

CapDyn launches clean energy infra team

Headed by Novera Energy founder David Scaysbrook, the team will make direct investments in areas including wind farms and solar projects.

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Capital Dynamics has launched a Clean Energy and Infrastructure (CEI) investment strategy, which it believes will combine attractive aspects of infrastructure investing with private equity returns. A source at the Swiss-based alternative assets giant, which manages more than \$21 billion in private equity and real estate funds, expressed the view that clean energy infrastructure is an "emerging asset class" in its own right.

No details have yet been given with regard to fund launches, but it is known that Capital Dynamics will be pursuing a direct investment strategy that will target the wind, solar, biomass and landfill gas sectors among other possible areas.

Capital Dynamics' CEI team will be headed David Scaysbrook, founder of Novera Energy, the UK renewable energy firm which was sold to Terra Firma-owned rival Infinis Energy in November last year.

Although Capital Dynamics operates a number of existing funds of funds, it believes it can minimise the potential for competing with the underlying managers within these funds because of the high level of syndication it believes will characterise CEI investments. This is due to what a source described as a "huge capital requirement" in the space.

Capital Dynamics think three categories of limited partner will be attracted to the space. From within the 'classic' institutional portfolio, commitments to CEI are expected to be split between the private equity and infrastructure allocations. It also expects 'thematic' investors to back the renewable energy theme, while others will invest in accordance with ESG (environment, social, governance) guidelines.

The attractiveness of CEI is that it potentially offers compelling infrastructure characteristics such as current yield and high visibility on liquidity with the strong returns that can be achieved as carbon emitters face regulatory pressure to offset emissions by investing in renewable projects. Capital Dynamics believes that, by the end of a fund's life, it will have been able to build a well diversified portfolio with good cash flow visibility that can typically either be securitised or sold to a utility.

Scaysbrook is joined in the team by: Rory Quinlan, former chief financial officer at Novera Energy; Karl Olsoni, former chief financial officer at PPM Energy, a US wind energy firm; and existing Capital Dynamics investment directors Thomas Schmid and William Lomax.



David Scaysbrook recently spoke to PEO on the sidelines of the PEI Responsible Investment Forum, regarding the growing importance of ESG implementation among fund managers.

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