

Media Coverage

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GREEN DEALS: Kings of clean

Sophie Vorrath

China is still leading in the renewable energy investment stakes, having extended its lead in 2010, while Germany overtook the US to become the second-largest market for clean technologies including solar, wind and biomass generators, according to a Pew Charitable Trusts report based on *Bloomberg New Energy Finance* data.

Global investment in clean energy rose 30 per cent last year to \$US243 billion, according to the report, more than 90 per cent of which went to power projects and companies in the 20 largest economies. The data showed that while other countries were making clean energy investments a priority, the US was increasingly being left behind, Pew said. "China's surging growth is nothing short of remarkable," Phyllis Cuttino, director of Pew's Clean Energy Program in Washington, said in an interview.

"It should be a gigantic worry for the US – just three years ago we were first."

China's dominance was fuelled by a 39 per cent increase in investment to a record \$54.4 billion last year, reports *Bloomberg* – making it the world's largest manufacturer of wind turbines and solar modules and helping it overtake the US in installed renewable energy capacity. Meanwhile, renewable energy incentives in Germany and Italy, as well as ambitious production targets, helped the renewables industry surpass installed nuclear capacity for the first time in decades. China has set a goal of installing 20,000MW of solar power by 2020, and the European Union wants to generate 20 per cent of its power from renewable sources over the same period. In the US, 30 states have policies requiring utilities to buy an increasing amount of their electricity from renewable sources, but there's no nationwide mandate for clean energy.

The report also showed that solar power investments jumped 53 per cent in 2010 to a record \$US79 billion, generating 17,000MW of new capacity globally – enough for about 14 million homes, says *Bloomberg*. For wind, 40,000MW of capacity were installed, with \$US95 billion in investments. That helped to increase renewable energy installations at the end of last year to 388,000MW worldwide, compared to 377,000MW of nuclear capacity at the end of 2010.

If the time is right

China Huadian Corp, China's fourth-biggest power producer, is rumoured to be preparing to sell shares in its renewable-energy unit – Fuxin New Energy Co – in Hong Kong in the hope of raising up to \$US1.5 billion. According to unnamed sources quoted by *Bloomberg*, Bank of America, Citic Securities International and UBS have been hired to manage the IPO and the Huadian unit is expected to start trading in the second half. "Since the Japan nuclear crisis any company connected with the nuclear industry has been hammered and renewable companies have traded up in Hong Kong, so there's good market sentiment for renewable energy," said Dave Dai, an analyst at Daiwa Securities Capital Markets.

Wind farm operator China Longyuan Power Group gained 18 per cent in Hong Kong since the March 11 earthquake and tsunami in that led Japan's nuclear – the worst crisis since Chernobyl in 1986. China Datang Corp. Renewable Power Co. gained 13 per cent.

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Very Small, and yet quite big

The federal government has confirmed a commitment to invest \$2.09 million – through its Green Car Innovation Fund (GCIF) – in Australian company VSPC (Very Small Particle Company), which is developing a new generation of nano-scale cathode materials that, the company says, is set to revolutionise electric vehicles globally. The funds will go towards accelerating the final development of VSPC's technology, that will enable EVs to be recharged in roughly the same time as it takes to fill a tank of petrol. The innovation would give drivers an alternative to recharging overnight or swapping batteries on the road. VSPC's nano-scale lithium ion phosphate (LFP) would also result in a cheaper, more environmentally friendly and effective rechargeable battery for all drivers to use, says VSPC – the company's nano-scale cathode materials can greatly enhance battery performance, and can account for up to 40 per cent of the cost of a battery. And with almost every major car manufacturer with an EV either in the works or due for release in the next five years, VSPC's technology is already grabbing the attention of car makers and battery manufacturers, pushing for market leadership in the burgeoning EV sector.

“By thinking globally and acting locally, each petrol fuelled car that is replaced on the roads by an electric car will reduce greenhouse gas emissions by up to 90 per cent per vehicle, whilst reducing fuel consumption by up to 100 per cent,” says David MacInnes, CEO of VSPC. “Receiving this grant from the Green Car Innovation Fund is recognition of the potential significant impact our technology can have on the global electric vehicle industry, the environment and well being of drivers, passengers and pedestrians and it will move one step closer following this grant.”

Three years on...

For the Arkx Clean Energy Fund, the March quarter of 2011 has seen it reach a number of key milestones, not least of all, marking its third year investing in global listed equities – an important step in maintaining an acceptable track record for institutional investors. In the 38 months to February 2011, Arkx has delivered a -5 per cent return after all costs – which the company concedes doesn't look so impressive in absolute terms. But given the period covers the GFC, it puts Arkx well ahead of the Bloomberg New Energy Index (the NEX), which is down 51 per cent in the same period, and also well ahead of Arkx's benchmark, the MSCI World at -17 per cent.

Arkx has also doubled its FUM (Funds Under Management) in the March 2011 quarter and, with a retail investor PDS due for release in June 2011, the fund manager says it is looking forward to being open to public investors. The investment team has now expanded to four analysts and portfolio managers with the appointment of Fiona Skewes – who also works part time at The Climate Institute – as an investment analyst.