

**Renewable investments to drop 15-25% in 2009 - IEA**

(Montel Powernews) - Investments in renewable energy production worldwide are likely to drop by 15-25% in 2009, Paolo Frankl of the International Energy Agency said on Thursday.

"The financial crisis has hit investments in renewables particularly hard," Frankl, who is head of the renewable energy division at the IEA, told the Green Power Market Conference in Geneva.

Firstly, he said developers had found it more difficult to obtain credit due to an increased aversion to risk following the credit crunch last year.

In addition, investments in renewables had been hampered by lower fuel costs, particularly for US gas, and an unprecedented fall in electricity demand, he said.

"Global electricity consumption could drop by as much as 3.5% in 2009 – the first annual contraction since the end of the second world war," he said.

"It is a big challenge for investors to understand why they should invest in renewables in such a period of economic recession and falling demand," he added.

**Investments need to increase**

Global investments in renewable assets were likely to fall from just over USD 80bn in 2008 to around USD 60bn in 2009, Frankl said, which was far from enough to reach future climate goals.

In its 450 policy scenario, the IEA predicts that a combination of energy efficiency and renewables will account for 75% of total annual emission reductions by 2030.

Under such a scenario renewable energy sources would account for 40% of the world's electricity production and 43% of Europe's power production.

However, such a development required annual investments in renewables of USD 180bn, Frankl said, urging policymakers to come up with efficient and predictable support schemes sooner rather than later.

"Our main challenge is time, not costs," he said.

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