



## 2020 renewable energy industry outlook

### Executive summary

Falling costs and rising capacity factors, along with the emerging competitiveness of battery storage, drove renewable energy growth in 2019. Declining battery storage costs increasingly enable wind and solar to compete with traditional “dispatchable” energy resources. In addition, the renewable energy sector saw significant demand from most market segments as overall consumer sentiment remained positive.

In 2020, the prospects for short-term solar and wind energy growth appear favorable, with about 96.6 percent of net new generation capacity additions (~74 GW) expected to come from these two resources.<sup>1</sup> Offshore wind may finally be poised to take off in the United States, and innovation and collaboration across the renewable industry and its stakeholders will likely yield further growth. However, renewable energy companies should keep an eye on new tax and trade policies that may take shape in 2020.

## What to expect in 2020:



### Competing with traditional energy sources

Overall flat US electricity load growth, rapidly declining renewable energy costs, and maturation of energy storage are increasing competition between traditional and renewable energy resources, as renewables compete to replace retiring coal capacity and aging gas and nuclear plants.



### Opening the door for offshore wind

After a spate of state and federal policy initiatives sparked the US offshore wind industry in 2018–2019, several new offshore projects were announced and development appears poised to take off.



### Boosting grid resiliency

The increase in severe weather events, from hurricanes and floods to wildfires, has caused longer duration outages and growing demand for resiliency—a call that renewables, storage, and microgrids can answer.



### Collaborating for growth

Businesses, consumers, governments, utilities, and others find that pooling resources and collaborating can hasten progress on clean energy goals and promote renewable energy growth.

## How to prepare for 2020:

The year ahead promises further growth in the renewable energy sector. This will likely come against a backdrop of increased innovation and collaboration among multiple stakeholders. Renewables are likely to continue moving into the driver's seat in electricity markets as utilities and regulators prefer them to replace retiring capacity and customers increasingly choose them to save costs and address climate change concerns. Growth in the US offshore wind sector and grid resiliency will likely bring multiple opportunities for industry players as states vie for port infrastructure projects and customers increasingly consider renewable microgrids combined with storage solutions. However, trade and tariff policy uncertainty will likely keep the industry on the lookout for risk mitigation tactics. But companies that are ready to innovate, collaborate, and seize new opportunities will likely thrive in a new phase of renewable growth.

For more information, or to download the full report, visit:  
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<sup>1</sup> SNL, <https://platform.mi.spglobal.com/web/client?auth=inherit&overridecdc=1&#industry/historicalFutureCapacity>, accessed 2019.