

Energy Technology Advisory

## What 2014's Continued IPO Surge Means for Clean Tech and Renewable Energy Companies

08.14.2014

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The year 2014 is on track to be the most active IPO market in the United States since 2000, with the mid-year total number of IPOs topping last year's mid-year total by more than 60%.<sup>1</sup> There were 222 US IPOs in 2013, with a total of \$55 billion raised, and 2014 has already seen 151 US IPOs, for a total of \$32 billion, completed by the mid-year mark. The year 2000 (over 400 IPOs) was the last year of a 10-year boom in US IPOs that reached its peak in 1996 (over 700 IPOs).

What does this mean for emerging energy technology and renewables companies that might be looking to the capital markets? As of mid-year 2014, there have been six clean tech/renewables IPOs, while there were seven in all of 2013. In both years, these deals have represented a relatively small percentage of total IPOs and still do not match the level of activity in the more traditional energy and oil & gas sector. In 2014, IPOs were completed by a range of innovative companies, including Aspen Aerogels, TCP International, and Opower.

Two unambiguously positive developments for clean energy in 2013 and the first half of 2014 have been the strong market for follow-on offerings and YieldCo IPOs. As was the case in 2013, several larger energy tech companies that are already public completed follow-on offerings to bolster cash for growth in 2014. Following in the footsteps of Tesla, SunEdison, First Solar, and other companies who completed secondary offerings in 2013, Rubicon Technology (January and March 2014), Jinko Solar (January 2014), Pattern Energy (May 2014), Plug Power (January and April 2014), Trina Solar (June 2014), and several other public companies capitalized on the continued receptiveness of clean-tech capital markets.

Following on successful YieldCo IPOs in 2013 (NRG Yield, Pattern Energy), there have already been three YieldCo IPOs in 2014: Abengoa Yield, NextEra Energy Partners, and, most recently, Terraform Power. The continued growth of YieldCo deals as well as the growing dollar amount of such offerings is an extremely encouraging sign for the energy and clean-tech sector as a whole, signaling a longer-term market acceptance of the ongoing changes in domestic and global energy consumption. The successful public market financings of these companies – whose strategy typically involves the purchase and operation of existing clean, energy-generating assets – should result in increased access to capital for renewable energy generation assets, as well as related technologies and services across the sector.

If the first half of this year is any indication, 2014 should prove to be a strong year for clean-tech and renewable energy companies opting to pursue the IPO path. The IPOs, follow-on offerings, and YieldCo successes that we've seen so far should improve the prospects for forthcoming clean-energy IPOs in the second half of 2014 and beyond. I expect to see more renewable/clean energy companies follow the IPO route and make the most of the market's continued receptiveness.



Sahir Surmeli, Member

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### Endnotes

<sup>1</sup> Please note that there will be some variance in the statistics for IPOs generally. This is because most data sets exclude extremely small initial public offerings and uniquely structured offerings that don't match up with the more commonly understood public offering for operating companies. The data above is based on information from <http://bear.warrington.ufl.edu/ritter/IPOs2012Statistics.pdf> and Renaissance Capital [www.renaissancecapital.com](http://www.renaissancecapital.com).

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4152-0814-NAT-ECT