



Editorial

The tide is turning for DE

expect years of good tidings ahead

The tide turns. While there is inevitability about the daily rhythms of the oceans, there has been no such confidence that the stranglehold of central power in world power markets is anything other than a permanent state. Decentralized energy (DE) and cogeneration, in contrast, have been the Cinderellas. Never invited to the main event, ignored by the leading players and struggling to hold on to an almost irrelevant 7% or so of market share.

Until now. Now, the tide also turns for DE. Here are a few signals that highlight the change that is upon us.

First, this issue carries a summary of WADE's *World Survey of Decentralized Energy – 2006*, the latest in our annual series that monitors DE market growth and assesses changes in DE market share. This year's survey is unequivocal, despite the ongoing difficulties that WADE faces in gathering data of

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cast-iron reliability. According to our analysis, the share of new-build power generation that is being taken by DE was around 24% in 2005, up from around 13% in 2002. Even allowing for some error at the margins (and WADE has aimed to take as conservative a view as possible), the trend is distinctly upward, and has been so for several years.

Second, we are getting clear feedback from virtually all of WADE's members that order books are in good shape, often even full to overflowing. The performance of these companies is a barometer of market development and by all accounts it is humming along. While at WADE we always hear loud and clear when business is not in great shape (the membership bills are paid late, sometimes never), there is a quite different signal that tells us when times are good. We hear little, if anything, because everyone is on the road selling their products and services.

Third, check the company listings at the back of this issue – lots of companies busy with DE these days, aren't there? Year-on-year, the number has been increasing fast. This is an industry going forward in a rush.

Fourth, some of the world's biggest industrial companies are recognizing the benefits of their investments in cogeneration or are making big plans for new ones. BP, Exxon, Chevron, Dow and AES have all highlighted DE as a vehicle for expansion, or a solution to their energy use challenges. DE is in danger of becoming mainstream.

Fifth, as has been discussed in this column more recently, some of the leading international environmental organizations are getting the DE message – and are working the issue in their programmes from a clear green perspective. Since these groups are able to take forward some of the most influential media and policy campaigns you have ever seen, the profile of DE is set to grow sharply over the next few years.

Finally, another important change, and one that will build strongly on these positive signals. WADE has recently appointed its first full-time Executive Director, and so a new linkage is made between the organization and this magazine. There is information about David Sweet in the WADE information in this issue. David has an outstanding track record in the energy association world and will take WADE, and DE with it, to new successes. And so, the tide now turned will not turn again.

Michael Brown