

EU energy**Iberdrola plans €10bn-a-year clean energy push**

Spanish renewables specialist bets sector will boom as EU pumps funds into crisis recovery



Iberdrola's bet on renewable energy has helped it become Spain's second-largest listed company © Iberdrola

Daniel Dombey in Madrid 3 HOURS AGO

Iberdrola plans to invest at record levels in coming years, as it touts the crisis recovery as a once-in-a-generation opportunity for the energy sector to transform itself.

The clean energy specialist, Spain's second-biggest listed company, is carrying out €10bn of investment in 2020 — a level Ignacio Galán, chairman and chief executive, said it planned to maintain after this year.

“Over the past years, we have been investing an average of around €5bn, €6bn; this year we are going to invest €10bn . . . in more renewables and accelerating the construction of networks,” said Mr Galán, who has headed the company for 19 years.

“It will not be very different in the coming years . . . we will be at these levels,” he told the Financial Times. “We are in a good sector at a good time.”

The Iberdrola boss argued that the clean energy sector stood to be among the beneficiaries of a €750bn EU coronavirus recovery fund proposed by the European Commission, which the bloc's leaders will debate at a summit next week.

“Everyone wants to get out of the economic crisis as quickly as possible and look for sectors that can speedily generate jobs and make the economy more competitive and sustainable,” he said. “And there are two sectors that provide that and are already priorities: the [EU’s] [Green Deal](#) and digitalisation, and our sector is involved in both.”

He added that electricity networks needed to be more digitalised and efficient, arguing that the crisis provided an additional reason to speed up the EU’s goals to cut carbon emissions to roughly 60 per cent of 1990 levels by 2030. “If we could accelerate the national energy and climate plans in Europe we could create around 2m jobs across the continent by 2025,” he said.

Although the European Green Deal envisages total public and private investment of at least €1tn, he added that he did not expect problems for the energy sector in raising the vast sums needed.

“In our sector at present, if there is legal stability, regulatory stability and reasonable returns, we can raise the money we need,” he said, adding that Iberdrola had raised €11bn in green bonds — including more than €1bn during this year’s crisis — “at very, very cheap rates.”

Iberdrola’s bet on renewable energy has helped it become Spain’s second-largest listed company, with a market capitalisation of about €66bn. It is Europe’s second-biggest energy utility, behind Italy’s Enel.

The group has boosted annual investment by more than 50 per cent over the past two years from €6.2bn in 2018 — in contrast with companies in the oil and gas sector that are [cutting](#) capital expenditure under pressure from weak prices.

Iberdrola is also active in the UK, where it owns Scottish Power, now a 100 per cent wind energy company; the US, where its Avangrid unit is the third-biggest wind operator; Brazil; and Mexico.

Twice weekly
newsletter



Among the big-ticket items on which it is focusing investment this year and next are a joint venture in a \$2.8bn US offshore wind farm, a €1.5bn hydro energy storage project in Portugal and a €300m solar energy development — intended to be Europe’s biggest — in Spain.

Energy is the world's indispensable business and Energy Source is its newsletter. Every Tuesday and Thursday, direct to your inbox, Energy Source brings you essential news, forward-thinking analysis and insider intelligence. [Sign up here.](#)

Mr Galán said the company practised what he called “greenfield M&A” — buying smaller groups and then building up infrastructure around them, as it has done in the US in recent years.

Iberdrola maintains it can repeat this process with Infigen, an Australian renewables group it is trying to acquire.

[Copyright](#) The Financial Times Limited 2020. All rights reserved.