Corporations cannot get enough of a good thing – Perry Sioshansi's Letter from America

More businesses go 100% renewables – increasingly it is simply seen as good business practice.

Those who do not favour renewables, for ideological or whatever reason, must be frustrated as increasing numbers of businesses, large and small, go 100% renewables.

They are willing to pay a premium to do so – although the premium paid over buying brown or black electricity is diminishing to the point where it is not much to speak of.

And once you join the 100% renewable energy club, you can brag about it, which adds pressure on others to do the same. The trend is definitely catching on. Pretty soon the headline will say that such and such company is NOT using 100% renewable energy and ask why not?

It started with high tech companies with deep pockets, but not anymore. In April 2018, Proctor & Gamble (P&G) announced that it will switch to 100% renewable energy by 2030 at all of its plants and facilities while pledging to reduce water use by 35%.

What is amazing is that companies are doing this unilaterally, with no pressure or obligation from a regulator or anyone else. It is considered good business, the norm, it is expected.

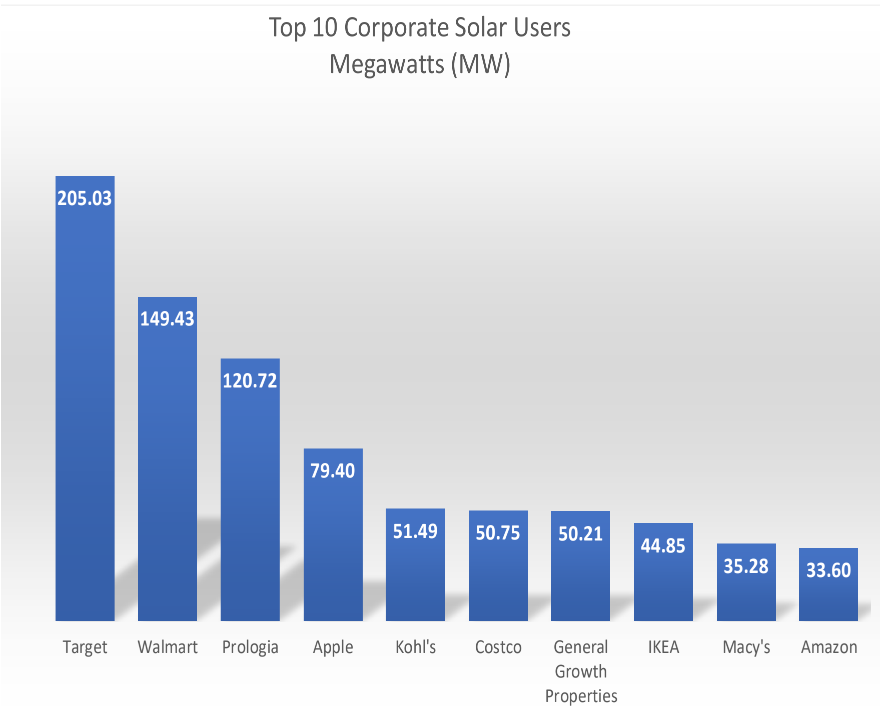
While many rely on others to supply the renewable energy, usually through power purchase agreements (PPAs) and other commercial arrangements, an increasing number of companies are making direct investments in renewable generation such as wind farms or solar plants. Another popular scheme is to install solar PVs on their own under-utilized roofs, cutting down on their electricity bills.

A recent survey by the Solar Industry Energy Industries Association (SEIA) in the United States reported that there are currently more than 4,000 businesses alone with over 2.5GW of installed solar capacity – and counting.

According to the SEIA's survey, America's top corporate solar users added 325MW of solar capacity across 7,400 locations in 2017, an increase of 43% over 2015.

Leading the pack was Target, which added 40MW of new rooftop PV capacity for the year for a total to 205MW – that is the size of decent power plant.

Figure 1: Going solar, one at a time



Source: SEIA

Other big players include Walmart with 150MW along with others – many with large flat roofs in their warehouses, retail facilities or office buildings.

As time goes on, any flat roof without solar panels will be a wasted opportunity.

Perry Sioshansi is founder and president of Menlo Energy Economics and is the editor and publisher of EEnergy Informer, from which we have sourced this article, and which we commend.

Cornwall Insight and Pixie Energy will be jointly hosting an event on 19 June with Perry Sioshansi on Innovation and Disruption at the Grid's Edge event. Read more here.

Let us know if you would like to receive an invitation.

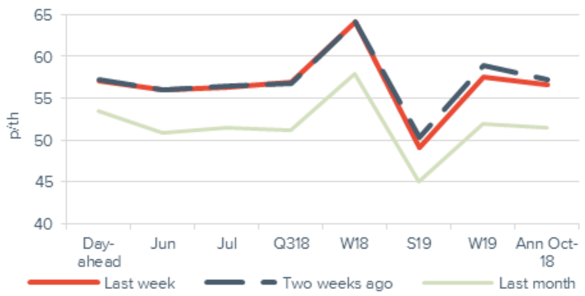
Gas

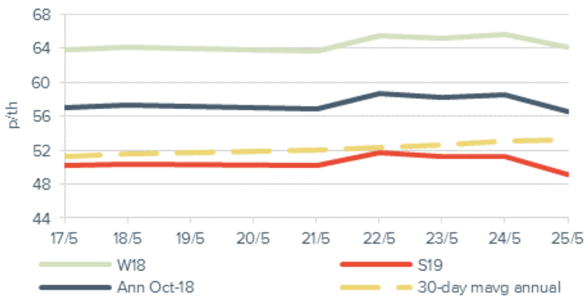
After a period of bullish movement, the majority of gas contracts experienced losses last week.

Day-ahead gas declined just 0.3% to 57.1p/th week-on-week. However, prices did reach a near three-month high of 59.0p/th mid-week as a series of planned and unplanned outages across the UKCS, predominantly to Langeled and Vesterled pipelines and St. Fergus terminal, restricted supplies.

All seasonal gas contracts underwent bearish movement, declining 2.7% on average.

Winter 18 gas lost 0.1% to 64.1p/th and summer 19 gas dropped 2.6% to 49.1p/th.



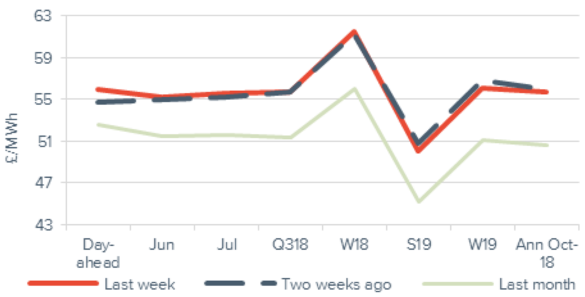


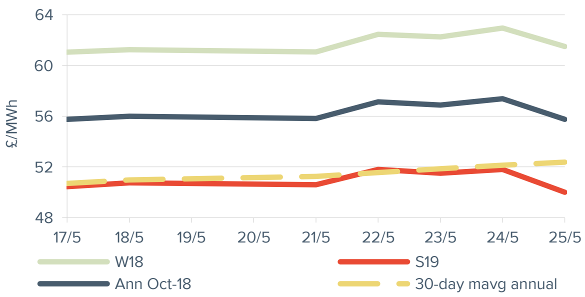
Electricity

Near-term and long-term power contracts showed diverging trends.

Contracts to winter 18 all rose, with day-ahead power up 2.4% to £56.0/MWh amid a decline in forecast wind output. On 24 May day-ahead prices reached a fresh near three-month high of £57.0/MWh.

In contrast, seasonal baseload contracts from summer 19 to winter 20 declined on average by 1.3%, weighed on by lower gas prices. Summer 19 fell 1.5% to £50.0/MWh, and winter 19 power lost 1.3% to £56.1/MWh.





Oil, coal and carbon

After a prolonged period of growth, Brent crude oil spent much of last week around the $79.0/bl mark. Prices stayed high as improving US-Chinese relations acted to improve the oil demand outlook, while new US sanctions against Venezuela are expected to further impact the nation's oil output. However, prices showed a sharp decline on Friday, falling to $76.7/bl in the afternoon, as OPEC suggested relaxing current production cuts.

API 2 coal prices slipped 0.5% on average last week to $88.6/t, lowering from $89.1/t the previous week.

EU ETS carbon prices grew 6.3% to average €15.7/t, rising from €14.8/t the previous week. Prices hit €16.1/t on 24 May, representing a fresh near seven-year high, supported by periods of high German power prices and strong EUA demand but were then weighed upon by weak auction results on Friday.