Other Notable Administrative Plans and Actions

- The Federal Energy Regulatory Commission (FERC) promises to roll back anti-renewable market rules and propose improvements to transmission planning to carry more clean energy to market.

- The Department of Energy pledges to start awarding $40 billion in loans and loan guarantees already authorized by Congress but not spent by the previous administration through its revived Loan Programs Office.

- The Department of the Interior plans to examine processes for the siting and permitting of renewable energy and transmission projects, including expanding and easing offshore wind leasing and transmission line siting along existing highway corridors.

- The Federal Reserve, Financial Stability Oversight Council and the Securities and Exchange Commission have begun processes to consider broader regulation and oversight of corporate climate disclosure and climate-related risks to the economy, which could help speed the transition away from fossil fuels.

Commitments from banking institutions and other corporates are accelerating the trend toward renewables.

Banking Institutions

The banking sector is expanding its focus on clean energy and climate as market opportunities expand, and as the federal government and customers exert pressure on banks to make more sustainable investments. Recently, four of the largest banks announced investment goals in support of President Biden's climate targets at a Leaders Summit on Climate at the White House. They include:

- JPMorgan Chase: Goal to finance **$2.5 trillion** in climate change and sustainable investment activity by 2030;
- Citigroup: Goal of **$1 trillion** to finance these same important objectives;
- Bank of America: Goal to achieve **zero GHG emissions** from its "financing activities, operations and supply chain" by 2050;
- HSBC: Goal to achieve **zero GHG emissions**.[15]

On April 21, 2021, 43 banks with $28.5 trillion in assets committed to aligning their lending and investing portfolios with net-zero emissions by 2050 as part of the UN's Net-Zero Banking Alliance.[16] Climate activists emphasize that banks will need to phase out lending to the oil and gas sectors for the financial sector to address climate change adequately.

The Corporate Landscape

Corporations in other sectors also continue to strengthen their renewable energy commitments. As of 2021, 69 percent of Fortune 100 companies have either a GHG emissions reduction target or a renewable energy procurement target.[17] On April 13, 2021, 411 businesses and investors, representing $4 trillion in annual revenue and $1 trillion in assets, signed an open letter to President Biden supporting the goal of halving GHG emissions by 2030 and achieving net-zero emissions by 2050.[18]

15 Bullard, Nathaniel. Bloomberg Green Daily E-Newsletter. Sent April 22, 2021.
16 UNEP. "Net-Zero Banking Alliance." Accessed May 13, 2021 at: https://www.unepfi.org/net-zero-banking/
17 Fortune 100 sustainability reports
18 Ceres Press Release. "411 Businesses And Investors Support U.S. Federal Climate Target In Open Letter To President Biden." April 13, 2021, updated April 22, 2021. Accessed May 13, 2021 at: https://www.ceres.org/news-center/press-releases/411-businesses-and-investors-support-us-federal-climate-target-open

Corporations signed contracts to purchase 13.5 GW from U.S. renewable energy projects in 2020, representing 56 percent of the global market for corporate power purchase agreements (PPAs). Beyond offtake agreements, some corporations have also begun financing renewable energy projects as tax equity providers.

Recent Headwinds

Despite growing momentum for the energy transition, several headwinds have emerged that could impede the speed of growth.

The February 2021 Texas power outages have challenged certain financing structures and created new policy uncertainty in the Texas market.

Frigid temperatures and precipitation in early February drove unprecedented demand while causing disruptions to electricity supply, leaving many without power. Electricity spot prices skyrocketed, leading to substantial company profits and losses, particularly those in hedge arrangements. Many companies are adjusting their risk management and deployment strategies in light of these and other legislative developments, as detailed in the survey results section of this report.

Developers continue to face difficulty securing tax equity financing.

The COVID-19 pandemic led to constraints in tax equity availability for wind and solar project finance as some investors' tax liability and interest in using tax credits declined. While the largest tax equity investors increased their tax equity investment in 2020,[19] many developers are experiencing greater hurdles securing tax equity than they did before the pandemic. Investors and developers highlighted these constraints in ACORE's 2020 surveys and do so again in our 2021 surveys, as detailed in the next section.

The renewable energy sector is advocating that Congress provide a direct pay option that would allow developers to access incentives directly as an additional option to traditional tax equity.

The following section presents the results of an ACORE survey analyzing how renewable energy investors and developers are reacting to these opportunities and challenges in 2021 and their expectations for sector growth through 2024.

19 Martin, Keith. "Disappearing tax equity" (webinar). August 19, 2020. Accessed May 13, 2021 at: https://www.projectfinance.law/publications/2020/august/disappearing-tax-equity/

2021 SURVEY RESULTS

ACORE surveyed the opinions of senior professionals who represent companies active in the U.S. renewable energy sector in April 2021, including debt, equity and tax equity investors, financial advisors, and project developers. The surveys assess respondents' experiences in the market over the past year and their expectations for sector finance and development over the next three years.

This year is the fourth year ACORE has surveyed investors for the $1T 2030 campaign, and the second year ACORE has collected responses from developers. The responses outlined in this section reflect the perspectives of representatives from 62 companies. A complete profile of survey respondents appears in the Appendix.

- Two-thirds of the financial institutions represented in the Investor Survey invest more than $100 million each year in the U.S. renewable energy sector.

- About one-third of the developers represented in the Developer Survey operate U.S. renewable energy businesses with total revenues greater than $100 million.

- A majority of respondents occupy senior positions at their companies, with nearly two-thirds serving as CEO, Managing Director or a comparable level.

Survey results illustrate an extremely confident outlook for the U.S. renewable energy and energy storage sectors over the next three years. Nearly all companies plan to increase their development or investment activity; however, some companies cite lingering challenges in tax equity availability and decreased appetites for hedge agreements after the Texas power crisis in February 2021. Respondents also outline federal policy options – such as long-term extensions of the renewable energy tax credits, and standalone tax credits for energy storage and regionally significant transmission – that could be valuable tools in scaling up mid-term growth.

Figure 3: Financial Institution Respondents Annual Investment in the U.S. Renewable Sector

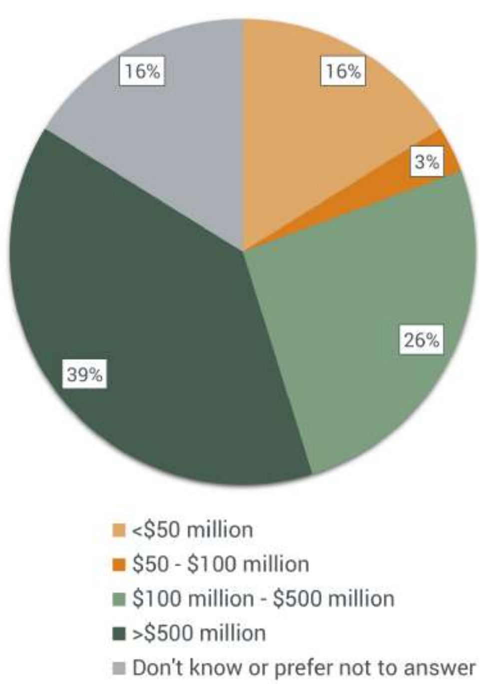

Figure 4: Developer Respondents Total Revenue of U.S. Renewable Energy Business