

Investing in wind? We're big fans

The role of finance in the American wind industry

By Brent Knight
Managing Director,
Siemens Financial Services

In recent years, the demand for and use of renewable energy increased rapidly. Wind is one of the fastest growing renewable energy sources in the world and key for the transition to net-zero carbon emissions. Policy support and capital are two of the main drivers for this transition and consequently, two of the challenges still standing in its way, particularly in the Americas region where there is immense opportunity for the wind industry.

The Biden administration's Inflation Reduction Act represents a monumental breakthrough for the transition to clean energy. In a recent white paper, Siemens Gamesa Renewable Energy (SGRE) encouraged United States policymakers to further prioritize policies needed to strengthen the long-term viability of the U.S. wind industry specifically.

Along with support from policymakers, further investments in wind projects throughout the Americas – both onshore and offshore – are needed to enable a sustainable global energy transition. It's important for project developers to build strong relationships with sustainability-focused lenders who understand their challenges and can help them not only develop, but maintain, these renewable energy sources with minimal environmental impact and disruptions to surrounding communities.

At Siemens Financial Services (SFS), our distinct combination of industry expertise, innovative financing solutions and equity

investments, and international project development experience is beneficial to overcoming the challenges of building wind farms to increase wind energy generation in the Americas. As one of the first movers in financing wind power, we understand the critical role that custom financing solutions play in ensuring the success of a wind project before construction begins and well into operation.

Since 2008, SFS has supported the sale of Siemens wind turbines in the U.S. and has built relationships with leading wind project developers. For over a decade, we have worked with Pattern Energy – one of the world's largest privately owned developers of wind energy projects – to empower the use of renewable wind energy across North America. Our financing supported 24 of the company's projects and counting, with the vast majority of them including SGRE wind turbines. Together, we built the first-ever wind project in Puerto Rico, bringing renewable energy and jobs to Latin America.

Up north in Canada, we teamed up with BluEarth Renewables – a leading independent power producer that develops, builds, owns, and operates wind, hydro, and solar facilities – to help finance Hand Hills, a 145 MW onshore wind farm featuring 29 SGRE wind turbines. This project added to our existing relationship with the company and emphasizes the importance of building partnerships with lenders that will invest in your long-term strategy.

Along with the benefits of local jobs and tax revenue, the project was built on cultivated land in order to minimize environmental impact. This means that the

land where the turbines were built can still be used for other purposes like growing crops or raising livestock.

In 2019, we made our first equity investment in the Caribbean with a 33% stake in Akuo Energy Dominicana (AED), the developer of the 50 MW Pecasa onshore wind farm in the Dominican Republic (DR). Along with the investment, the project includes 25 2.0 SGRE wind turbines and leveraged Siemens' engineering, supply, delivery, installation and service solutions. Pecasa is an important energy provider for the state-owned distribution company and continuously exceeds its expected average performance.

Capital providers hold power, and it's important to use this power for good when choosing where to invest. In addition to being pivotal to driving the country's energy transition and reliability, the Pecasa project includes a commitment to supporting nearby communities with local employment opportunities, as well as improvements to infrastructure impacting access to clean drinking water among other local contributions.

While the onshore wind market is well-established throughout the Americas region, offshore wind has tremendous potential for greater deployment. Successful offshore wind projects in other regions can be echoed in the Americas, and experienced lenders can use best practices to finance market expansion.

Off the Yorkshire Coast of England, we aided in the development of the Hornsea 2 offshore wind power plant by Ørsted, a global leader in offshore wind energy. Hornsea 2 is the largest operational wind

farm in the world. Through Siemens Bank, we provided financing to support the acquisition of a 50% stake in the project. This project produces more than 1.3 GW of energy, powering more than 1.4 million homes in the United Kingdom.

Along with financing wind projects via debt or equity, SFS supports sustainable infrastructure initiatives with technology and equipment financing as well. We partnered with Buckner HeavyLift Cranes – a leader in the wind energy industry – to expand its fleet of Liebherr crawler cranes used in sustainable construction projects. In this way, SFS can provide a broad range of capital solutions for clients across the wind industry – from debt finance and equity investments to equipment & technology financing.

The message is clear: expanded policy support and financing solutions are needed in order to expand the global wind industry in a sustainable manner. Opportunities for heightened wind power development – both onshore and offshore – are abundant in the Americas, a region comprised of some of the world's largest wind power markets.

SFS recognizes the importance of investing in wind energy, and we look forward to continuing our efforts in financing sustainable strategies for its proliferation. As always, we encourage other lenders to take the journey with us. When it comes to investing in renewable wind energy, we're big fans.

Visit usa.siemens.com/finance for more information.