

BUSINESS

Europe's Biggest Utility Company to Ramp Up Spending on Wind, Solar Power

Italy's Enel pledges to almost triple renewable capacity by 2030



Enel's announcement follows a similar move by Spanish peer Iberdrola.

PHOTO: FLAVIO LO SCALZO/REUTERS

By [Sarah McFarlane](#)

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LONDON— [Enel](#) [ENEL](#) **4.18%** ▲ SpA plans to spend €70 billion, equivalent to \$83 billion, expanding its presence in wind and solar power in the coming decade, seeking to cement its position as the world's largest renewable energy producer outside China and to capitalize on the shift to green energy.

The Italian utilities company was an early mover in renewable energy, giving it—along with [Iberdrola](#) SA and NextEra Energy Inc.—an edge amid increasing global demand for

low-carbon power, and putting the trio among the world's most valuable energy companies.

Enel said Tuesday that its planned investments would help boost its renewable power capacity to 120 gigawatts, from the current 45 gigawatts. The move is part of a broader €160 billion spending program over the next decade, which also includes investments in electricity infrastructure, batteries and hydrogen produced from renewable energy.

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PREVIEW

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Chief Executive Francesco Starace said there were opportunities to grow in both Europe and the U.S., where he hopes a Biden administration will focus on the continuing transition to cleaner energy.

“We see the U.S. still remaining very large in terms of potential growth,” Mr. Starace said.

Renewable energy generation has grown in the U.S. in recent years to the extent that green energy consumption overtook coal last year, as utility companies set climate-change goals and the cost of wind and solar power falls relative to coal.

However, some analysts caution that increased competition in the renewables industry, as more companies enter the fray, could reduce profits for Enel and other established players.

Enel's planned expansion of its renewable capacity follows a similar move by Spain's Iberdrola, as well as pledges by major oil companies like BP PLC and Royal Dutch Shell PLC to invest more in low-carbon power.

Renewable energy's share of electricity generation is expected to grow to 33% by 2025, from 27% this year, according to the International Energy Agency.

Enel shares rose 4% Tuesday and are up 18% so far this year, versus a 5% gain for the Stoxx Europe 600 Utilities index.

That rise has propelled Enel, along with Iberdrola and NextEra, to join the ranks of some of the world's most valuable and important energy companies at a time when traditional major oil companies have been hit by the coronavirus pandemic. Covid-19 has sapped demand for oil and could increase the pace of the transition to low-carbon energy, as governments strive to include green measures in their economic rescue packages.

The European Union, for instance, has committed to spending around a third of its €750 billion recovery fund on addressing climate concerns.

Enel also said Tuesday that it would accelerate its exit from coal. The company is one of the largest owners of coal power capacity in Europe but now plans to phaseout coal by 2027, three years earlier than previously planned. It said the move would help boost the company's emission-free electricity production to 85% by 2030, from around 66% this year.

With Enel's investment plans, its market share is expected to near 5% in the next decade, from around 2.8% this year, Mr. Starace forecast. "We will still be by far the largest player," he said.

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