Trio Market Update: Uptick in U.S. renewables project inventory aligns with increased demand, but new disruptors emerge

Tax credits through the Inflation Reduction Act are expected to drive a significant increase in solar, wind, and battery storage development

IRVINE, CALIFORNIA, USA, April 30, 2024 /EINPresswire.com/ -- Following a dip in Q4 of last year, project inventory for both wind and solar has seen a significant increase and was dispersed across most U.S. markets, according to the Q1 2024 Global Renewables Market Update published by Trio (formerly Edison Energy). These shifts aligned with buyer demand, which is focused heavily on ERCOT, SPP, and MISO. Continued renewables expansion is expected across both U.S. and European markets.

Solar project pricing across the U.S. has remained mostly stable, with the Q1 median solar PPA price just 6% higher than Q1 last year, compared to the 36% increase between Q1 2022 and Q1 2023.

Q1 saw major shifts in guaranteed commercial operation dates, with the largest number of projects now set to come online in 2027. This contributes to an ongoing trend of developers offering projects roughly 3 years from their operation dates, although many projects with 2026 CODs are still available. The number of offers for projects with a planned COD of 2028 or later has also increased. Notably, PJM and MISO suffer from major interconnection queue delays, which have already pushed out CODs for many projects.

New challenges have emerged for U.S. developers, including a lack of availability of high-voltage equipment. This has led to bottlenecks in development, with long lead times needed to procure equipment like transformers and breakers. The scarcity of this equipment has been attributed to labor shortages, supply chain disruptions, and raw material shortages.

Developers have seen some relief, however, when it comes to panel supply and pricing, as an

82% surge in imports in 2023 helped meet demand.

Utility-scale energy storage development — both as standalone and co-located projects with wind and solar — has increased substantially, triggered by tax credit increases and extensions included in the U.S. Inflation Reduction Act. In the near term, sellers may find that storage is an important tool for remaining competitive in energy markets. Outside of the U.S., European markets are introducing hybrid solutions to projects, which often include a combination of wind, solar, and batteries.

Renewable Energy Certificates (RECs) continued their decline in cost from Q4 2023 throughout Q1 2024. Despite these lower costs, market outlooks are positive, with more corporate buyers showing intent on purchasing RECs to meet increasing sustainability goals.

Green bond issuance is poised to accelerate over the next two years if interest rates fall, with an expectation that softer monetary policies in many developed economies will continue to spur the green bond market. The changing economics of clean energy procurement may drive additional corporate interest in these structures as buyers seek out new tools to reduce net costs.

With the release of the SEC's final climate-related financial risk rules in early March, transparency in carbon accounting and reporting took center stage for U.S. businesses in Q1. Under the SEC's final rules, a public company must disclose any climate-related target if it will impact the company's business, results of operations, or financial condition.

Check out Trio's quarterly report to find out more.

About Trio
Trio (formerly Edison Energy) is a global sustainability and energy advisory company that helps large commercial, industrial, and institutional organizations navigate the clean energy transition. Trio provides integrated strategy and implementation services – in sustainability, renewables, energy procurement, energy optimization and transportation electrification – to help the world's largest organizations meet their strategic, financial, and sustainability goals. Visit trioadvisory.com.

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