

## **PV Installations to Exceed 21 GW in 2011; IMS Research Cuts Forecast for 2012**

Wellingborough, UK – 31st May 2011: More than 21 GW of new PV capacity is predicted to be installed in 2011, up from around 18 GW in 2010 according to IMS Research's latest report on PV demand. The market research firm has raised its outlook for this year based on new information on supply chain pricing which will help stimulate demand in major markets. However, the firm also cut its long-term forecast slightly due to decreasing incentives in several markets.

IMS Research's latest analysis of global PV demand revealed that installations will grow just 15% in 2011 and that prices are falling rapidly enough to create another surge in demand in markets such as Germany. In addition, now that the decree in Italy on incentives has finally been implemented, life will return to the paralyzed market that was simply waiting and watching in Q1. Installations were 37% down in Q1, only around 3.5 GW of new capacity. This is forecast to increase steadily each quarter throughout the year, culminating in a very large Q4.

One significant outcome from IMS Research's latest PV demand database is that European installations will fall in 2011 and 2012, "Europe's share of the PV market will fall considerably in the next 3-5 years; in fact, we predict European installations will decline in both 2011 and 2012 and will not return to the 2010 level for quite some time", commented PV research director Ash Sharma. Sharma pointed towards the falls in major markets as the reason for this. "Despite many governments indicating that renewable energy will become a larger part of their energy policies in the wake of the Fukushima crisis, it is less clear whether this talk will translate to real support for the PV industry. The governments associated with most major markets have either cut incentives recently, or indicated that they will do soon. We predict demand from Germany and Italy alone to fall by 3 GW in 2012, and Europe's share of global demand to fall from 80% in 2010 to 56% in 2012", added Sharma.

IMS Research is also predicting a single-digit decline for PV installations in 2012 due both to the falls forecast in Europe but also the uncertainty in the USA and Asia. Although both of these markets are growing well in 2011 and predicted to exceed 5 GW combined, it is not yet clear if growth can be sustained in 2012 and if government policy will fully support PV. Although the Chinese government announced it was to double its target for PV capacity, IMS Research understands that market growth will be limited to government-controlled projects; and that a FiT (feed-in tariff) will not be introduced for several years, as system prices are considered too high.

"Yet again the outcome of the PV industry's development in 2012 will be entirely dependent on reducing costs rapidly enough in order to keep prices in line with incentives in major markets. Although margins are now being squeezed and prices are beginning to fall, further reductions are needed in 2012 and the key now lies in

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polysilicon and wafer supply to do this”, concludes Ash Sharma.

IMS Research’s Ash Sharma will be discussing these topics and providing further data and forecasts for the PV supply chain and installation demand during his presentation at Intersolar Europe’s Conference Opening on June 6th.

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