

BBGI CLEAN ENERGY 100 USD INDEX AND STRATEGY

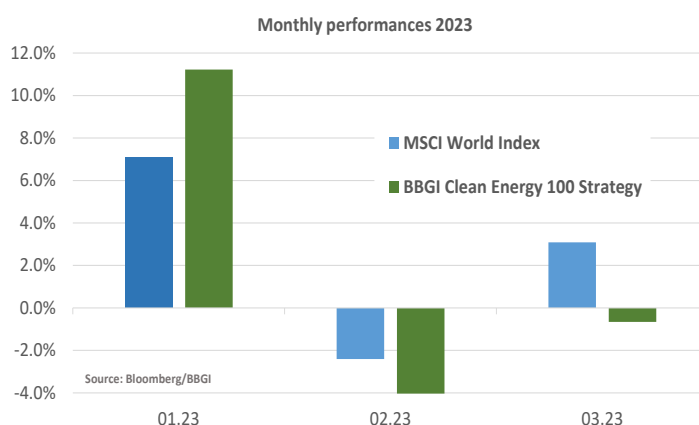
A BBGI Exclusivity since 1999

March 2023

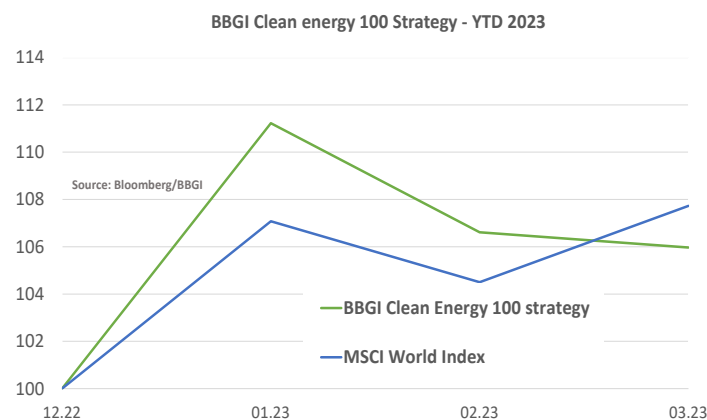
Annualized performance of
+11.27% since 1999

The downward trend is weakening for RE

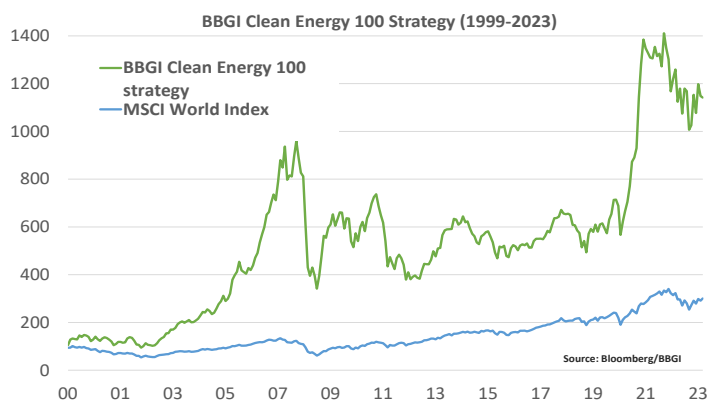
	March	YTD
BBGI Clean Energy 100 strategy:	-0.66%	+5.97%
BBGI Solar Sector:	+3.63%	+8.37%
BBGI Wind Sector:	+1.20%	+7.47%
BBGI Biofuel Sector:	-9.09%	-11.90%
BBGI Energy efficiency Sector:	-2.34%	+7.50%



The downward trend eased for renewable energies in March (-0.66%), which ended the quarter with a positive performance in cumulative terms (+5.97%). The energy efficiency segment continued its downward trajectory by falling by -2.26% in March. The bio-energy industry is also in the red, falling heavily by -9.09% this month. The photovoltaic and wind industries are in positive territory and ended the first quarter with an increase (+3.63% and +1.20% respectively). The British government plans to greatly simplify the permitting process for the installation of offshore wind projects in 2023. An initiative that should greatly favor companies like Vestas, very active in Great Britain, while another major player in the industry, Nordex, which does not have an offshore wind offer, should take a significant delay on its competitor. The UK is the world leader in offshore wind and looks set to remain so. Indeed, about 18 Gigawatts of production capacity should be installed by 2027 and should benefit Siemens Energy and Vestas which are the major suppliers to the British market.



The United States should be able to keep the Biden administration's pause on the implementation of new PV import taxes. Indeed, despite the likely failure of this bi-partisan move, it does demonstrate the US political desire to de-globalize solar panel production and hostility towards competition from South Asia, particularly Malaysia and Vietnam. However, players in the American photovoltaic industry are warning that such an initiative could temporarily put many projects on hold and delay the installation of large-scale photovoltaic projects in the medium term, as well as weighing on the stock prices of companies.



The systematic diversified strategy of the BBGI Clean Energy 100 Index has produced an annualized return of +11.27% since 1999 against +4.84% for the MSCI World

Comments by sector:

Solar: +3.63%

The U.S. should be able to keep the Biden administration's pause on implementing new PV import taxes. This bipartisan initiative demonstrates the American political desire to de-globalize solar panel production and the hostility towards competition from South Asia, particularly from Malaysia, Vietnam, Cambodia and Thailand. It is important to recognize that this initiative reflects a strong political will to strengthen domestic manufacturing capacity in the long term. Nevertheless, this would come at the cost of increased short-term costs if the process is too abrupt, as well as delays in achieving environmental goals. The current U.S. PV industry is very dependent on the producer countries targeted by its economic barriers, which is an important factor to consider when making decisions. In 2022, 73% of US imports of solar modules and panels came from these 4 countries, for example 40% of First Solar's imports came from Malaysia and 38% from Vietnam. With the new import taxes set to take effect in 2024, larger importers like Enphase will need to take advantage of this to greatly diversify their sources of supply before domestic production can meet their needs. SEIA has estimated that the new taxes could reduce solar deployment by up to -16GW per year, posing a considerable challenge for industry and government if they are to stay on track with the course on their climate commitments.

Biofuel: -9.09%

The rapid development of renewable diesel production in the United States does not seem to be sustainable in the medium term. Indeed, the renewable diesel market has been suffering from rising feedstock prices for many months and margins are mechanically weakening. Despite low margins, the number of new projects is increasing sharply, at the risk of creating a fatal imbalance between supply and demand. Despite a relative slowdown in the growth of production capacity due to difficulties in the supply of raw materials, the quantity of renewable diesel produced should double by 2023 to reach 189,000 barrels per day and jump to 320,000 barrels per day by 2025. The U.S. demand for biodiesel is closely linked to political and legislative support initiatives such as the Renewable Volume Obligation (RVO), that define the amount of biofuel that must be blended into traditional fuel, allocates only 114,000 barrels per day or only 74% of the estimated production in 2023. If the production growth trend continues through 2025 and political support does not increase simultaneously, the market may well show an oversupply of about 57%. We can therefore expect a strong increase in US renewable diesel exports through 2025.

Energy Efficiency: -2.34%

A recent discovery could radically change the future of the hydrogen industry, a sector that will play a very important role in the decarbonization of our society and that has been present in our energy efficiency segment since early 2020. About a month ago, the first drilling of a natural hydrogen deposit started in Nebraska, and for some years now, exploration has been spreading around the world. North America is not the only land of research and about thirty permits have been issued in recent months, particularly in Australia where native hydrogen would be present under the surface of about 30% of the territory, this Australian deposit if exploited could supply 1 million homes for 40 years. These recent discoveries put into perspective what was known about white hydrogen, namely that it was abundant in its natural form everywhere in the universe except on Earth. A new means of extraction that could reshuffle the cards in the game of global energy independence, after being dominated for more than half a century by hydrocarbon producing countries.

Wind: +1.20%

The British government plans to greatly simplify the procedure for granting permits for the installation of offshore wind projects in 2023. This initiative should greatly favor companies like Vestas, which are very active in Great Britain, and in parallel, another major player in the industry, Nordex, which does not have an offshore wind offer, is likely to fall behind its competitor. The UK is the world leader in offshore wind energy and looks set to remain so. Indeed, about 18 Gigawatt of production capacity should be installed by 2027 and should benefit Siemens Energy and Vestas who are the major suppliers to the UK market. Rising wholesale electricity prices in the UK are helping to strengthen the economic argument for both onshore and offshore wind projects. The full cost of an onshore wind farm in the UK is approximately £60 per megawatt hour (MWh), or about £45 for an offshore project, according to electricity cost estimates. In contrast, the average forward price of electricity in the UK for next winter is over £150 per MWh.

