Excerpt from Business Spectator (Australia), November 12, 2014
http://www.businessspectator.com.au/article/2014/11/12/policy-politics/vestas-shines-global-stocks-slip

# Vestas shines as global stocks slip

Clean energy shares, which had been outperforming other sectors on stock markets earlier this year, have slipped by 12% since the end of June, reflecting investor caution about business prospects. The latest crop of financial results has, indeed, been mixed.

Last week, Vestas Wind Systems upgraded its margin forecast and reported a stronger-than-expected quarterly profit, reinforcing a turnaround at the world's largest wind turbine maker. However, Solazyme, a producer of renewable oils from algae, saw its share price decline the most on record after its third-quarter revenue fell short of expectations and it said sales next year will miss estimates by an even larger amount.

The WilderHill New Energy Global Innovation Index, or NEX, which tracks around 106 clean energy stocks worldwide, has risen 1.7% since the beginning of this year. This is a tiny gain in comparison with broader market indexes like the S&P 500, which has advanced 10.2% over the same time period. The NEX fell nearly 18% between 30 June and 15 October, before clawing back a little of that lost ground in the weeks since.

Among the biggest NEX gainers, Vestas' share price has increased more than 40% so far this year. The Aarhus, Denmark-based wind-turbine manufacturer ended trading at DKK 224.30 on 10 November.

….

Wind-turbine makers are waiting to see whether the US will renew a tax credit to the industry that expired at the end of 2013. Bloomberg New Energy Finance produced a webinar on what to expect for clean energy in the US – including the production tax credit for the wind industry – following the midterm election on 4 November.

With the Republican capture of the Senate, pressure is intensifying on the Obama administration to push a PTC reinstatement/extension bill through the 'lame duck' session beginning 12 November.

While the PTC expired at the end of last year, the benefits are still being felt as any project that started development last year can still claim the benefit so long as it finishes construction by the end of 2015. For Vestas, this means orders have help up. The company announced 1192MW of orders, specifically in the US, in the first nine months this year. Its total global order intake in Q1, Q2, and Q3 was 4,290MW, according to the company's website.

One of the biggest NEX losers has been Solazyme. South San Francisco, California-based Solazyme tumbled 58% on 6 November to $US3.13 at the close in New York, the most since its May 2011 initial public offering.

….

As Bloomberg New Energy Finance pointed out in its Hydrotreatment

Update, Neste Oil, the largest producer of renewable diesel in the world, announced an expansion into the biochemical industry in September. Also this year, Renewable Energy Group bought LS9 and its intellectual property – a technology that turns sugars into fatty acids and alcohols used in detergents, lubricants and solvents. From being solely a biodiesel producer, Renewable Energy Group is now a company with intellectual property to produce high-value renewable products.

Meanwhile, there was exciting news for the solar sector last week as developer Neoen announced that a group, led by French contractor Eiffage, will build and operate Europe's largest photovoltaic complex in France.

Eiffage, along with Schneider Electric and local installer Krinner, won a $US354m contract for the 300MW of solar parks and will start construction immediately, they said in a joint statement. The solar complex, which will be built at Cestas near Bordeaux, will begin operating in October at a cost of more than $US450m, the Paris-based Neoen, said in a separate press release.

Neoen has secured almost $US387m in project finance from banks led by Societe Generale, now syndicating the debt with other lenders, a spokesman for the developer told Bloomberg News. The term of the loan is 18 years.

Based on Neoen's statement, the Cestas project has a cost per megawatt of just under $US1.5m per MW, a competitive figure but only a little below BNEF's latest capex assumption of $US1.57m per MW for utility-scale PV in most European countries.

This reinforces how far solar has travelled in recent years in terms of cost reduction, according to BNEF. Perhaps more striking is that the debt, at $US387m, is equivalent to an unusually high 86% of the project cost, if the latter works out at exactly $US450m. Also, the tenor, at 18 years, is unusually long and shows that banks have moved away from insisting on shorter-term "mini-perms", as many were a couple of years ago.