



Sustainability@Commerzbank | Issue 13 | November 2017

Renewable energy now increasingly competitive

Corporate Responsibility Newsletter

Dear Sir or Madam,

Renewable energy is playing an ever-increasing role in Germany's electric power mix. Around one third of the electric power generated in Germany today comes from renewable sources. The most important of these is onshore wind, i.e. land-based wind turbines, followed by biomass, solar and, to a lesser extent, hydroelectric and offshore wind. Back in 2000, renewable sources accounted for only around 6% of the German electricity supply. Commerzbank, with its team of over 60 specialists in the Competence Center Energy (CoC Energy), has been supporting this dynamic trend for more than 30 years.

Following the massive changes in recent years, the energy market is undergoing a fundamental transformation. The success of renewables has been a significant factor behind that trend. The annual growth in installations in recent years has led to a substantial decline in electricity production costs. This applies in particular to solar power generation, but also to wind turbines. Growth in renewables is increasingly shifting into new markets. On the technology front, a trend towards offshore installations can be seen in the wind energy segment. Commerzbank believes that the installed capacity in Asia will increase almost tenfold over the next 10 years.

In Germany, too, things are happening in the world of regenerative energy sources. In 2017, an auction process was implemented for arriving at renewable electric power prices. Before that, fixed subsidies were in place that gave budgeting certainty to project developers and investors. Now prices are determined in a competitive process. The bidder offering the lowest subsidy level wins the auction and can implement its project with the indicated subsidy. The resulting competition has led to declining costs. Recently, the offshore segment has actually seen winning bids at EUR 0 per MWh – although certain special effects were involved. If these projects are successfully implemented, it will mean a substantial reduction in production costs and thus an important step towards competitiveness as compared with conventional sources such as hard coal, lignite, nuclear energy and natural gas.

Commerzbank has been following developments in the renewable energy sector since the 1980s, and opened the Competence Center in Hamburg in 2006. It provides financing to projects as well as corporate clients involved in the renewable energy value chain. "This enables us to maintain an overview of the entire process chain, from the turbine manufacturer to project developers and the implementation phase," says Berthold Bonanni, the head of CoC Energy at Commerzbank. A priority for the unit is new developments in the energy market resulting from the steady increase in power output from renewable sources, such as storage technologies, grid development and digital business models. With a credit volume of around EUR 4.9 billion in project financing and EUR 1.5 billion in corporate loans, Commerzbank is one of the leading lenders in the renewable energy segment. "To share in global growth in this sector, the key to the future will be internationalisation. We want Commerzbank to have a bigger share in that development," Bonanni adds. ► **Competence Center Energy**

Experiencing nature up close – applications now being accepted for the Commerzbank Environmental Internship 2018

Again next year, up to 75 students can complete Commerzbank environmental internships. The application phase will continue until 15 January 2018. The interns will be fully integrated into the working processes of the conservation areas and can carry out their own projects in the fields of environmental education and public relations. Over the past 30 years, nearly 1,600 participants have completed internships in one of the now 27 participating conservation areas. In 2018, the UNESCO Biosphere Reserve Pfälzerwald-Vosges du Nord and the UNESCO Biosphere Region Black Forest will be added to the list. Commerzbank organises and finances the internship, with the conservation areas providing the professional support. The students themselves work to protect the environment and nature. ► **More details (German only)**

Learning for life – Commerzbank Foundation supports consumer education

Debt, sugary drinks, the threat of prosecution for digital downloads: Everyday life as a consumer can be a risky business. The German Consumer Protection Foundation is rising to the occasion. With the support of the Commerzbank Foundation, it is promoting consumer education – especially for children and teens. Key areas of the campaign are finance, nutrition and health, media and sustainable consumption. In consumer schools, these issues are incorporated into everyday learning through playful activities to prepare pupils for the world of consumption at an early stage. ► **More details (German only)**

Recycling Award for paper towels

Since 2016, Commerzbank has been sending paper towels from the head office washrooms to a recycling facility. So far more than 25 tons of recycled towels have found their way back to shops as toilet paper. This trailblazing project by Essity has now been selected for the 2017 European Paper Recycling Award. ► **More details**

Commerzbank helps Iberdrola with issue of green bond

The Spanish energy group Iberdrola issued a green bond valued at EUR 750 million in September 2017 with the help of Commerzbank. The 10-year bond has a 1.25% coupon. Iberdrola will use the proceeds to fund and finance renewable energy projects in Germany and the UK. Commerzbank acted as the joint bookrunner for the bond issue. It was the sixth green bond transaction for Iberdrola. ► **Green Bonds at Commerzbank**



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