Solar loan—Similar to home improvement loan, the homeowner borrows money from a lender, either a bank or a solar company, and then pay it back with interests through monthly installments.

Solar module—Also known as solar panel that houses an assembly of connected solar cells.

Tariff—Public schedules detailing utility rates, rules, service territories, and terms of service, filed for official approval with a regulatory agency.

Turbine—A machine for generating rotary mechanical power from the energy of a stream of a fluid, such as water. The rotational energy is then used to operate an electric generator or other device.

Utilization rate—The ratio of the actual energy output to the maximum generating capacity of the power-generating equipment or system.

Watt—The basic unit for measuring electric power.

Industry References

TRADE ASSOCIATIONS

Global Wind Energy Council
gwec.net
An international trade association that provides research and analysis on the global wind energy industry.

Institute for Energy Economics and Financial Analysis
ieefa.org
A non-profit institution that conducts research on energy and environmental topics.

Solar Energy Industry Association
seia.org
A national non-profit trade association of the solar energy industry in the United States.

RESEARCH AND CONSULTING FIRMS

BloombergNEF (BNEF)
about.bnef.com
A research organization that helps energy professionals generate opportunities.

Japan Institute of Sustainable Energy Policies
isep.or.jp
An independent, non-profit research organization that focus on Japan's renewable and sustainable energy industry.

S&P Global Market Intelligence
snl.com
A research firm providing regulatory, financial, market, and M&A data on several industries, including energy.

S&P Global Platts
platts.com
A consulting and publishing firm that collects strategic energy information. S&P Global Platts is a unit of S&P Global Inc.

Wood Mackenzie
woodmac.com
Also known as WoodMac, it is a global energy, chemicals, renewables, metals and mining research and consultancy group supplying data, written analysis and consultancy advice.

ONLINE RESOURCES

Beef2Live
beef2live.com
An online resource that publishes data and industry facts focused on agriculture.

ExxonMobil
corporate.exxonmobil.com
Publishes an annual outlook on energy through 2040.

Hydro-Québec
http://hydroquebec.com
Provides insights on hydropower related topics.

Public Utilities Fortnightly
fortnightly.com
Covers the electric and gas utilities industries.

PVinsights
pvinsights.com
Provides valuable insight on solar spot prices across the supply chain.

pv magazine
pv-magazine.com
Publishes data and insights on solar trends and market developments.

Reuters
reuters.com
Provides economic, financial, and political coverage of countries, regions, and industries.

GOVERNMENT AND REGULATORY AGENCIES

China National Energy Administration
ndrc.gov.cn
A department within China's National Development and Reform Commission that is responsible for implementing policies and reforms in the energy sector.

Database of State Incentives for Renewable and Efficiency
dsireusa.org
A source funded by the Energy Department for information regarding renewable energy policies and incentives in the U.S.

India Ministry of New and Renewable Energy
mnre.gov.in
A department within the Government of India that focuses on all issues pertaining to renewable energy.

International Renewable Energy Agency
irena.org
An intergovernmental agency that promotes the global transition to sustainable energy. Publishes information on the global renewable energy industry.

Lawrence Berkeley National Laboratory
lbl.gov
A science lab that is part of the Energy Department and is also known as Berkeley Lab. It conducts research on various scientific topics for the U.S. and publishes valuable insights on wind energy.

National Conference of State Legislatures
ncsl.org
An information center for the status of renewable portfolio standards or goals for all U.S. states.

National Renewable Energy Laboratory
nrel.gov
The Energy Department's primary laboratory on renewable energy and energy efficiency research and development.

U.S. Department of Agriculture
usda.gov
A department that develops and executes federal laws related to farming, forestry, rural economic development, and food.

U.S. Department of Commerce
commerce.gov
An executive department of the federal government that focuses on the economic wellbeing of the country.

U.S. Department of Energy
energy.gov
A position in the U.S. Cabinet comprising the Office of the Secretary of Energy and the Federal Energy Regulatory Commission.

U.S. Energy Information Administration
eia.gov
An agency within the Department of Energy; supplies publications and statistics on the electricity industry.

U.S. Environmental Protection Agency
epa.gov
An independent federal agency that formulates and enforces policies and regulations aimed at the protection of human health and the environment.

COMPARATIVE COMPANY ANALYSIS

					Operating Revenues																
					Million $							CAGR (%)			Index Basis (2012=100)					
Ticker		Company	Country	Yr. End	2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016
PURE PLAY RENEWABLES																				
CSIQ		CANADIAN SOLAR INC.	Canada	DEC	5,277.2	3,476.5	3,200.6	3,744.5	3,390.4	2,853.1	3,467.6	10.8	13.1	51.8	152	100	92	108	98	82
EDPR		EDP RENOVÁVEIS, S.A.	Spain	DEC	1,797.4	1,870.3	1,842.8	1,730.6	1,923.2	1,534.1	1,465.8	5.1	1.7	3.4	123	128	126	118	131	105
ENPH	[]	ENPHASE ENERGY, INC.	United States	DEC	1,382.0	774.4	624.3	316.2	286.2	322.6	357.2	24.9	33.8	78.5	387	217	175	88	80	90
ENT		ENERTRONICA SANTERNO S.P.A.	Italy	DEC	41.3	39.9	72.5	41.0	108.1	94.9	117.6	8.1	-16.6	11.4	35	34	62	35	92	81
FSLR	†	FIRST SOLAR, INC.	United States	DEC	2,923.4	2,711.3	3,063.1	2,244.0	2,941.3	2,904.6	4,112.7	0.6	0.1	7.8	71	66	74	55	72	71
IBE		IBERDROLA, S.A.	Spain	DEC	44,483.1	40,544.3	40,891.0	40,160.1	37,539.9	30,359.1	34,122.9	2.1	6.3	18.0	130	119	120	118	110	89
JKS		JINKOSOLAR HOLDING CO., LTD.	China	DEC	6,426.7	5,380.9	4,272.1	3,641.1	4,068.6	3,082.2	2,380.3	18.6	13.8	16.2	270	226	179	153	171	129
NEP		NEXTERA ENERGY PARTNERS, LP	United States	DEC	982.0	917.0	855.0	771.0	807.0	772.0	501.0	NA	4.9	7.1	196	183	171	154	161	154
NDX1		NORDEX SE	Germany	DEC	6,191.2	5,689.0	3,686.0	2,815.6	3,695.7	3,583.9	2,639.3	19.5	9.9	17.1	235	216	140	107	140	136
ORSTED		ØRSTED A/S	Denmark	DEC	11,880.6	8,241.9	10,572.4	11,583.1	9,629.5	8,149.0	9,708.1	2.9	6.2	54.9	122	85	109	119	99	84
SEN																				
SGRE		SIEMENS GAMESA RENEWABLE ENERGY, S.A.	Spain	SEP	11,819.4	11,135.8	11,151.3	10,598.7	10,303.3	6,506.8	0.0	NA	10.6	7.5	NA	NA	NA	NA	NA	NA
SEDG	†	SOLAREDGE TECHNOLOGIES, INC.	Israel	DEC	1,963.9	1,459.3	1,425.7	937.2	607.0	490.0	325.1	NA	32.0	34.6	604	449	439	288	187	151
SPWR		SUNPOWER CORPORATION	United States	JAN	0.0	1,323.5	1,092.2	1,202.3	1,794.0	1,794.0	2,552.6	-5.7	-12.3	17.7	0	52	43	47	70	70
RUN	†	SUNRUN INC.	United States	DEC	1,610.0	922.2	858.6	760.0	532.5	477.1	304.6	NA	27.5	74.6	529	303	282	249	175	157
SUZLON		SUZLON ENERGY LIMITED	India	MAR	859.1	450.3	389.5	718.5	1,240.8	1,958.9	1,422.8	-15.6	-19.0	12.3	60	32	27	51	87	138
VWS		VESTAS WIND SYSTEMS A/S	Denmark	DEC	17,726.6	18,127.2	13,631.5	11,602.9	11,951.2	10,806.5	9,148.0	10.3	8.8	5.2	194	198	149	127	131	118
002202		XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.	China	DEC	7,960.6	8,618.2	5,492.6	4,177.4	3,862.1	3,801.6	4,630.3	14.7	13.9	-10.1	172	186	119	90	83	82
COMPANIES WITH RENEWABLES AS NON-CORE OR MINORITY OPERATIONS																				
LNT	[]	ALLIANT ENERGY CORPORATION	United States	DEC	3,669.0	3,416.0	3,648.0	3,534.0	3,382.2	3,320.0	3,253.6	1.3	2.0	7.4	113	105	112	109	104	102
D	[]	DOMINION ENERGY, INC.	United States	DEC	13,964.0	14,172.0	14,401.0	11,199.0	12,586.0	11,737.0	11,683.0	0.1	3.5	-1.5	120	121	123	96	108	100
DTE	[]	DTE ENERGY COMPANY	United States	DEC	14,964.0	11,423.0	12,168.0	14,212.0	12,607.0	10,630.0	10,337.0	5.4	7.1	31.0	145	111	118	137	122	103
DUK	[]	DUKE ENERGY CORPORATION	United States	DEC	24,677.0	23,453.0	24,658.0	24,116.0	23,189.0	22,381.0	21,975.0	5.7	2.0	5.2	112	107	112	110	106	102
EDF		ELECTRICITÉ DE FRANCE S.A.	France	DEC	96,054.8	84,441.6	80,066.2	78,481.8	77,920.3	75,164.2	81,461.9	2.6	3.5	22.4	118	104	98	96	96	92
ENEL		ENEL SPA	Italy	DEC	95,648.8	77,849.5	88,059.7	84,868.3	87,363.1	73,007.5	80,380.1	0.7	4.0	32.2	119	97	110	106	109	91
EQNR		EQUINOR ASA	Norway	DEC	88,744.0	45,753.0	45,753.0	78,556.0	60,972.0	45,688.0	57,901.0	-18.0	14.2	94.0	153	79	79	136	105	79
EVRG	[]	EVERGY, INC.	United States	DEC	5,586.7	4,913.4	5,147.8	4,275.9	2,571.0	2,562.1	2,459.2	9.9	16.9	13.7	227	200	209	174	105	104
GE	[]	GENERAL ELECTRIC COMPANY	United States	DEC	74,196.0	75,834.0	90,221.0	97,012.0	99,279.0	119,468.0	115,834.0	-6.3	-9.1	-2.2	64	65	78	84	86	103
MGEE		MGE ENERGY, INC.	United States	DEC	593.1	524.5	555.0	545.4	549.0	530.2	549.3	1.1	2.3	13.1	108	95	101	99	100	97
NEE	[]	NEXTERA ENERGY, INC.	United States	DEC	17,069.0	17,997.0	19,204.0	16,727.0	17,173.0	16,138.0	17,486.0	1.1	1.1	-5.2	98	103	110	96	98	92
OGE	†	OGE ENERGY CORP.	United States	DEC	3,653.7	2,122.3	2,231.6	2,270.3	2,261.1	2,259.2	2,196.9	-0.7	10.1	72.2	166	97	102	103	103	103
PNW	[]	PINNACLE WEST CAPITAL CORPORATION	United States	DEC	3,803.8	3,587.0	3,471.2	3,691.2	3,565.3	3,498.7	3,495.4	1.6	1.7	6.0	109	103	99	106	102	100
PNM	†	PNM RESOURCES, INC.	United States	DEC	1,779.9	1,523.0	1,457.6	1,436.6	1,445.0	1,363.0	1,439.1	0.5	5.5	16.9	124	106	101	100	100	95
RWE		RWE AKTIENGESELLSCHAFT	Germany	DEC	27,968.8	16,858.7	14,837.8	15,400.7	16,658.3	46,281.0	50,110.2	-6.8	-10.9	78.4	56	34	30	31	33	92
FP																				
WEC	[]	WEC ENERGY GROUP, INC.	United States	DEC	8,316.0	7,241.7	7,523.1	7,679.5	7,648.5	7,472.3	5,926.1	6.4	2.2	14.8	140	122	127	130	129	126
XEL	[]	XCEL ENERGY INC.	United States	DEC	13,431.0	11,526.0	11,529.0	11,537.0	11,404.0	11,107.0	11,024.0	2.3	3.9	16.5	122	105	105	105	103	101

Note: Data as originally reported. CAGR-Compound annual growth rate.
[]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

					Net Income															
					Million $							CAGR (%)			Index Basis (2012=100)					
Ticker		Company	Country	Yr. End	2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016
PURE PLAY RENEWABLES																				
CSIQ		CANADIAN SOLAR INC.	Canada	DEC	95.2	146.7	171.6	237.1	99.6	65.2	171.9	NA	7.9	-35.1	55	85	100	138	58	38
EDPR		EDP RENOVÁVEIS, S.A.	Spain	DEC	745.4	679.7	533.2	358.8	331.3	59.5	181.0	22.2	63.4	18.0	412	376	295	198	183	33
ENPH	[]	ENPHASE ENERGY, INC.	United States	DEC	145.4	134.0	161.1	-11.6	-45.2	-67.5	-22.1	NA	NM	8.5	-659	-607	-730	53	205	306
ENT		ENERTRONICA SANTERNO S.P.A.	Italy	DEC	-18.5	-3.3	0.5	-11.3	-2.6	0.5	1.0	NA	NM	495.3	NM	-341	48	NM	-269	50
FSLR	†	FIRST SOLAR, INC.	United States	DEC	468.7	398.4	-114.9	144.3	-165.6	-416.1	593.4	NA	NM	17.7	79	67	-19	24	-28	-70
IBE		IBERDROLA, S.A.	Spain	DEC	4,418.3	4,417.1	3,889.6	3,450.9	3,366.9	2,855.5	2,653.3	3.3	7.5	7.6	167	166	147	130	127	108
JKS		JINKOSOLAR HOLDING CO., LTD.	China	DEC	113.5	35.3	129.1	59.1	21.8	263.1	105.3	10.2	-17.0	213.0	108	34	123	56	21	250
NEP		NEXTERA ENERGY PARTNERS, LP	United States	DEC	137.0	-50.0	-71.0	192.0	-61.0	83.0	10.0	NA	10.5	NM	1370	-500	-710	1920	-610	830
NDX1		NORDEX SE	Germany	DEC	-261.7	-158.7	-81.4	-96.0	0.4	100.7	56.8	16.9	NM	77.4	-461	-279	-143	-169	1	177
ORSTED		ØRSTED A/S	Denmark	DEC	1,676.7	2,563.4	1,078.4	2,799.3	3,134.4	1,142.4	-1,380.2	10.4	6.4	-29.7	-121	-186	-78	-203	-227	-83
SGRE		SIEMENS GAMESA RENEWABLE ENERGY, S.A.	Spain	SEP	-726.3	-1,078.2	152.7	81.3	-24.0	467.5	0.0	NA	NM	-31.8	-155	-231	33	17	-5	NM
SEDG	†	SOLAREDGE TECHNOLOGIES, INC.	Israel	DEC	169.2	140.3	146.5	128.8	84.2	63.5	21.1	NA	21.7	20.6	801	664	694	610	399	300
SPWR		SUNPOWER CORPORATION	United States	JAN	0.0	-37.4	22.2	-811.1	-929.1	-929.1	-448.6	-24.4	-39.2	NM	0	8	-5	181	207	207
RUN	†	SUNRUN INC.	United States	DEC	-79.4	-173.4	26.3	26.7	125.5	75.1	-28.2	NA	NM	-54.2	281	614	-93	-94	-444	-266
SUZLON		SUZLON ENERGY LIMITED	India	MAR	-26.3	14.2	-350.9	-220.4	-57.9	132.4	88.0	NA	-29.1	NM	-30	16	-399	-251	-66	150
VWS		VESTAS WIND SYSTEMS A/S	Denmark	DEC	189.9	935.8	790.0	783.1	1,073.5	1,018.7	744.0	NA	-29.6	-78.2	26	126	106	105	144	137
002202		XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.	China	DEC	544.2	453.9	317.4	467.7	469.5	432.5	438.9	19.0	2.9	16.7	124	103	72	107	107	99
COMPANIES WITH RENEWABLES AS NON-CORE OR MINORITY OPERATIONS																				
LNT	[]	ALLIANT ENERGY CORPORATION	United States	DEC	659.0	614.0	557.0	512.0	457.3	371.5	378.2	8.1	12.1	7.3	174	162	147	135	121	98
D	[]	DOMINION ENERGY, INC.	United States	DEC	3,288.0	-401.0	1,358.0	2,447.0	2,999.0	2,123.0	1,899.0	8.9	9.1	NM	173	-21	72	129	158	112
DTE	[]	DTE ENERGY COMPANY	United States	DEC	907.0	1,368.0	1,169.0	1,120.0	1,134.0	868.0	727.0	2.5	0.9	-33.7	125	188	161	154	156	119
DUK	[]	DUKE ENERGY CORPORATION	United States	DEC	3,908.0	1,377.0	3,748.0	2,666.0	3,059.0	2,152.0	2,816.0	8.6	12.7	183.8	139	49	133	95	109	76
EDF		ELECTRICITÉ DE FRANCE S.A.	France	DEC	5,814.9	795.1	5,785.0	1,347.6	3,810.0	3,009.6	1,289.2	5.0	12.4	686.6	451	62	449	105	296	233
ENEL		ENEL SPA	Italy	DEC	3,626.7	3,192.7	2,439.7	5,483.2	4,537.7	2,713.0	2,385.0	-2.5	4.4	22.2	152	134	102	230	190	114
EQNR		EQUINOR ASA	Norway	DEC	8,563.0	-5,510.0	-5,510.0	7,535.0	4,590.0	-2,922.0	-5,192.0	-19.9	NM	NM	-165	106	106	-145	-88	56
EVRG	[]	EVERGY, INC.	United States	DEC	879.7	618.3	669.9	535.8	323.9	346.6	291.9	14.3	20.5	42.3	301	212	229	184	111	119
GE	[]	GENERAL ELECTRIC COMPANY	United States	DEC	-6,520.0	5,704.0	-4,979.0	-22,355.0	-8,484.0	7,500.0	-6,126.0	NA	NM	NM	106	-93	81	365	138	-122
MGEE		MGE ENERGY, INC.	United States	DEC	105.8	92.4	86.9	84.2	97.6	75.6	71.3	5.7	7.0	14.4	148	130	122	118	137	106
NEE	[]	NEXTERA ENERGY, INC.	United States	DEC	3,573.0	2,919.0	3,769.0	6,638.0	5,380.0	2,906.0	2,752.0	6.4	4.2	22.4	130	106	137	241	195	106
OGE	†	OGE ENERGY CORP.	United States	DEC	737.3	-173.7	433.6	425.5	619.0	338.2	271.3	8.0	16.9	NM	272	-64	160	157	228	125
PNW	[]	PINNACLE WEST CAPITAL CORPORATION	United States	DEC	618.7	550.6	538.3	511.0	488.5	442.0	437.3	6.2	7.0	12.4	142	126	123	117	112	101
PNM	†	PNM RESOURCES, INC.	United States	DEC	195.8	172.8	77.4	85.6	79.9	116.8	15.6	1.1	10.9	13.3	1252	1105	495	548	511	747
RWE		RWE AKTIENGESELLSCHAFT	Germany	DEC	820.0	1,285.6	9,553.4	451.1	2,331.9	-5,965.4	-78.2	-9.1	NM	-31.4	NM	NM	NM	-577	NM	7629
WEC	[]	WEC ENERGY GROUP, INC.	United States	DEC	1,300.3	1,199.9	1,134.0	1,059.3	1,203.7	939.0	638.5	9.5	6.7	8.4	204	188	178	166	189	147
XEL	[]	XCEL ENERGY INC.	United States	DEC	1,597.0	1,473.0	1,372.0	1,261.0	1,148.0	1,123.0	984.0	6.6	7.3	8.4	162	150	139	128	117	114

Note: Data as originally reported. CAGR-Compound annual growth rate.
[]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

Ticker		Company	Country	Yr. End	Return on Revenues (%) 2021	2020	2019	2018	2017	2016	Return on Assets (%) 2021	2020	2019	2018	2017	2016	Return on Equity (%) 2021	2020	2019	2018	2017	2016
PURE PLAY RENEWABLES																						
CSIQ		CANADIAN SOLAR INC.	Canada	DEC	1.8	4.2	5.4	6.3	2.9	2.3	1.3	2.2	3.1	4.8	1.7	1.2	5.5	8.9	12.3	20.8	10.5	7.5
EDPR		EDP RENOVÁVEIS, S.A.	Spain	DEC	41.5	36.3	28.9	20.7	17.2	3.9	3.0	3.1	2.7	1.8	1.7	0.3	8.6	8.1	7.6	5.9	5.9	2.4
ENPH	[]	ENPHASE ENERGY, INC.	United States	DEC	10.5	17.3	25.8	NM	NM	NM	7.0	11.2	22.6	NM	NM	NM	31.8	35.4	115.1	NM	NM	NM
ENT		ENERTRONICA SANTERNO S.P.A.	Italy	DEC	NM	NM	0.7	NM	NM	0.5	NM	NM	0.5	NM	NM	0.6	NM	NM	1,040.3	NM	NM	41.2
FSLR	†	FIRST SOLAR, INC.	United States	DEC	16.0	14.7	NM	6.4	NM	NM	6.3	5.6	NM	2.0	NM	NM	8.2	7.5	NM	2.8	NM	NM
IBE		IBERDROLA, S.A.	Spain	DEC	9.9	10.9	9.5	8.6	9.0	9.4	2.7	2.9	2.8	2.7	2.5	2.5	8.5	8.4	8.5	7.8	8.2	7.2
JKS		JINKOSOLAR HOLDING CO., LTD.	China	DEC	1.8	0.7	3.0	1.6	0.5	8.5	1.0	0.4	1.9	1.1	0.5	7.0	7.0	2.6	8.8	5.4	2.2	15.9
NEP		NEXTERA ENERGY PARTNERS, LP	United States	DEC	14.0	NM	NM	24.9	NM	10.8	0.7	NM	NM	2.0	NM	1.0	4.5	NM	NM	6.9	4.8	17.2
NDX1		NORDEX SE	Germany	DEC	NM	NM	NM	NM	0.0	2.8	NM	NM	NM	NM	0.0	3.2	NM	NM	NM	NM	0.0	13.7
ORSTED		ØRSTED A/S	Denmark	DEC	14.1	31.1	10.2	24.2	32.5	14.0	4.1	7.9	3.7	10.5	13.3	5.9	11.9	16.6	8.3	23.3	20.6	19.2
SGRE		SIEMENS GAMESA RENEWABLE ENERGY, S.A.	Spain	SEP	NM	NM	1.4	0.8	NM	7.2	NM	NM	0.8	0.4	NM	9.2	NM	NM	2.3	1.2	0.0	151.2
SEDG	†	SOLAREDGE TECHNOLOGIES, INC.	Israel	DEC	8.6	9.6	10.3	13.7	13.9	13.0	5.8	5.8	9.8	13.4	13.1	14.9	14.1	14.8	21.0	26.5	24.5	0.0
SPWR		SUNPOWER CORPORATION	United States	JAN	0.0	NM	42.2	2.0	NM	NM	NA	NM	28.9	1.0	NM	NM	0.0	NM	279.0	NM	NM	NM
RUN	†	SUNRUN INC.	United States	DEC	NM	NM	3.1	3.5	23.6	15.7	NM	NM	0.5	0.6	3.2	2.1	NM	NM	NM	NM	NM	NM
SUZLON		SUZLON ENERGY LIMITED	India	MAR	NM	3.2	NM	NM	NM	6.8	NM	1.6	NM	NM	NM	7.1	NM	NM	NM	NM	NM	NM
VWS		VESTAS WIND SYSTEMS A/S	Denmark	DEC	1.1	5.2	5.8	6.7	9.0	9.4	0.8	4.2	4.9	5.7	8.2	9.7	3.7	19.2	21.7	22.0	28.4	31.7
002202		XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.	China	DEC	6.8	5.3	5.8	11.2	12.2	11.4	2.9	2.7	2.1	4.0	4.2	4.7	9.8	8.8	7.6	13.1	14.3	16.3
COMPANIES WITH RENEWABLES AS NON-CORE OR MINORITY OPERATIONS																						
LNT	[]	ALLIANT ENERGY CORPORATION	United States	DEC	18.0	18.0	15.3	14.5	13.5	11.2	3.6	3.5	3.3	3.3	3.2	2.8	11.1	10.9	10.9	11.2	10.8	9.4
D	[]	DOMINION ENERGY, INC.	United States	DEC	23.5	NM	9.4	21.9	23.8	18.1	3.3	NM	1.3	3.1	3.9	3.0	9.9	4.4	2.4	10.1	17.2	14.5
DTE	[]	DTE ENERGY COMPANY	United States	DEC	6.1	12.0	9.6	7.9	9.0	8.2	2.3	3.0	2.8	3.1	3.4	2.7	7.4	8.6	8.4	10.8	11.4	9.1
DUK	[]	DUKE ENERGY CORPORATION	United States	DEC	15.8	5.9	15.2	11.1	13.2	9.6	2.3	0.8	2.4	1.8	2.2	1.6	7.1	2.2	7.8	6.1	7.4	6.4
EDF		ELECTRICITÉ DE FRANCE S.A.	France	DEC	6.1	0.9	7.2	1.7	4.9	4.0	1.4	0.2	1.7	0.4	1.2	1.0	8.2	1.4	10.5	2.8	7.3	7.4
ENEL		ENEL SPA	Italy	DEC	3.8	4.1	2.8	6.5	5.2	3.7	1.5	1.6	1.3	2.9	2.4	1.7	9.1	8.1	7.3	12.7	10.2	7.3
EQNR		EQUINOR ASA	Norway	DEC	9.6	NM	2.9	9.6	7.5	NM	5.8	NM	1.5	6.7	4.1	NM	23.5	NM	4.4	18.2	12.3	NM
EVRG	[]	EVERGY, INC.	United States	DEC	15.7	12.6	13.0	12.5	12.6	13.5	3.1	2.3	2.6	2.1	2.8	3.0	9.9	7.3	7.4	7.9	8.7	9.6
GE	[]	GENERAL ELECTRIC COMPANY	United States	DEC	NM	7.5	NM	NM	NM	6.3	NM	2.2	NM	NM	NM	2.1	NM	19.3	NM	NM	NM	8.9
MGEE		MGE ENERGY, INC.	United States	DEC	17.8	17.6	15.7	15.4	17.8	14.3	4.5	4.1	4.2	4.2	5.3	4.2	10.6	10.1	10.4	10.6	13.0	10.7
NEE	[]	NEXTERA ENERGY, INC.	United States	DEC	20.9	16.2	19.6	39.7	31.3	18.0	2.5	2.3	3.2	6.4	5.5	3.2	6.2	5.5	8.5	17.1	19.4	12.4
OGE	†	OGE ENERGY CORP.	United States	DEC	20.2	NM	19.4	18.7	27.4	15.0	5.8	NM	3.9	4.0	5.9	3.4	19.2	NM	10.6	10.8	17.0	10.0
PNW	[]	PINNACLE WEST CAPITAL CORPORATION	United States	DEC	16.3	15.3	15.5	13.8	13.7	12.6	2.8	2.7	2.9	2.9	2.9	2.8	10.8	10.1	10.2	10.1	10.1	9.6
PNM	†	PNM RESOURCES, INC.	United States	DEC	11.0	11.3	5.3	6.0	5.5	8.6	2.3	2.2	1.1	1.2	1.2	1.8	9.7	9.6	5.2	5.7	5.4	7.5
RWE		RWE AKTIENGESELLSCHAFT	Germany	DEC	2.9	7.6	64.4	2.9	14.0	NM	0.5	1.7	13.3	0.5	2.8	NM	4.8	5.1	NM	NM	17.2	NM
WEC	[]	WEC ENERGY GROUP, INC.	United States	DEC	15.6	16.6	15.1	13.8	15.7	12.6	3.3	3.2	3.2	3.2	3.8	3.1	11.9	11.5	11.3	11.0	13.0	10.6
XEL	[]	XCEL ENERGY INC.	United States	DEC	11.9	12.8	11.9	10.9	10.1	10.1	2.8	2.7	2.7	2.7	2.7	2.7	10.6	10.6	10.8	10.7	10.2	10.4

Note: Data as originally reported. CAGR-Compound annual growth rate.
[]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

				Current Ratio						Debt/Capital Ratio (%)						Debt as a % of Net Working Capital					
Ticker	Company	Country	Yr. End	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
PURE PLAY RENEWABLES																					
CSIQ	CANADIAN SOLAR INC.	Canada	DEC	1.2	1.2	1.1	1.0	1.0	1.0	64.0	61.7	70.4	75.0	85.5	108.9	NM	264.8	NM	992.7	NM	2,371.4
EDPR	EDP RENOVÁVEIS, S.A.	Spain	DEC	0.8	0.7	0.6	0.6	0.6	0.9	25.5	29.5	25.2	30.7	30.1	33.7	NM	NM	NM	NM	NM	NM
ENPH	[] ENPHASE ENERGY, INC.	United States	DEC	3.3	1.7	2.5	1.5	1.4	1.4	68.9	1.0	27.4	91.3	139.3	139.9	93.1	1.2	34.2	108.6	83.5	88.0
ENT	ENERTRONICA SANTERNO S.P.A.	Italy	DEC	0.6	1.1	1.1	1.2	1.2	1.2	-444.9	111.9	99.0	100.8	60.8	54.4	NM	473.2	502.6	389.5	169.8	119.8
FSLR	† FIRST SOLAR, INC.	United States	DEC	4.4	3.6	2.7	4.6	5.9	4.2	3.8	4.1	8.3	8.3	7.8	3.5	9.6	11.0	20.2	15.6	13.5	6.5
IBE	IBERDROLA, S.A.	Spain	DEC	0.9	0.8	0.7	0.8	0.8	0.8	35.9	39.4	39.2	41.3	40.9	39.4	NM	NM	NM	NM	NM	NM
JKS	JINKOSOLAR HOLDING CO., LTD.	China	DEC	1.0	1.1	1.0	0.9	1.0	1.1	138.6	119.2	124.4	142.3	168.3	151.6	54,229.3	NM	4,464.6	NM	NM	790.2
NEP	NEXTERA ENERGY PARTNERS, LP	United States	DEC	1.1	1.2	1.4	0.4	1.4	0.4	34.5	35.0	39.2	33.8	65.5	57.9	3,952.3	6,496.9	3,446.2	NM	3,457.4	NM
NDX1	NORDEX SE	Germany	DEC	1.1	1.0	1.1	1.2	1.4	1.4	24.8	30.1	42.6	44.7	40.2	40.2	205.6	NM	324.0	232.2	140.7	132.2
ORSTED	ØRSTED A/S	Denmark	DEC	1.0	1.8	2.0	2.1	2.1	1.6	27.0	26.1	28.7	22.8	26.4	27.8	4,474.7	121.3	93.4	NM	NM	95.4
SGRE	SIEMENS GAMESA RENEWABLE ENERGY, S.A.	Spain	SEP	0.8	0.8	1.0	1.0	1.0	1.1	19.6	13.1	7.5	12.1	7.3	NM	-60.4	-53.0	NM	333.0	NM	0.7
SEDG	† SOLAREDGE TECHNOLOGIES, INC.	Israel	DEC	3.3	3.9	2.1	3.0	3.7	4.8	32.2	34.6	0.0	0.6	0.0	0.0	52.4	44.7	0.0	0.8	0.0	0.0
SPWR	SUNPOWER CORPORATION	United States	JAN	0.0	2.1	1.5	1.5	1.5	1.2	NA	65.9	65.1	102.4	126.8	66.8	NM	NM	NM	202.6	243.8	NM
RUN	† SUNRUN INC.	United States	DEC	1.5	1.3	1.4	1.2	1.3	1.5	NM	NM	NM	NM	NM	NM	1,190.0	2,010.7	1,121.0	1,933.8	1,212.7	709.6
SUZLON	SUZLON ENERGY LIMITED	India	MAR	1.2	1.3	0.3	0.6	0.8	0.7	276.7	236.2	-95.0	-426.0	1,528.9	-347.3	660.7	600.0	-81.7	NM	NM	NM
VWS	VESTAS WIND SYSTEMS A/S	Denmark	DEC	1.0	1.1	1.1	1.2	1.2	1.3	6.5	10.1	13.5	13.8	13.8	13.5	201.8	52.3	47.6	43.3	33.7	35.0
002202	XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.	China	DEC	1.0	0.9	1.0	1.0	1.1	1.3	41.8	39.0	36.4	45.9	45.6	47.7	NM	NM	NM	1,573.7	515.4	204.2
COMPANIES WITH RENEWABLES AS NON-CORE OR MINORITY OPERATIONS																					
LNT	[] ALLIANT ENERGY CORPORATION	United States	DEC	0.5	0.7	0.4	0.5	0.4	0.8	57.0	56.6	53.7	56.7	52.7	54.4	NM	NM	NM	NM	NM	NM
D	[] DOMINION ENERGY, INC.	United States	DEC	0.8	0.6	0.6	0.7	0.4	0.5	61.5	58.0	47.3	59.4	68.1	70.9	NM	NM	NM	NM	NM	NM
DTE	[] DTE ENERGY COMPANY	United States	DEC	0.5	1.3	0.8	0.7	1.1	1.1	65.7	60.2	60.3	55.8	57.7	56.6	NM	NM	NM	NM	NM	3,618.8
DUK	[] DUKE ENERGY CORPORATION	United States	DEC	0.6	0.5	0.6	0.6	0.7	0.7	56.8	55.5	56.1	57.1	56.4	55.5	NM	NM	NM	NM	NM	NM
EDF	ELECTRICITÉ DE FRANCE S.A.	France	DEC	1.1	1.3	1.3	1.4	1.4	1.4	45.0	47.4	48.1	49.0	50.4	56.0	636.4	308.3	275.9	253.5	239.2	230.4
ENEL	ENEL SPA	Italy	DEC	0.9	0.8	0.9	0.9	0.9	0.9	69.5	60.4	57.1	54.3	47.2	50.4	NM	NM	NM	NM	NM	NM
EQNR	EQUINOR ASA	Norway	DEC	1.6	1.6	1.3	1.6	1.4	1.5	48.8	50.4	34.6	36.4	39.6	46.1	138.8	256.6	416.7	253.6	310.4	338.6
EVRG	[] EVERGY, INC.	United States	DEC	0.6	0.7	0.6	0.6	0.9	0.7	58.1	55.1	55.8	46.7	53.0	52.7	NM	NM	NM	NM	NM	NM
GE	[] GENERAL ELECTRIC COMPANY	United States	DEC	1.3	1.6	1.3	2.3	1.9	1.9	42.7	66.8	93.6	72.4	71.5	73.2	214.8	236.9	375.1	129.4	235.9	222.4
MGEE	MGE ENERGY, INC.	United States	DEC	1.7	1.1	1.4	2.0	2.3	2.7	37.7	38.2	38.0	38.7	34.2	34.6	760.2	3,075.4	991.5	422.2	245.0	222.5
NEE	[] NEXTERA ENERGY, INC.	United States	DEC	0.5	0.5	0.5	0.4	0.6	0.7	54.9	50.6	51.0	54.1	54.7	53.1	NM	NM	NM	NM	NM	NM
OGE	† OGE ENERGY CORP.	United States	DEC	0.6	0.6	0.7	0.6	0.5	0.5	58.3	50.4	45.1	42.0	44.2	45.2	NM	NM	NM	NM	NM	NM
PNW	[] PINNACLE WEST CAPITAL CORPORATION	United States	DEC	0.9	0.9	0.5	0.6	0.8	0.6	55.7	53.7	47.6	47.2	49.2	46.9	NM	NM	NM	NM	NM	NM
PNM	† PNM RESOURCES, INC.	United States	DEC	0.5	0.4	0.3	0.6	0.4	0.5	62.3	56.9	63.3	65.5	62.9	62.1	NM	NM	NM	NM	NM	NM
RWE	RWE AKTIENGESELLSCHAFT	Germany	DEC	1.1	1.6	1.4	1.3	1.2	1.1	55.3	16.9	16.2	14.4	57.4	71.0	192.8	32.1	38.2	14.7	489.2	980.0
WEC	[] WEC ENERGY GROUP, INC.	United States	DEC	0.7	0.5	0.7	0.7	0.6	0.9	62.5	60.2	56.0	57.6	55.9	55.3	NM	NM	NM	NM	NM	NM
XEL	[] XCEL ENERGY INC.	United States	DEC	0.8	0.8	0.7	0.7	0.7	0.9	60.9	59.1	58.7	60.0	59.0	57.8	NM	NM	NM	NM	NM	NM

Note: Data as originally reported. CAGR-Compound annual growth rate.
[]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

Ticker		Company	Country	Yr. End	Price/Earnings Ratio (High-Low)						Dividend Payout Ratio (%)						Dividend Yield (High-Low, %)					
					2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
PURE PLAY RENEWABLES																						
CSIQ		CANADIAN SOLAR INC.	Canada	DEC	41 - 20	22 - 5	9 - 5	4 - 3	11 - 7	26 - 9	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
EDPR		EDP RENOVÁVEIS, S.A.	Spain	DEC	40 - 24	35 - 12	19 - 14	26 - 19	23 - 16	120 - 87	17.4	19.2	20.8	36.0	33.5	150.4	0.5 - 0.3	0.5 - 0.3	0.9 - 0.4	0.8 - 0.7	0.8 - 0.7	0.9 - 0.7
ENPH	[]	ENPHASE ENERGY, INC.	United States	DEC	247 - 106	170 - 22	25 - 3	NM - NM	NM - NM	NM - NM	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
ENT		ENERTRONICA SANTERNO S.P.A.	Italy	DEC	NM - NM		31 - 14	NM - NM	NM - NM	56 - 27	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
FSLR	†	FIRST SOLAR, INC.	United States	DEC	27 - 16	28 - 8	NM - NM	57 - 27	NM - NM	NM - NM	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
IBE		IBERDROLA, S.A.	Spain	DEC	23 - 15	21 - 14	18 - 14	16 - 14	16 - 12	17 - 14	14.7	15.6	9.5	4.7	7.9	3.1	4.8 - 3.8	4.9 - 3.2	4.9 - 3.1	5.7 - 3.7	6.5 - 4.1	4.5 - 0.4
JKS		JINKOSOLAR HOLDING CO., LTD.	China	DEC	30 - 13	111 - 16	8 - 3	16 - 5	44 - 21	3 - 2	NM	NM	NM	NM	NM	NM	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
NEP		NEXTERA ENERGY PARTNERS, LP	United States	DEC	49 - 37	NM - NM	NM - NM	16 - 12	NM - NM	17 - 13	451.8	NM	NM	157.8	NM	821.7	4.7 - 3.2	3.9 - 2.8	6.7 - 3.4	4.7 - 3.7	4.3 - 3.5	5.7 - 3.5
NDX1		NORDEX SE	Germany	DEC	NM - NM	NM - NM	NM - NM	NM - NM	5549 - 2080	33 - 17	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
ORSTED		ØRSTED A/S	Denmark	DEC	NM - NM	33 - 14	44 - 28	11 - 8	9 - 5	17 - 13	48.0	31.4	64.8	23.7	16.3	8.0	2.2 - 1.3	1.4 - 0.8	1.8 - 0.9	2.1 - 1.4	2.4 - 1.6	2.4 - 1.5
SGRE		SIEMENS GAMESA RENEWABLE ENERGY, S.A.	Spain	SEP	NM - NM	NM - NM	80 - 48	144 - 92	NM - NM	NA - NA	0.0	NM	12.5	0.1	NM	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
SEDG	†	SOLAREDGE TECHNOLOGIES, INC.	Israel	DEC	114 - 63	116 - 25	31 - 11	24 - 11	20 - 6	19 - 8	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
SPWR		SUNPOWER CORPORATION	United States	JAN	NM - NM	5 - 2	64 - 30	NM - NM	NM - NM	NM - NM	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
RUN	†	SUNRUN INC.	United States	DEC	NM - NM	NM - NM	90 - 43	66 - 22	6 - 4	16 - 6	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
SUZLON		SUZLON ENERGY LIMITED	India	MAR	58 - 13	NM - NM	NM - NM	NM - NM	11 - 7	26 - 10	0.0	0.0	0.0	0.0	0.0	0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
VWS		VESTAS WIND SYSTEMS A/S	Denmark	DEC	272 - 153	48 - 14	26 - 18	21 - 15	19 - 11	18 - 12	136.5	27.3	28.0	36.5	31.1	20.8	1.1 - 0.2	0.8 - 0.5	1.7 - 0.6	1.9 - 1.1	2.7 - 1.9	2.7 - 1.3
002202		XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.	China	DEC	26 - 14	21 - 12	33 - 18	25 - 10	23 - 12	23 - 14	71.1	58.6	101.5	58.6	46.5	65.9	2.6 - 1.3	2.2 - 0.9	2.7 - 1.2	2.2 - 1.2	2.3 - 0.8	3.4 - 0.9
COMPANIES WITH RENEWABLES AS NON-CORE OR MINORITY OPERATIONS																						
LNT	[]	ALLIANT ENERGY CORPORATION	United States	DEC	24 - 18	24 - 16	24 - 18	21 - 17	23 - 19	25 - 19	61.2	61.4	60.5	60.9	63.0	71.7	3.6 - 2.6	3.3 - 2.6	3.8 - 2.5	3.4 - 2.6	3.6 - 2.8	3.4 - 2.8
D	[]	DOMINION ENERGY, INC.	United States	DEC	20 - 17	NM - NM	50 - 41	22 - 17	18 - 15	23 - 20	61.9	NM	219.7	89.3	64.4	81.3	4.6 - 2.9	3.7 - 3.1	6.3 - 2.9	5.4 - 4.4	5.4 - 3.6	4.2 - 3.6
DTE	[]	DTE ENERGY COMPANY	United States	DEC	31 - 23	19 - 11	21 - 17	19 - 15	18 - 15	21 - 16	87.2	55.6	59.2	55.4	52.2	61.2	3.4 - 2.5	3.9 - 3.0	5.3 - 3.0	3.5 - 2.8	3.7 - 3.0	3.5 - 2.9
DUK	[]	DUKE ENERGY CORPORATION	United States	DEC	22 - 17	59 - 37	19 - 17	24 - 19	21 - 18	28 - 23	79.7	204.2	71.2	92.7	80.1	108.4	4.7 - 3.4	4.5 - 3.7	5.9 - 3.7	4.4 - 3.9	4.9 - 4.0	4.7 - 3.9
EDF		ELECTRICITÉ DE FRANCE S.A.	France	DEC	10 - 7	272 - 117	10 - 6	80 - 54	12 - 7	12 - 8	12.3	77.1	12.6	93.0	21.2	26.2	7.7 - 2.3	2.5 - 0.0	7.5 - 0.0	3.5 - 2.2	8.0 - 2.9	13.5 - 6.5
ENEL		ENEL SPA	Italy	DEC	31 - 21	32 - 18	33 - 24	12 - 9	15 - 9	17 - 14	158.1	181.7	182.0	71.9	76.0	97.5	9.5 - 5.3	5.7 - 3.9	6.1 - 3.7	5.9 - 4.0	6.6 - 3.8	4.8 - 3.6
EQNR		EQUINOR ASA	Norway	DEC	11 - 6	NM - NM	43 - 29	13 - 9	15 - 12	NM - NM	21.0	NM	181.3	35.5	32.5	NM	6.7 - 2.1	3.8 - 1.8	12.0 - 2.1	6.4 - 3.8	4.4 - 3.2	5.4 - 4.2
EVRG	[]	EVERGY, INC.	United States	DEC	18 - 14	27 - 17	24 - 20	24 - 19	25 - 22	24 - 17	56.6	75.2	69.0	54.3	68.9	58.9	4.3 - 3.2	4.1 - 3.1	4.5 - 2.7	3.5 - 2.8	3.4 - 2.8	3.2 - 2.6
GE	[]	GENERAL ELECTRIC COMPANY	United States	DEC	NM - NM	23 - 9	NM - NM	NM - NM	NM - NM	44 - 36	NM	11.4	NM	NM	NM	117.4	0.5 - 0.3	0.4 - 0.3	0.7 - 0.3	7.2 - 0.3	6.5 - 2.5	4.8 - 2.5
MGEE		MGE ENERGY, INC.	United States	DEC	28 - 22	32 - 21	32 - 23	28 - 22	24 - 22	30 - 21	51.8	56.0	55.1	54.3	44.8	55.3	2.6 - 1.8	2.3 - 1.8	2.6 - 1.7	2.3 - 1.8	2.5 - 1.9	2.1 - 1.8
NEE	[]	NEXTERA ENERGY, INC.	United States	DEC	51 - 39	52 - 30	31 - 22	13 - 10	14 - 10	21 - 17	84.6	94.0	63.9	31.7	34.3	55.5	2.5 - 1.6	2.2 - 1.6	3.1 - 1.8	2.7 - 2.1	2.9 - 2.4	3.1 - 2.5
OGE	†	OGE ENERGY CORP.	United States	DEC	10 - 8	NM - NM	21 - 18	20 - 14	12 - 11	20 - 14	44.1	NM	69.0	64.0	40.0	66.6	4.9 - 3.8	5.5 - 4.4	6.5 - 3.3	3.8 - 3.2	4.5 - 3.5	3.8 - 3.3
PNW	[]	PINNACLE WEST CAPITAL CORPORATION	United States	DEC	16 - 12	21 - 13	21 - 17	20 - 16	21 - 18	21 - 16	59.7	63.7	61.2	60.4	59.3	62.0	5.7 - 4.2	5.4 - 3.8	5.0 - 3.0	3.7 - 3.0	3.8 - 3.0	3.6 - 2.9
PNM	†	PNM RESOURCES, INC.	United States	DEC	22 - 20	26 - 14	55 - 41	42 - 32	46 - 33	25 - 20	57.4	56.7	119.4	98.6	96.7	60.0	3.1 - 2.7	2.8 - 2.5	4.1 - 2.2	2.9 - 2.2	3.1 - 2.3	2.8 - 2.1
RWE		RWE AKTIENGESELLSCHAFT	Germany	DEC	39 - 28	21 - 11	2 - 1	43 - 30	7 - 3	NM - NM	101.2	49.7	6.6	260.2	8.2	NM	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
WEC	[]	WEC ENERGY GROUP, INC.	United States	DEC	24 - 20	28 - 19	27 - 19	22 - 17	18 - 15	22 - 17	65.7	66.5	65.7	65.8	54.5	66.5	3.5 - 2.7	3.4 - 2.6	3.6 - 2.4	3.3 - 2.4	3.8 - 3.0	3.8 - 3.0
XEL	[]	XCEL ENERGY INC.	United States	DEC	24 - 20	27 - 18	25 - 18	22 - 17	23 - 18	21 - 16	58.5	58.1	57.7	57.9	62.8	60.6	3.4 - 2.5	3.2 - 2.5	3.4 - 2.3	3.2 - 2.5	3.6 - 2.8	3.5 - 2.8

Note: Data as originally reported. CAGR-Compound annual growth rate.
[]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

					Earnings per Share ($)						Tangible Book Value per Share ($)						Share Price (High-Low, $)					
Ticker		Company	Country	Yr. End	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
PURE PLAY RENEWABLES																						
CSIQ		CANADIAN SOLAR INC.	Canada	DEC	1.5	2.4	2.8	3.9	1.7	1.1	26.7	24.8	22.1	19.3	16.0	14.2	67.4 - 28.8	56.4 - 12.0	25.9 - 14.0	18.0 - 11.4	19.1 - 10.9	28.8 - 10.3
EDPR		EDP RENOVÁVEIS, S.A.	Spain	DEC	0.8	0.8	0.6	0.4	0.4	0.1	8.5	8.1	7.1	6.5	6.6	5.5	30.0 - 18.2	28.6 - 10.3	12.0 - 8.4	10.5 - 7.7	8.8 - 6.8	7.8 - 5.8
ENPH	[]	ENPHASE ENERGY, INC.	United States	DEC	1.0	0.9	1.2	-0.1	-0.5	-1.3	1.0	3.3	1.8	-0.5	-0.2	-0.1	282.5 - 108.9	189.4 - 21.5	35.4 - 4.6	7.6 - 1.8	3.5 - 0.7	3.7 - 1.0
ENT		ENERTRONICA SANTERNO S.P.A.	Italy	DEC	-2.4	0.0	0.1	-1.4	-0.6	0.1	-3.6	0.0	-0.7	-0.7	0.5	-0.4	1.5 - 0.9	2.2 - 0.8	2.2 - 0.8	3.7 - 1.5	4.9 - 3.6	6.7 - 3.1
FSLR	†	FIRST SOLAR, INC.	United States	DEC	4.4	3.7	-1.1	1.4	-1.6	-4.1	55.5	51.4	47.6	48.9	47.9	49.2	123.1 - 67.7	109.1 - 28.5	69.2 - 41.4	81.7 - 36.5	71.8 - 25.6	74.3 - 28.6
IBE		IBERDROLA, S.A.	Spain	DEC	0.7	0.7	0.6	0.5	0.5	0.4	3.7	3.4	3.1	2.8	3.1	2.9	14.3 - 9.8	14.5 - 9.5	10.7 - 7.7	8.2 - 6.5	8.8 - 6.9	7.0 - 5.1
JKS		JINKOSOLAR HOLDING CO., LTD.	China	DEC	1.3	0.8	3.0	1.5	0.7	8.1	32.7	30.0	27.8	26.8	28.8	27.2	76.5 - 28.4	90.2 - 11.4	24.8 - 9.5	25.6 - 7.1	30.5 - 13.7	27.4 - 12.7
NEP		NEXTERA ENERGY PARTNERS, LP	United States	DEC	1.8	-0.8	-1.5	2.9	-1.2	1.9	-8.1	-5.8	-13.6	-0.8	6.4	8.1	88.8 - 63.5	69.1 - 29.0	53.9 - 39.5	50.7 - 36.8	44.0 - 25.3	32.4 - 23.8
NDX1		NORDEX SE	Germany	DEC	-1.9	-1.5	-0.8	-1.0	0.0	1.1	3.5	2.2	1.8	1.5	3.7	3.0	33.2 - 14.4	27.6 - 6.8	17.7 - 8.4	13.4 - 7.9	26.0 - 8.5	35.6 - 18.2
ORSTED		ØRSTED A/S	Denmark	DEC	3.7	5.9	2.3	6.5	7.2	2.5	29.3	36.8	30.6	29.6	25.8	17.4	214.2 - 120.9	213.5 - 89.7	104.6 - 63.6	72.6 - 51.0	62.6 - 39.6	40.2 - 31.3
SGRE		SIEMENS GAMESA RENEWABLE ENERGY, S.A.	Spain	SEP	-1.1	-1.6	0.2	0.1	0.0	1.2	-3.1	-2.4	-0.6	-1.1	-1.5	1.0	44.8 - 20.9	40.7 - 13.1	18.0 - 11.7	16.6 - 10.5	27.0 - 10.9	0.0 - 0.0
SEDG	†	SOLAREDGE TECHNOLOGIES, INC.	Israel	DEC	3.1	2.7	2.9	2.7	1.9	1.4	21.2	17.0	12.4	10.6	9.0	7.0	389.7 - 199.3	335.8 - 67.0	96.7 - 34.1	70.7 - 30.8	39.9 - 12.3	30.5 - 11.4
SPWR		SUNPOWER CORPORATION	United States	JAN	0.0	-0.2	2.5	0.2	-5.8	-6.7	0.0	1.4	2.4	0.0	-1.6	4.0	57.5 - 19.3	32.2 - 4.0	16.0 - 4.8	10.0 - 4.6	11.7 - 5.8	30.6 - 6.0
RUN	†	SUNRUN INC.	United States	DEC	-0.4	-1.2	0.2	0.2	1.2	0.7	9.4	8.8	7.2	7.5	7.3	5.4	100.9 - 30.3	82.4 - 7.8	21.4 - 9.6	16.4 - 5.1	7.8 - 4.2	11.5 - 4.2
SUZLON		SUZLON ENERGY LIMITED	India	MAR	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.2	-0.2	-0.2	0.1 - 0.1	0.1 - 0.0	0.1 - 0.0	0.2 - 0.1	0.3 - 0.2	0.3 - 0.2
VWS		VESTAS WIND SYSTEMS A/S	Denmark	DEC	0.2	1.0	0.8	0.8	1.0	0.9	1.8	2.2	2.4	2.3	2.6	2.3	49.1 - 26.0	49.1 - 15.5	21.1 - 14.6	16.3 - 11.6	20.4 - 11.5	16.2 - 10.8
002202		XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.	China	DEC	0.1	0.1	0.1	0.1	0.1	0.1	1.1	1.1	0.9	0.9	0.9	0.7	3.3 - 1.8	2.3 - 1.4	2.3 - 1.3	2.9 - 1.2	3.0 - 1.6	2.5 - 1.6
COMPANIES WITH RENEWABLES AS NON-CORE OR MINORITY OPERATIONS																						
LNT	[]	ALLIANT ENERGY CORPORATION	United States	DEC	2.6	2.5	2.3	2.2	2.0	1.6	23.9	22.8	21.2	19.4	18.1	17.0	62.4 - 46.0	60.3 - 37.7	55.4 - 40.8	46.6 - 36.8	45.6 - 36.6	41.0 - 30.4
D	[]	DOMINION ENERGY, INC.	United States	DEC	4.0	-0.6	1.6	3.7	4.7	3.4	21.4	19.3	25.7	19.1	15.6	12.1	81.1 - 67.9	90.9 - 57.8	83.9 - 67.4	81.7 - 61.5	85.3 - 70.9	79.0 - 66.3
DTE	[]	DTE ENERGY COMPANY	United States	DEC	4.7	7.1	6.3	6.2	6.3	4.8	33.7	52.8	35.5	39.0	35.4	32.8	145.4 - 108.2	135.7 - 71.2	134.4 - 107.3	121.0 - 94.3	116.7 - 96.6	100.5 - 78.0
DUK	[]	DUKE ENERGY CORPORATION	United States	DEC	4.9	1.7	5.1	3.8	4.4	3.1	36.1	34.3	34.5	33.4	31.6	30.5	108.4 - 85.6	103.8 - 62.1	97.4 - 82.5	91.4 - 72.0	91.8 - 76.1	87.8 - 70.2
EDF		ELECTRICITÉ DE FRANCE S.A.	France	DEC	1.5	0.1	1.7	0.2	1.2	1.2	10.2	10.2	9.6	9.3	9.2	9.1	15.4 - 10.9	16.6 - 7.3	17.4 - 10.0	18.2 - 11.3	15.0 - 8.8	14.2 - 9.6
ENEL		ENEL SPA	Italy	DEC	0.4	0.3	0.2	0.5	0.4	0.3	-0.5	-0.6	-0.6	-0.4	0.3	0.4	10.3 - 7.4	10.5 - 6.3	8.1 - 5.6	6.2 - 4.8	6.7 - 4.6	4.4 - 3.5
EQNR		EQUINOR ASA	Norway	DEC	2.6	-1.7	0.6	2.3	1.4	-0.9	10.1	7.9	9.2	10.0	9.4	8.0	28.4 - 16.3	21.8 - 11.1	23.2 - 16.4	27.1 - 19.7	21.6 - 16.6	18.6 - 11.3
EVRG	[]	EVERGY, INC.	United States	DEC	3.8	2.7	2.8	2.5	2.3	2.4	30.1	28.2	27.5	30.1	27.5	26.8	69.5 - 51.9	76.6 - 42.0	67.8 - 54.6	61.1 - 47.1	57.3 - 49.2	57.5 - 40.0
GE	[]	GENERAL ELECTRIC COMPANY	United States	DEC	-6.2	4.6	-5.0	-21.0	-8.3	6.0	4.4	0.3	-8.3	-14.0	-44.4	-10.1	116.2 - 83.2	106.1 - 43.8	94.7 - 59.3	155.1 - 53.3	254.7 - 138.0	264.0 - 216.8
MGEE		MGE ENERGY, INC.	United States	DEC	2.9	2.6	2.5	2.4	2.8	2.2	28.0	26.6	24.3	23.3	22.4	20.9	83.0 - 63.0	83.3 - 47.2	80.8 - 56.7	69.0 - 51.1	68.7 - 60.3	66.9 - 44.8
NEE	[]	NEXTERA ENERGY, INC.	United States	DEC	1.8	1.5	1.9	3.5	2.8	1.6	16.1	16.1	16.5	17.0	13.9	11.9	93.7 - 68.3	83.3 - 43.7	61.3 - 42.2	46.1 - 36.3	39.9 - 29.3	33.0 - 25.6
OGE	†	OGE ENERGY CORP.	United States	DEC	3.7	-0.9	2.2	2.1	3.1	1.7	19.6	17.7	20.3	19.8	19.1	17.0	38.6 - 29.2	46.4 - 23.0	45.8 - 38.0	41.8 - 29.6	37.4 - 32.6	34.2 - 23.4
PNW	[]	PINNACLE WEST CAPITAL CORPORATION	United States	DEC	5.5	4.9	4.8	4.5	4.4	4.0	49.9	47.5	45.7	44.2	42.5	42.3	88.5 - 62.8	105.5 - 60.1	99.8 - 81.6	92.6 - 73.4	92.5 - 75.8	82.8 - 62.5
PNM	†	PNM RESOURCES, INC.	United States	DEC	2.3	2.2	1.0	1.1	1.0	1.5	22.0	20.6	17.6	17.7	17.8	17.5	50.1 - 43.8	56.1 - 27.1	53.0 - 39.7	45.4 - 33.8	46.0 - 33.4	36.2 - 29.2
RWE		RWE AKTIENGESELLSCHAFT	Germany	DEC	1.2	2.0	15.5	0.6	3.7	-9.8	15.8	21.8	22.3	14.0	-8.4	-14.8	43.9 - 32.3	43.4 - 24.6	32.3 - 21.1	25.8 - 17.1	28.0 - 13.9	17.4 - 10.6
WEC	[]	WEC ENERGY GROUP, INC.	United States	DEC	4.1	3.8	3.6	3.3	3.8	3.0	24.9	23.5	22.4	21.3	20.3	18.6	99.9 - 80.6	109.5 - 68.0	98.2 - 67.2	75.5 - 58.5	70.1 - 56.1	66.1 - 50.4
XEL	[]	XCEL ENERGY INC.	United States	DEC	3.0	2.8	2.6	2.5	2.3	2.2	28.7	27.1	25.2	23.8	22.6	21.7	72.9 - 57.2	76.4 - 46.6	66.1 - 47.7	54.1 - 41.5	52.2 - 40.0	45.4 - 35.2

Note: Data as originally reported. CAGR-Compound annual growth rate.
[]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

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