

STONEPEAK SEES RENEWABLES OPPORTUNITY IN JAPAN, KOREA AND TAIWAN

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Stonepeak sees an opportunity for renewables investments in Asia, where capital needs are actually the greatest, according to co-Chairman and co-CEO Michael Dorrell.

“In 2018, the amount of renewables installed in Asia was about five times that of Europe and the US, but the capital access is the reverse,” Dorrell said while speaking at Pension Bridge 2019 in San Francisco yesterday (10 April). Funding is available more easily in the US than in Asia, he added.

While there are niches in Canada and the US -- such as in the commercial and industrial sectors -- utility scale investments are tough from the perspective of returns, said Dorrell.

In the US, where there is more capital than transactions, getting capital back from shovel-ready projects can take up to 15-20 years of the contract term, Dorrell said. “That’s how expensive, or how low returning solar and wind has become for utility scale stuff in the US,” he said. It’s essentially a long-term bet on the level of merchant power prices after the PPA expires, which he said is a tough bet to make.

“It’s much more interesting in developed markets in Asia such as Taiwan, Japan and Korea,” said Dorrell, describing the regions as very investible.

He has no problems with removing US subsidies.

“It’s the appropriate thing to do”, he said, adding that the cost of wind and solar is now competitive with that of natural gas.

On 29 March, *Inframation* [cited sources](#) as saying that the manager looks set to kick-off fundraising for its Stonepeak Global Renewables Fund with the appointment of Campbell Lutyens as placement agent and Simpson Thacher & Bartlett as legal advisor.

The fund, which will be both the manager’s first dedicated renewable energy fund and first global investment fund, is likely to have a target of USD 1.25bn, according to the sources. Stonepeak Infrastructure Partners held a USD 7.2bn final close of Stonepeak Infrastructure Fund III in July 2018.

Stonepeak Infrastructure Partners' flagship infrastructure funds have had an ability to invest up to 20% of capital commitments outside of North America, however it was only with the firm’s acquisition last year of UK fibre company euNetworks that it ventured out of its domestic market for the first time.

At press time it was not clear whether Dorrell’s comments were applicable to both Stonepeak funds.

Electric utilities

Dorrell voiced concern over electric utilities, citing acceleration of renewable projects and the nearing viability of battery technology on a commercial scale.

“If you believe reports, we’re only five to 10 years out before a combination of renewables with batteries is just as cost effective as traditional power,” he said.

“I’m not saying don’t go and buy one, but if you do, buy it for 6x rather than 12x,” said Dorrell.