

WEC Pulse Check Investments in Energy Infrastructure



WEC Germany

Berlin, November 2014



Agenda

- 1 **Global View – 36 responses**
- 2 European vs. Rest of the World View – 21 vs. 15 responses

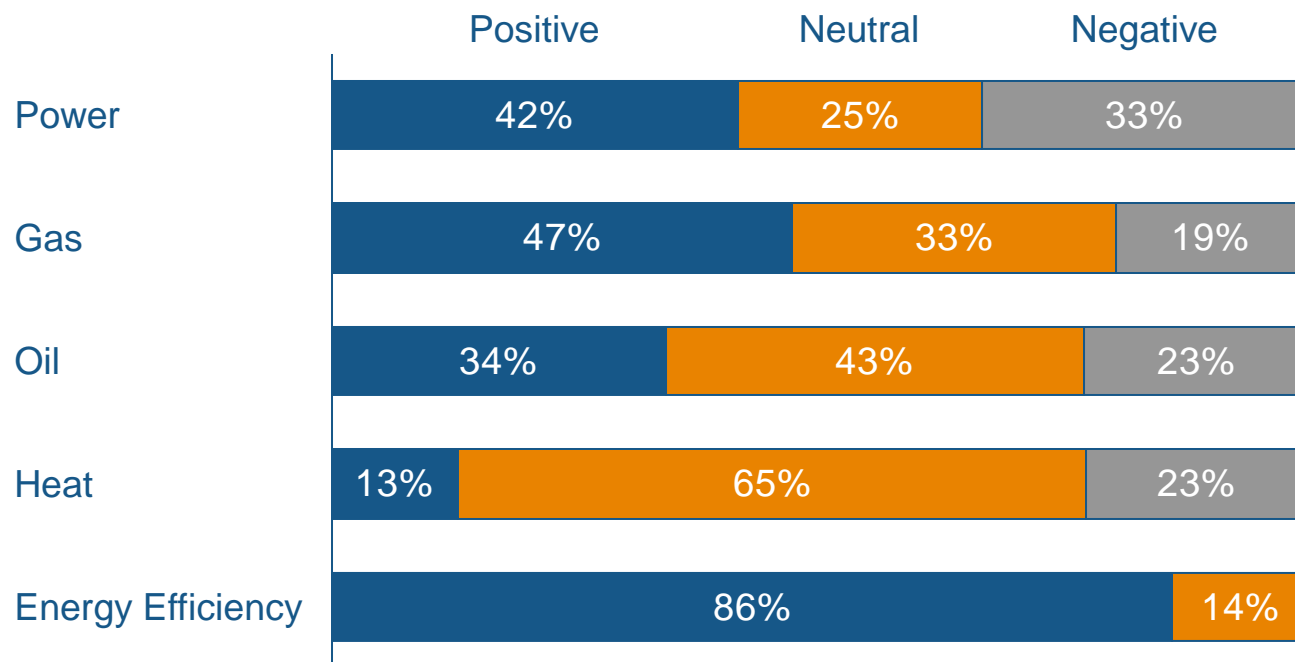
Executive Summary

- 
- ▶ **Overall global investment outlook** considered **positive**, also compared to last year. European view however much less positive and more neutral, in comparison to last year as well.
 - ▶ **National energy regulation** as the most important factor for energy infrastructure investment mood.
 - ▶ Investments in energy infrastructure considered a **major investment necessity** in their country by **two thirds** of respondents.
 - ▶ **Power sector** by far attracting most investments (power supply infrastructure followed by power transmission infrastructure).
 - ▶ Investments mainly coming from **private sector** – considered to be even more important than national governments.
 - ▶ **Difficult regulatory environment** considered key barrier to investments in case of neutral or negative outlook. More specifically, **lack of planning reliability** as key reason behind a difficult regulatory environment.
 - ▶ Pulse check carried out among Chairmen of the WEC Member Countries in November 2014, received responses from 36 countries¹.

1: For some questions though, less than 36 respondents.

The overall investment mood in terms of energy infrastructure is positive

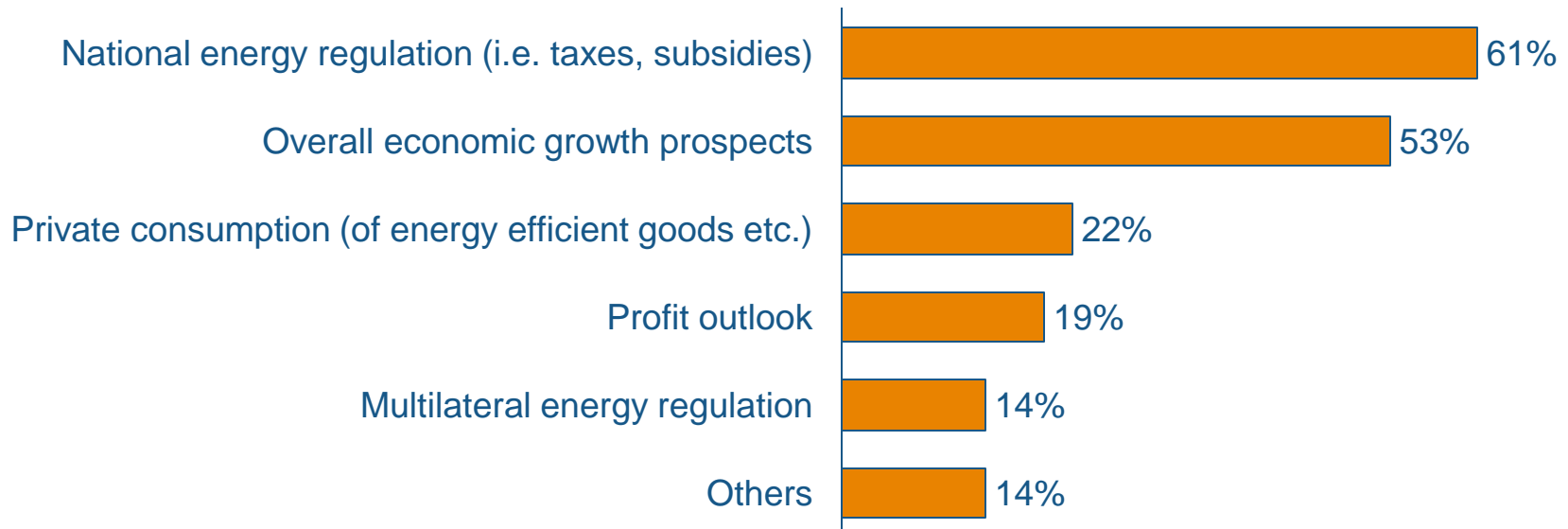
Question 1: How is the overall current investment mood in your country in terms of monetary investments in energy infrastructure?



- **Balanced outlook for Power, more positive view on Gas**
- **Investment mood regarding Energy Efficiency overwhelmingly positive across all regions**

National energy regulation and economic outlook are most important factors for investment mood

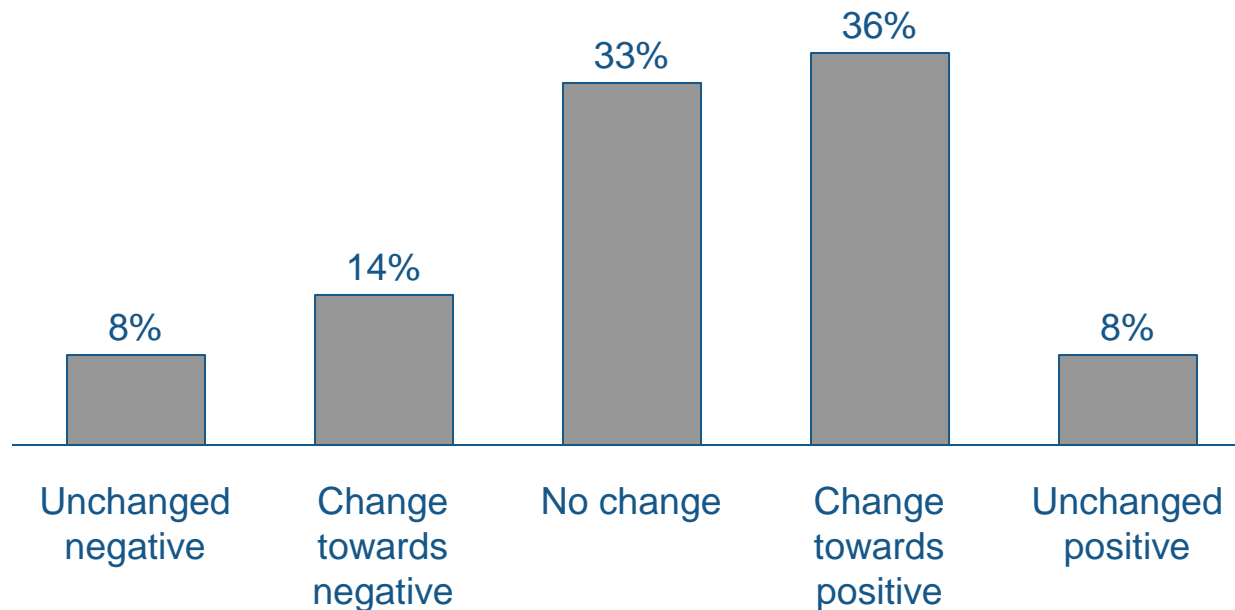
Question 2: Which factors are contributing most to the energy infrastructure investment mood?
(please select maximum two that apply best)



- National energy regulation as key factor reflects that energy continues to be a heavily regulated sector
- Overall economic growth prospects matters much more than profit outlook

Compared to last year, the investment mood is the same or even more positive

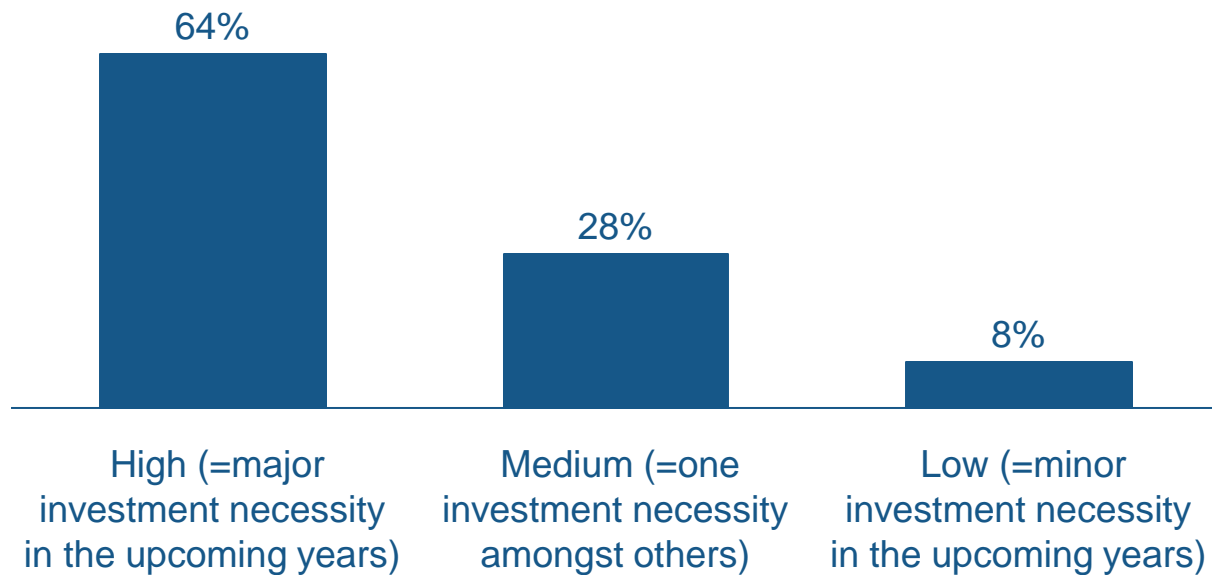
Question 3: Do you perceive a change in investment mood compared to last year?



▶ For more than 75% of respondents, the investment mood did not change, change to the positive or remained positive compared to last year

For two thirds of respondents, investments in energy infrastructure is a major necessity in their country

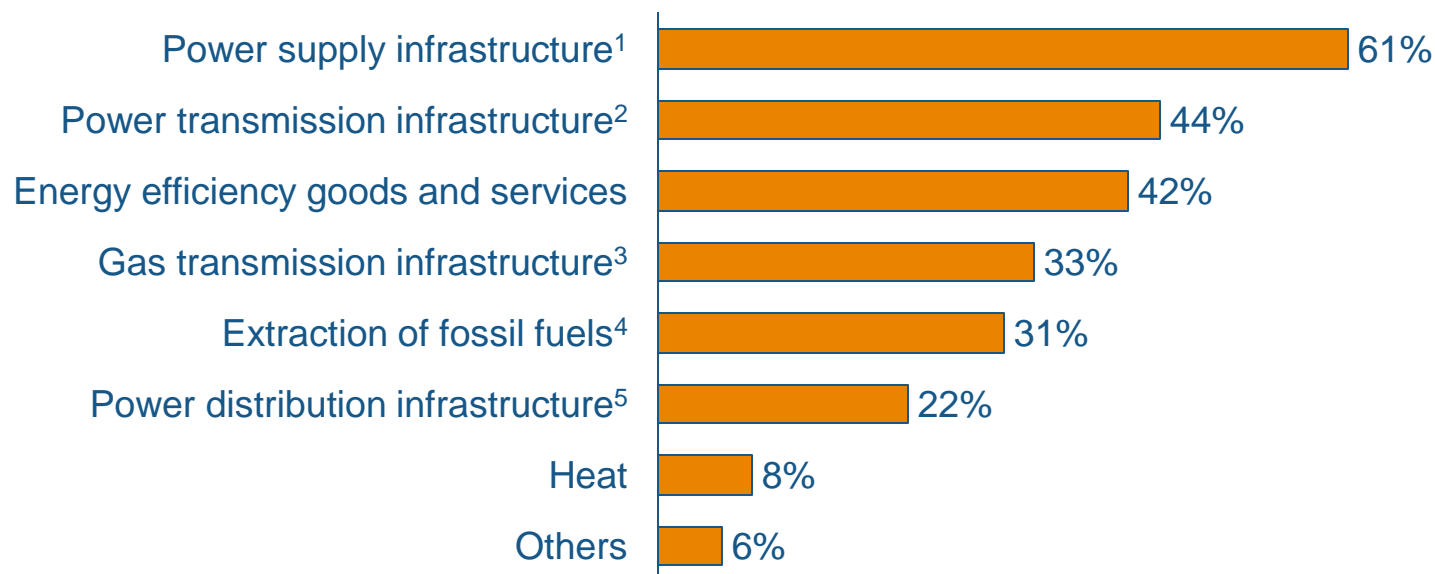
Question 4: How would you assess the need for investments in energy infrastructure in your country?



Investments in energy infrastructure are a high priority around the world

The power sector is attracting the biggest share of energy infrastructure investments

Question 5: In which dimension / aspect of energy is investment mainly flowing into?
 (please select maximum two that apply best)



▶ - **Power supply infrastructure as the most important destination of investments (no specification if conventional or renewable), followed by power transmission infrastructure**
 - **Very positive investment mood on energy efficiency not yet entirely reflected here**

1: i.e. power plants, wind parks

2: i.e. transmission lines

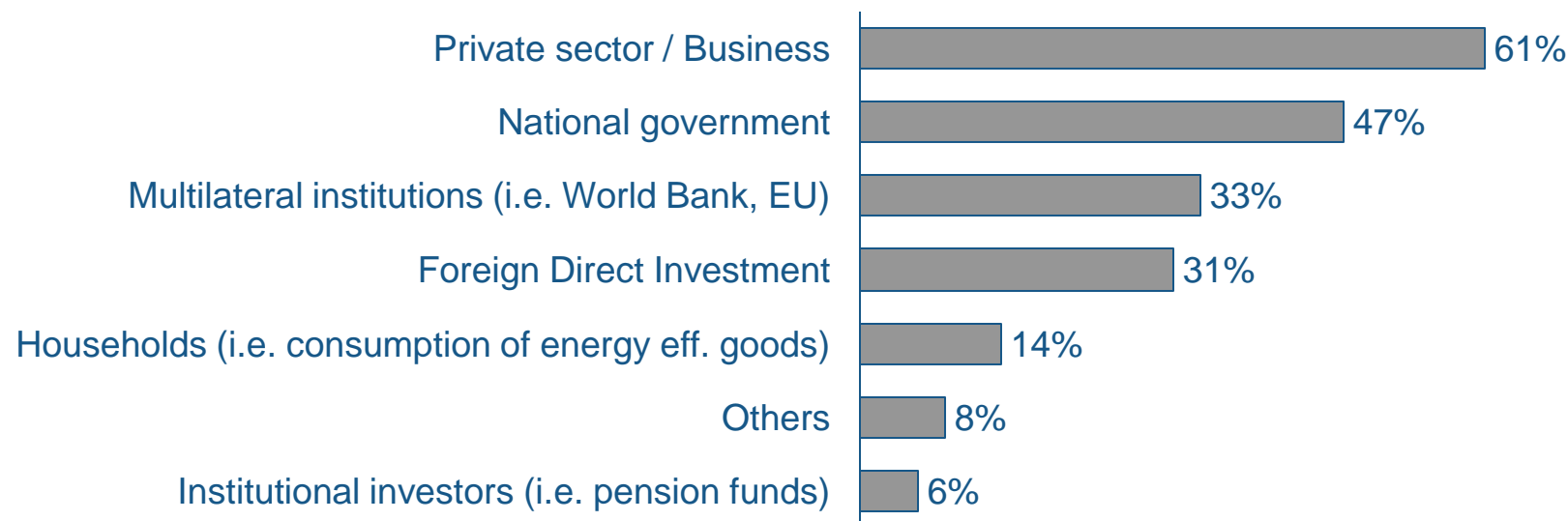
3: i.e. pipelines, LNG terminals

4: i.e. oil, gas etc.

5: i.e. distribution grid lines

The private sector is considered the most important investor in energy infrastructure

Question 6: From which parties are investments in energy infrastructure primarily coming?
(please select maximum two that apply best)

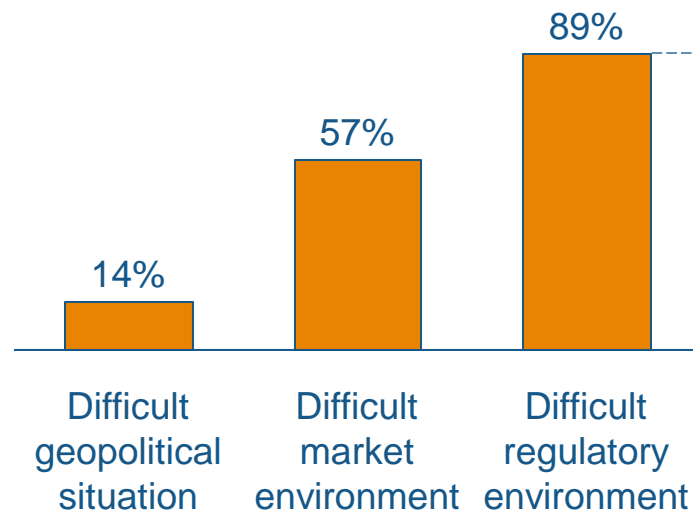


- Private sector / Business even more important than national governments
- Investments from abroad – multilateral institutions or FDI – also important contributors

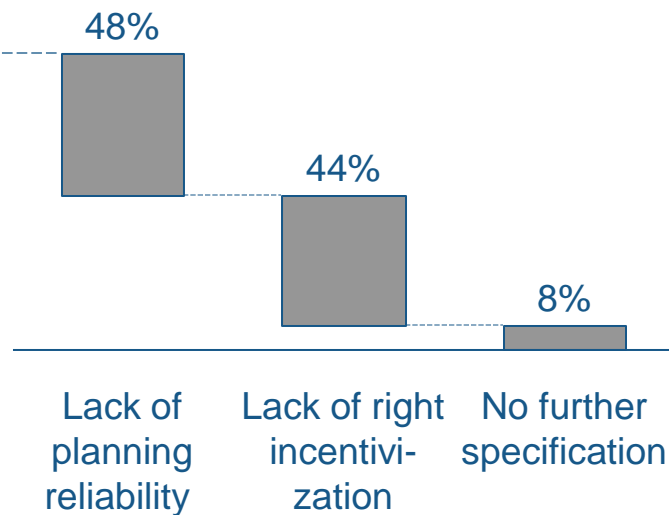
A difficult regulatory environment is considered the biggest barrier to investment

Question 7: In case of neutral or negative outlook, which barriers to investment in energy infrastructure do you see in your country?

Possible barriers



If „difficult regulatory environment“, then which factor behind it?



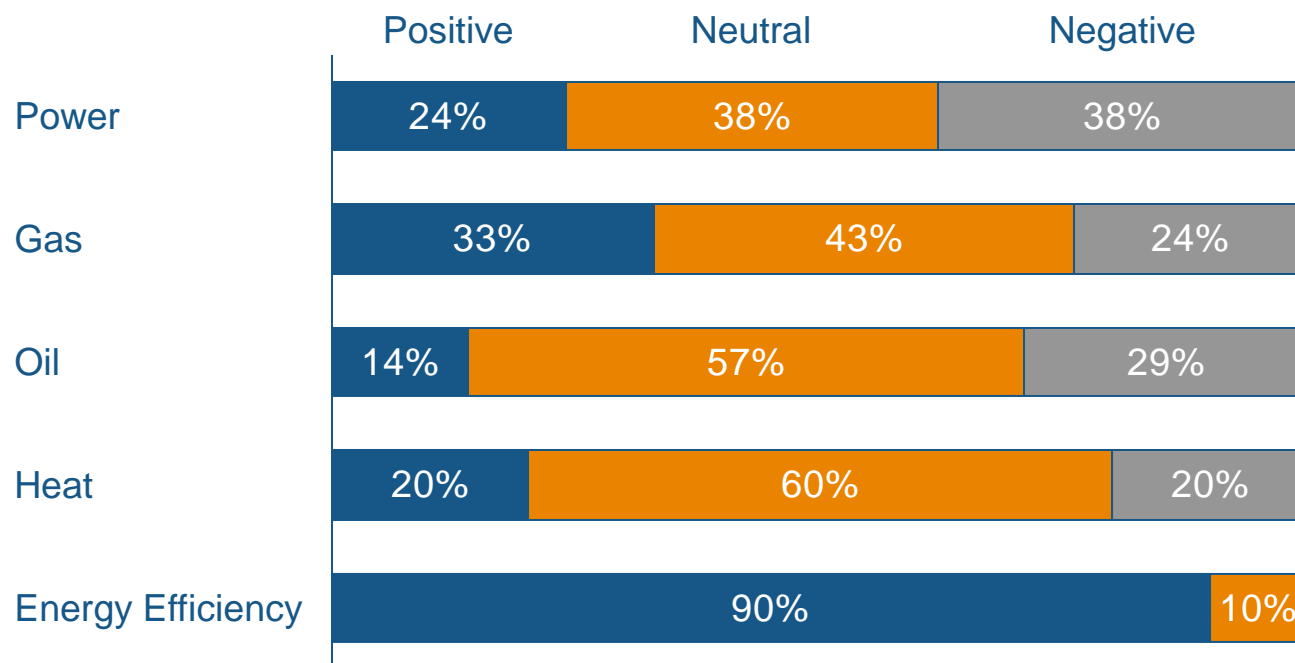
- In case of a neutral or negative investment outlook, almost all respondents cite a difficult regulatory environment as the most important barrier to investment
- A lack of planning reliability is the key problem behind a difficult regulatory environment

Agenda

- 1 Global View – 36 responses
- 2 **Europe vs. Rest of the World View – 21 vs. 15 responses**

Overall investment mood in terms of energy infrastructure rather neutral in Europe

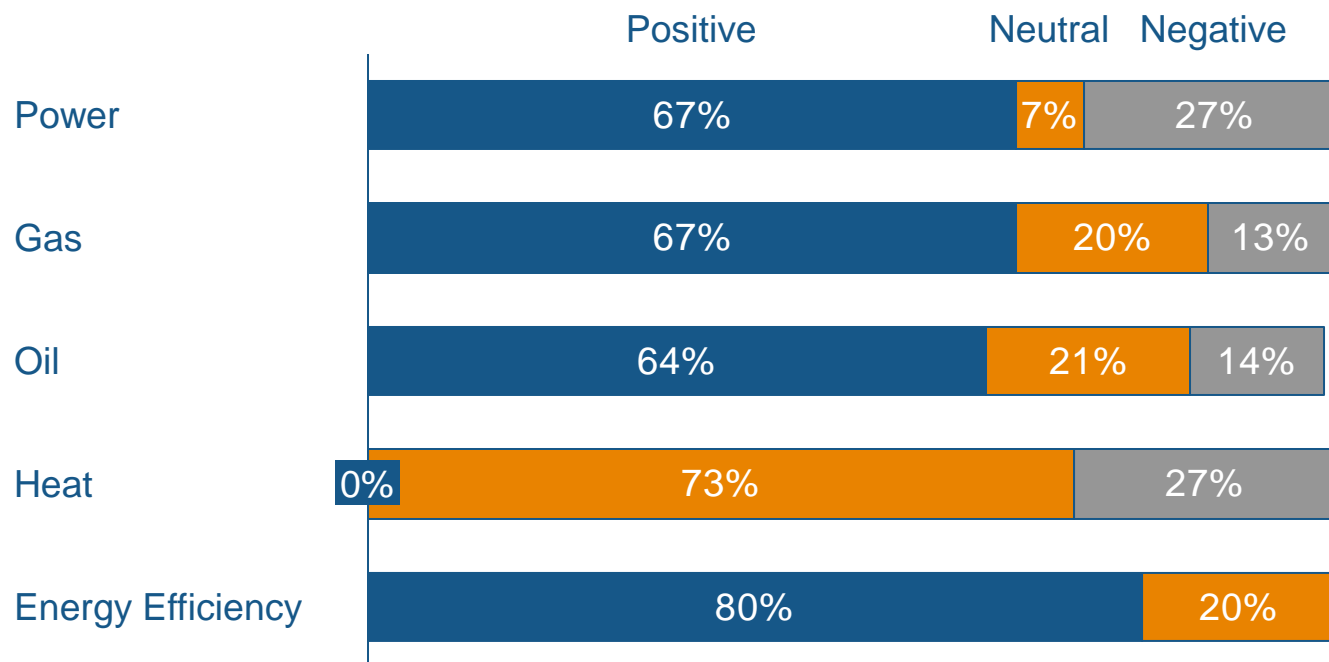
Question 1: How is the overall current investment mood in your country in terms of monetary investments in energy infrastructure? – Europe



- European outlook for Power and Gas much less positive than in rest of the world
- Investment mood regarding Energy Efficiency extremely positive across Europe

Very positive overall investment outlook for energy infrastructure outside of Europe

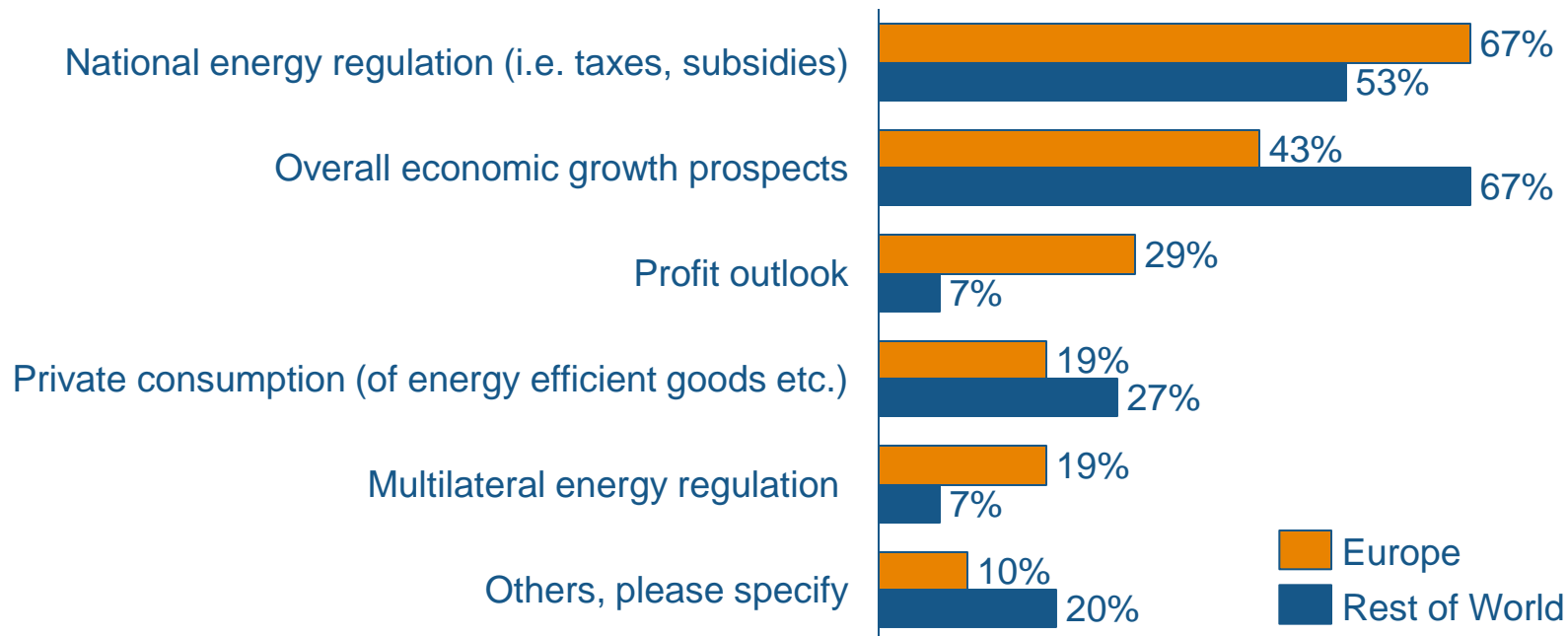
Question 1: How is the overall current investment mood in your country in terms of monetary investments in energy infrastructure? – Rest of World



▶ Very positive investment outlook outside of Europe matches perceived high need for investments in energy infrastructure

In Europe, national energy regulation more important for investment mood than overall growth

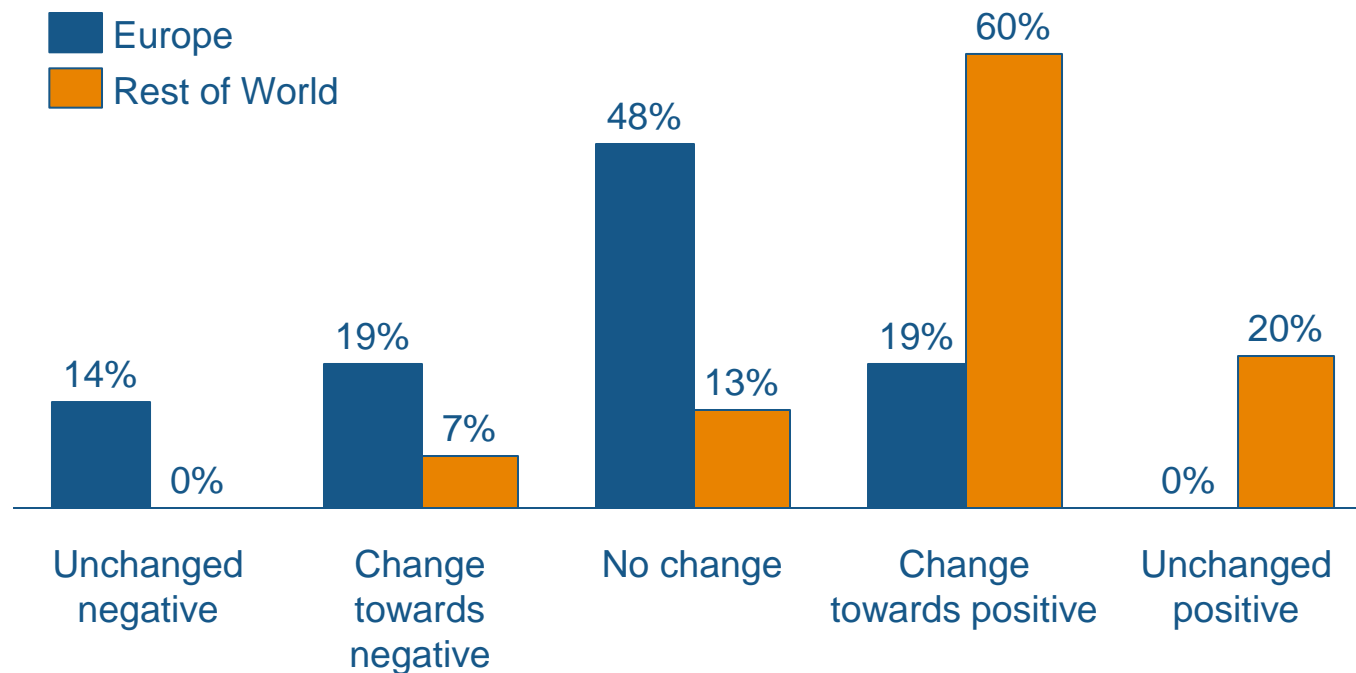
Question 2: Which factors are contributing most to the energy infrastructure investment mood?
(please select maximum two that apply best)



- National energy regulation more important in Europe than in rest of world, while outside Europe, overall economic growth prospects more important than regulation
- Higher influence of multilateral energy regulation reflects special European situation

Compared to last year, investment mood outside of Europe much more positive than in Europe

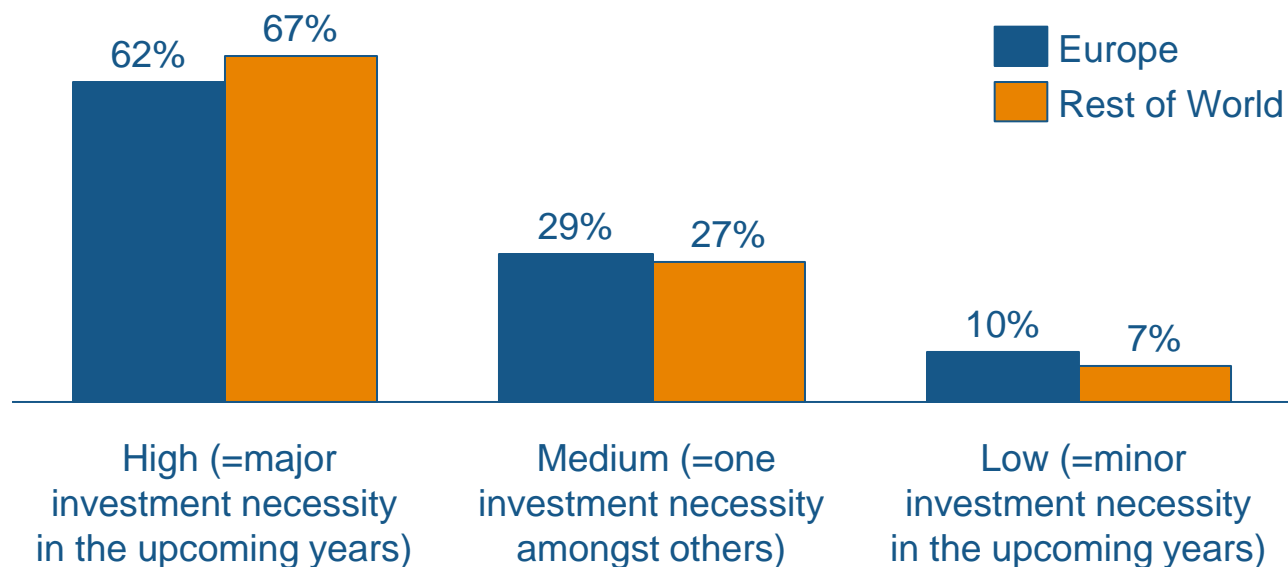
Question 3: Do you perceive a change in investment mood compared to last year?



- Overall, Europe outlook compared to last year almost exactly opposite to rest of world
- For almost 50% of European respondents no change, for none unchanged positive

Also for two thirds of Europeans, energy infrastructure investment is a major necessity

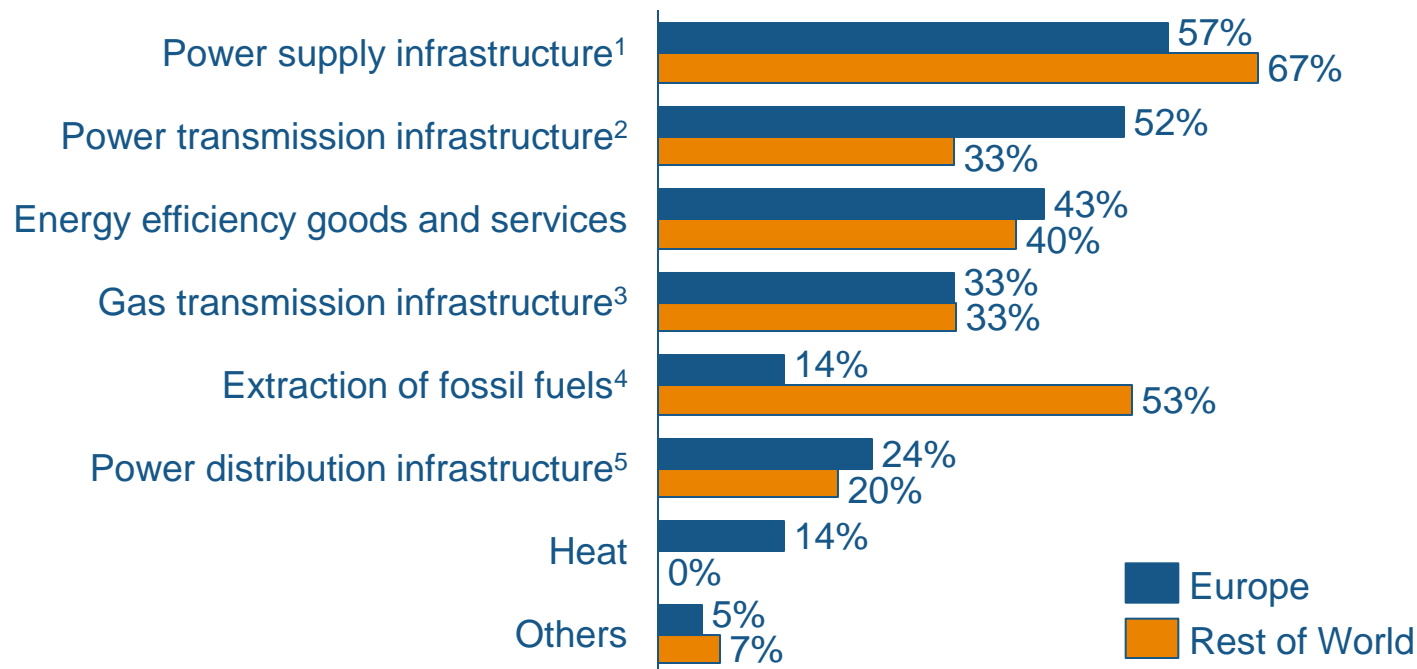
Question 4: How would you assess the need for investments in energy infrastructure in your country?



▶ **European and rest of world view very similar: investments into energy infrastructure are a major necessity in the upcoming years**

In Europe, the power sector is attracting the biggest share of energy infrastructure investments

Question 5: In which dimension / aspect of energy is investment mainly flowing into?
(please select maximum two that apply best)



- Overall very similar European view compared to global one, with power transmission infrastructure more pronounced
- Extraction of fossil fuels of course much more important outside of Europe

1: i.e. power plants, wind parks

2: i.e. transmission lines

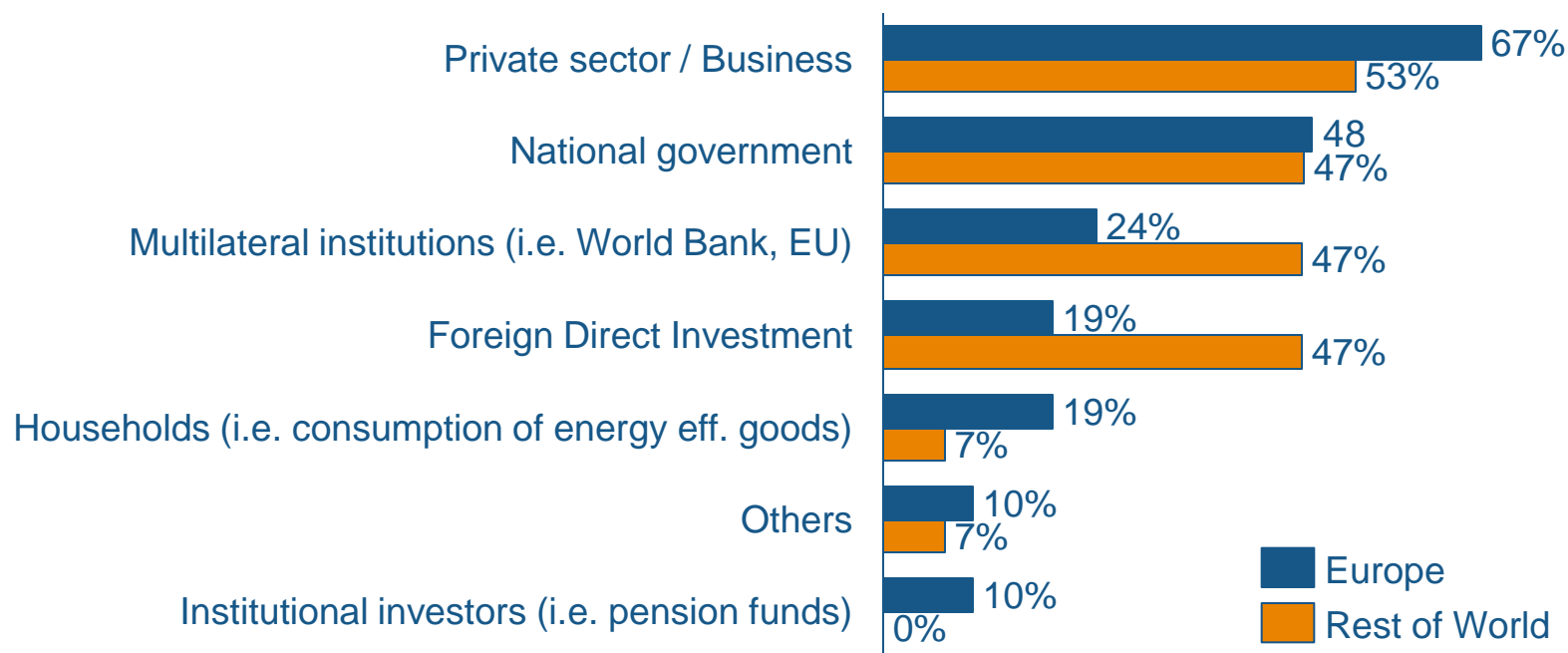
3: i.e. pipelines, LNG terminals

4: i.e. oil, gas etc.

5: i.e. distribution grid lines

Also in Europe, the private sector is considered the most important investor in energy infrastructure

Question 6: From which parties are investments in energy infrastructure primarily coming?
(please select maximum two that apply best)

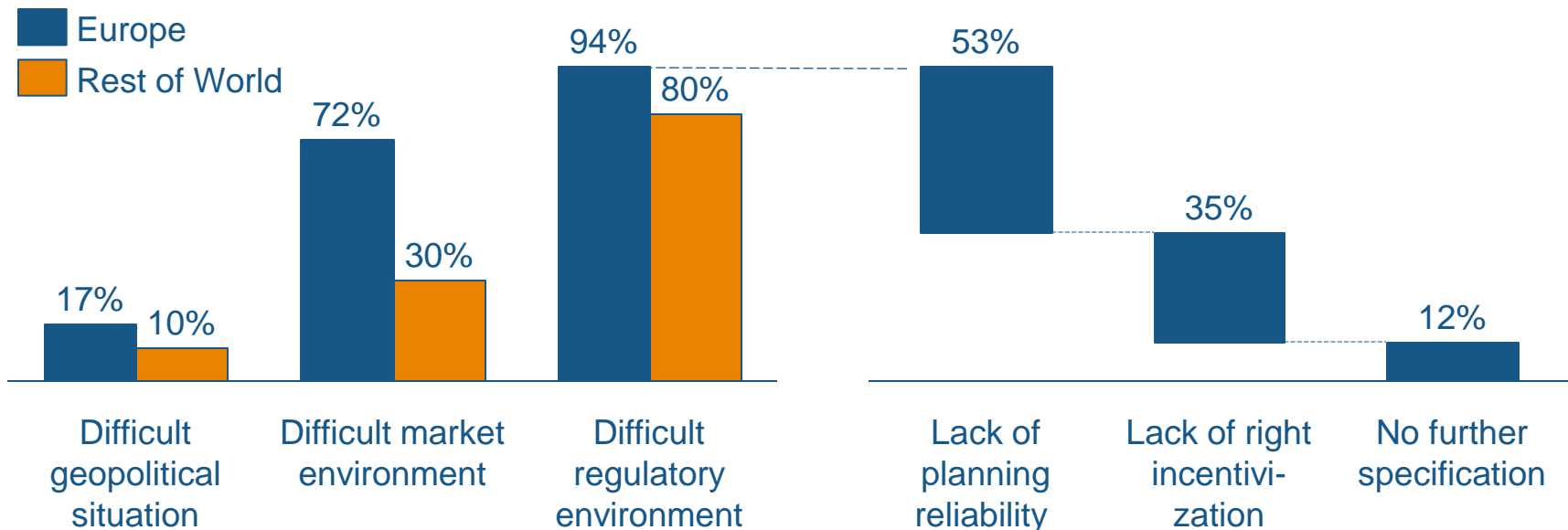


- European and global picture relatively similar: Private sector / Business more important than national governments, in Europe even more pronounced than in rest of the world
- FDI and multilateral institutions with increased significance outside of Europe

A difficult regulatory environment is considered the biggest barrier to investment – especially in Europe

Question 7: In case of neutral or negative outlook, which barriers to investment in energy infrastructure do you see in your country?

Possible barriers



- In case of a neutral or negative investment outlook, almost all European respondents cite a difficult regulatory environment as the most important barrier to investment
- A difficult market environment is a barrier for the majority of European respondents

Thank you

Any questions?

www.worldenergy.org
[@WECouncil](https://twitter.com/WECouncil)