Accepted Manuscript

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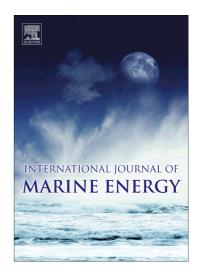
PII: S2214-1669(17)30026-7

DOI: http://dx.doi.org/10.1016/j.ijome.2017.03.002

Reference: IJOME 142

To appear in:

Received Date: 10 January 2017 Revised Date: 19 March 2017 Accepted Date: 27 March 2017



Please cite this article as: S.L. MacDougall, Confronting the financing impasse: Risk management through internationally staged investments in tidal energy development, (2017), doi: http://dx.doi.org/10.1016/j.ijome. 2017.03.002

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ACCEPTED MANUSCRIPT

Confronting the financing impasse: Risk management through internationally staged investments in tidal energy development

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Confronting the financing impasse: Risk management through internationally-staged investments in tidal energy development

Abstract

Progress toward commercial deployment of in-stream tidal energy devices and commercial arrays has frequently met with delays, particularly in the UK and Canada. While some delays are due to the manifestation of the uncertainties inherent in new technology development, this study seeks to better understand the strategic timing decisions of tidal energy conversion companies in developing a globally-distributed renewable resource. The study consists of semi-structured interviews with executives and senior managers of organizations in the international tidal energy industry. Themes emerging from the interviews find companies manage risk by timing their investments across an international portfolio of seabed leases, consistent with the exercise of real options.

Highlights:

Holding multiple seabed leases as a portfolio of real options.

Managing uncertainty and risk through investment staging as readiness and site characteristics align. Pre-commercial internationalization in the tidal energy industry as a strategic investment decision.

Keywords:

Tidal energy conversion; strategic investment timing; uncertainty and risk management; pre-commercial internationalization

1. Introduction

The focus in the past two decades on new forms of renewable energy to reduce carbon emissions, diversify energy supply, and improve energy security has motivated governments and companies to fund

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