

It's beginning to look a lot like infra...

Angus Leslie Melville

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Welcome to the final missive for the year written in the teetering shadow of a mountain of *IJGlobal* award submissions in advance of signing off for 2018 and wishing you all a merry Christmas and the very best for 2019.

And what a year it's been. Looking around the world, there have been any number of developments that will shape the market for the coming year and others that will leave livid scars.

Taking to look at a handful of market shifts in 2018 it's a good time to bask in the reflected glory of the positive impact of private finance that is woefully ignored by the mass media, while observing a solemn moment to mourn the passing of projects that fell at one of the many hurdles they face.

Without turning too preachy on the matter, just take a look at London's Crossrail that looks for £3 billion in cost overruns and is delayed from launch this month until September 2019... which looks increasingly optimistic.

What a mess... a mess that casts a long shadow over Crossrail 2 and makes HS2 look even more dead in the water than it already does as the UK readies itself for an austere post-Brexit reality where big projects (and there's only one in the UK) will surely be the first against the wall.

Impact projects

Looking back over the last year, it's fair to say that the renewable energy space has seen more game changers than any other infrastructure sector with energy storage gaining traction, floating offshore wind leaping to the fore and subsidies being relegated to an outmoded instrument in many markets.

Energy storage shot to fame in 2017 with Elon Musk's 100MW facility attached to Neoen's 309MW [Hornsedale Wind Farm](#) in South Australia which was a masterpiece of media manipulation. Ever since, batteries have rarely been out of the news.

Floating wind is definitely on the rise with significant developments this year and many more on the cards. Yet again we are seeing what can only be described as an unproven technology elevated to being the accepted norm long before its worth is proved.

From Taiwan and Japan through to the UK, Portugal, Norway and France (soon also the US), floating wind energy is emerging as the preferred option to traditional fixed options for offshore. This opens up deep water prospects and is being lauded as less impactful to the environment.

Shell, Siemens Gamesa and Innogy in October partnered on a €18 million floating offshore wind demonstration project to be tested at the Marine Energy Test Centre near Stavanger in Norway. However, with the way it is being discussed, you'd be forgiven for thinking this technology is tried-and-tested.

Subsidies are on their way out as falling costs relieve governments of the requirement to prop up the system. We're not there yet, but governments are pushing for change.

The butcher's list for 2018 has seen some awesome projects axed, some of the most impactful being:

- [Kuala Lumpur-Singapore HSR](#) – which may be revived in 2020, but don't count on it
- [Nuevo Aeropuerto Internacional de México](#) – axed by AMLO, but work continues as hope springs eternal
- [Hassyan III](#) – an on-hold coal-fired power plant in Dubai where the feedstock has to be air conditioned to avoid instantaneous combustion
- The [Gateway Project](#) in the US – rail link between New York and New Jersey which has become a political football
- [SGW Indian Wind & Solar](#) – procured by Solar Energy Corporation of India, but failing to attract sufficient bidders this summer

Plenty to celebrate

There are a lot of interesting projects progressing, so much so that *IJ* should consider reviving *Infrastructure 100* that we published in 2010 in partnership with KPMG... which went on to become the most downloaded PDF on their website.

The Sakaka Solar programme in Saudi Arabia has a lot of people paying attention. It is being delivered by the recently-created Renewable Energy Project Development Office (REPDO), which sits within the Ministry of Energy.

This 300MW project is the latest development in the region as it ramps up efforts to diversify energy sources and, in this case, powering the Saudi Vision 2030 economic plan. REPDO appears to be favouring national companies, but it serves as a precursor to magnificent projects to follow.

In Africa, Cameroon's 420MW [Nachtigal Dam](#) on the Sanaga River is gathering pace with investment fund STOA acquiring a 10% stake in the €1.2 billion project early this month. Africa50 at the same time purchased a 15% stake from the government.

The SPV – Nachtigal Hydropower Project Company (NHPC) – now has a good spread of owners:

- EDF – 40% for €115 million investment
- IFC InfraVentures – 20% for €60 million investment
- Africa50 – 15% for €40 million investment
- government of Cameroon – 15% for €40 million investment
- STOA – 10% for €30 million investment

In the US, the most interesting shift in the last year has been the [Federal Aviation Administration](#) opening up the airport sector to private investment.

The revised legislative bill was signed into law on 5 October with full support from both Congress and the Administration. Key revisions to the bill that will benefit future airport deals include:

- airport operator is exempt from repaying prior federal government grants to the airport on a FAA-approved project
- \$750,000 grants are available for US airports to investigate a potential lease

The *Airport Investment Partnership Program* replaces the FAA's 1996 Airport Privatisation Pilot Programme. In truth, removing the word privatisation could be the best revision given that it is often confused for "selling off the family silver". However, the revised bill makes it clear that the public sector cannot sell any assets, but can obtain a partner provided it meets all FAA requirements.

This is a positive development and will hopefully put an end to any future Midways.

Sticking with the US for a second and staying with infrastructure, New Hampshire has become the latest state to wheel out P3s.

Moving on to APAC, Taiwan offshore wind heads the agenda with every developer, turbine manufacturer and adviser camped out in Taipei to cash in on the opportunity. For now, all eyes are on the [Greater Changhua](#) projects.

Thailand – a [recent focus](#) for an editorial – is one of the great regional hopes with a looming election providing impetus and risk in equal proportions. The primary projects are:

- [U-Tapao](#) airport expansion PPP
- [Laem Chabang](#) Phase 3
- [Bangkok-Rayong HSR](#)

Back in Europe, the tragedy of [Morandi Bridge](#) in Italy stands testament to the importance of delivering quality infrastructure that stands the test of time.

The offshore wind sector remains rampant on the European infrastructure front, and little needs to be said about its progress as it is splashed all over the press these days.

On a darker note, Turkey has been heftily hit by its currency crisis as planned PPP hospitals grind to a halt. Financial woes have also thrown a hurdle in the way of the sale of the third Bosphorus Bridge.

However, even in the light of such challenges, it does not stop Turkey from launching early next year its ambitious [Canal Istanbul Project](#) which defies logic.

All told, 2019 is shaping up quite nicely.

Let's just hope nothing cataclysmic happens on the political front(s)...

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