Three key focus areas for renewables integration
Make smarter, more informed decisions about how and where to invest

New mandates, shifting regulatory standards and a wide range of energy project developers brings complexity and change to the utility. Layer on the impact of distributed energy resources, emerging technologies and climate uncertainty, and the future becomes murkier. To make smart, informed decisions about how and where to invest, utilities need to focus on three key considerations.

Keep pace with technical and business challenges

1. **RENEWABLES RISE +50%**
   - More than 50% of all new power generation over the past eight years has come from wind and solar projects.¹

2. **EXPLOSIVE GROWTH 3x**
   - Investment in clean energy is projected to be almost triple ($322b) that of fossil fuel generation ($116b) by 2025.

3. **FOLLOW THE MONEY 80%**
   - For the first time in more than a century, operating electric generating capacity from renewable resources (259.3-GW) has surpassed coal (258.0-GW) in the country’s power generation fuel mix.

4. **MOVE OVER, COAL 100 years**
   - 258.0-GW
   - 259.3-GW

5. **ALIGN TO INDUSTRY STANDARDS**
   - Regulatory agencies and private companies are using new tools and techniques in their modeling. Utilities should align to industry standards so they can readily access their forecasts and conclusions.

6. **SIMPLIFY FORECASTING AND REDUCE RISK**
   - Sweeping changes to the global energy market are increasing complexity for investors. Utilities need a single, trusted view of the emerging landscape so long-term decisions can be made with clarity and confidence.

7. **SWELLING RISK 650 points**
   - Citing the risk of wildfire liability, credit rating agencies downgrades, and dampened investor confidence, Southern California Edison (SCE) filed with FERC and originally proposed to increase its return on equity (ROE) from 11.12% to 17.62%, a 650-point adder.⁶

8. **REGIONAL CONCENTRATION 24 GW**
   - Driven by state-level support and commitments to purchase carbon-free wind energy, the eastern seaboard could be home to roughly 24 GW of wind energy capacity by 2035.⁵

9. **ALL LEVELS OF GOVERNMENT $55B**
   - Driven by a combination of continued federal tax incentives and state, county, city clean power goals, renewable energy capacity investments in the US in 2019 topped $55 billion—an 28% from 2018.³

10. **NEW PLAYERS 350MW**
    - Google announced a massive new energy deal with NV Energy to supply solar (350 MW) plus-battery storage (250 to 280 MW) for the company’s new data center in Henderson, Nevada.⁷

11. **INCREASING INVESTMENTS $128.1B**
    - In 2020, utility industry capital expenditure will top $128B⁸

See how ABB Energy Markets Group solutions can help reduce the complexity and increase the accuracy of forecasting and modeling for renewable energy projects through a combination of market intelligence and market advisory services, market and commercial energy operations software.

https://new.abb.com/enterprise-software/energy-portfolio-management

Sources:
3. BloombergNEF (BNEF), January 16, 2020
4. ABB Velocity Suite research team.
8. Edison Electric Institute’s (EEI) Financial Analysis Group