Unearthing greener investment

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The green economy, aiming for sustainability while driving economic growth, is gaining momentum. From cutting-edge tech to renewable energy, this article explores its diverse facets. Discover how investments in carbon-reducing innovations are pivotal, and why transitioning to a green economy is essential for a prosperous future.

The green economy refers to an economic system that aims to foster sustainability and reduce environmental impact while promoting economic growth and development. It encompasses various sectors and practices that prioritise resource efficiency, renewable energy sources, conservation of natural resources, and the reduction of greenhouse gas emissions.

From sustainable agriculture and biodiversity to waste management and green finance, the green economy seeks to achieve a balance between economic growth, environmental protection, and social equity, ensuring that future generations can meet their needs without compromising the ability of future generations to meet theirs.

While many of these areas continue to climb the mainstream agenda, we're currently turning our attention to the innovators who are focused on new technology that helps to reduce carbon emissions. Investing in such projects and initiatives undoubtedly has numerous positive environmental impacts; and presents the potential for very strong returns for investors.

Scientists tell us that to preserve a liveable planet we must reduce the amount of CO_2 in the atmosphere from its current level of 410 parts per million to 350 PPM or below.

That's why we are on a mission to identify and assist the most promising environmental companies - incubating and accelerating their development to meet the needs of the carbon reduction agenda.

As integral member of the 'green economy', we must all work collaboratively to raise awareness of the inherent benefits of investing in green infrastructure for long-term prosperity.

The green economy drives innovation in clean technologies, renewable energy sources, energy storage solutions, and sustainable materials, fostering technological advancement, job creation and economic growth, as well as climate resilience.

According to the London Stock Exchange Group (LSEG) the green economy is growing rapidly and accounted for around 9.2% of global listed equity markets in the first half of 2023. It has grown at a compound annual growth rate of 13.3% throughout the past ten years, significantly outpacing the 6.9% for global equity markets as a whole.

And this is likely just the start. Trillions more dollars of investment are required to flow into the green economy to meet global climate and environmental objectives. If this happens, by some calculations, around 20% of revenues earned by listed companies would be 'green' by 2050, and the green economy would become the single largest industrial sector.

The renewable energy sector is funded through a combination of private investment, government support, corporate involvement, and innovative financing mechanisms, all of which play crucial roles in driving the transition to a more sustainable energy future.

Major renewable energy projects, such as wind farms and battery energy storage facilities, require significant upfront capital investment, so we rely on project finance to secure funding from banks, financial institutions, as well as private investors, to finance the development, construction, and operation of these projects. These investments are typically backed by the expected future cash flows generated by the project.

Furthermore, many governments still offer incentives and subsidies to promote the development and adoption of renewable energy technologies. These incentives can include tax credits, grants, feed-in tariffs, renewable energy certificates, and other financial incentives that help reduce the cost of renewable energy projects and make them more financially viable.

Increasingly, large corporations are investing in renewable energy projects as part of their sustainability initiatives and to meet renewable energy targets. They may directly invest in renewable energy projects or enter into power purchase agreements (PPAs) to buy renewable energy from project

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developers during the course of a long-term period, typically ten to 25 years.

Green bonds and sustainable finance are financial instruments that are specifically earmarked to fund environmentally sustainable projects, including renewable energy projects. Investors purchase these bonds to finance renewable energy infrastructure and other green initiatives, contributing to the growth of the renewable energy sector.

At 350 PPM, we are working at a very exciting end of the spectrum, identifying some of the most fascinating breakthrough technology that has the potential to make a real impact on decarbonisation and climate change targets.

We generally look for businesses that have already been extensively funded through grants and are now at the stage of minimal viable product (MVP) or prototype stage.

From fusion power and waste-to-energy plants, through to recyclable building boards, by incubating and accelerating the growth of these businesses, we need to look at various sources of funding to support research, commercialisation and launch strategies that will ensure these brilliant ideas actually reach the market.

There are various governments and public agencies that provide funding and grants to support research, development, and demonstration projects in the renewable energy space. These funds can support innovation, technology commercialisation, and the deployment of new technologies. However, not all projects are eligible, and more often than not, significantly more money is required than can be secured through public means.

Private equity firms and venture capital investment can also provide valuable resources at various stages of development, from early-stage startups to established firms. These type of investments can support a wider range of projects that will ultimately help the sector to expand and deliver on carbon reduction targets.

We often need to think outside of the box for funding sources and have successfully utilised crowdfunding platforms to provide opportunities for grassroots participation in the energy transition by enabling private individuals to invest directly in projects they find appealing.

While the risks can be high, there are also rewards to match.

Leading the transition to a green economy will undoubtedly enhance our country's international competitiveness by positioning us as a leader in clean technologies, sustainable practices, and environmental stewardship, attracting investment and fostering global partnerships.

Investing in the green economy offers not only the potential for significant financial returns but also the opportunity to make a positive impact on the environment, society, and economy, aligning with long-term sustainability goals and creating value for stakeholders.

350ppm.co.uk

About 350 PPM

350 PPM is on a mission to reduce the amount of CO_2 in the atmosphere to 350 parts per million and reduce CO_2e, equivalent greenhouse gases, to similar levels. It operates as a central legal entity whose purpose is funding and assisting breakthrough environmental businesses.

As a result, the companies selected for its portfolio are those that can make the biggest impact on reducing the level of CO_2 per USD invested. It operates as an incubator and accelerator participating directly in the development of client companies to support success, and its portfolio currently includes Eng8, Enviraboard, GreenMine and Megawatt Mosaic.

350 PPM is currently raising investment funds for expansion and is in the process of forming a £50m fund for assets under management (AUM), which it hopes will lead to series A rounds, the first significant round of venture capital financing, for companies it has previously incubated.