Price Collapse Stimulates US PV Market Growth in 2H’11, says Solarbuzz

SAN FRANCISCO, CALIF., August 9, 2011 — Despite a struggling domestic economy, the US solar photovoltaic (PV) market will double in 2011, according to the latest Solarbuzz® United States PV Market Report. 2011 growth rates vary significantly by market segment, an outcome of the vast movements in incentives and policies at the federal, state and local government level over the past 12 months.

“With rapid declines in factory gate prices over the past eight weeks as manufacturers and distributors focus on depleting module inventories, demand has picked up across residential, corporate and government segments,” noted Craig Stevens, President of Solarbuzz. “This acceleration is being supplemented by explosive utility demand and the rush to install before federal cash grants are scheduled to expire at the end of the year.”

The US is forecast to become the third-largest solar photovoltaic market, behind Germany and Italy in 2011. While the US currently comprises 5% of the world PV market, Solarbuzz projects an increase to 12% by 2015.

Policies and Incentives Boost PV Growth in US

US growth in solar has been supported by a combination of incentives and policies instituted at the federal, state and local levels. At the federal level, the Investment Tax Credit (ITC) and the Treasury Cash Grants continue to play an important role in stimulating investments in the PV industry. At the state level, among various policies, Renewable Portfolio Standards (RPS) are driving the expansion of the utilities segment, which increased from 17% of the on-grid PV market in 2009 to 31% in 2010.

In 2010, California still dominated the US PV market; however, the state’s share dropped to 30% from 50% in 2009. The state recently increased its RPS to 33%, positioning California for continued dominance in the US PV market. Following California were New Jersey, Arizona and Colorado. Newcomers to the state top 10 list in 2010 included Nevada, Pennsylvania and New Mexico. In fact, the largest PV project in the country to date, the 48 MW-AC Copper Mountain Solar Project, was built in Nevada in 2010, and the second-largest PV project, the 30 MW-AC Cimarron Solar, is in New Mexico.

Most of the states in the top 10 list incorporated drivers such as state RPS and compliance methods (including RFQs, rebate incentives, and REC financing) that influenced the dynamics and deployment of the market segment in each state. For example, Colorado demonstrated a relatively balanced market mix due to the available REC purchase incentives for residential and non-residential PV systems as well as utility RFQs for large systems. The non-residential PV segment dominated in New Jersey due to the prevalent SREC financing.

US Utility Market Segment Doubles Growth

Utility demand will continue to rise, accounting for close to 60% of the 2015 US on-grid PV market mix in the most aggressive Solarbuzz forecast scenario. Demand for the utility segment has been and will continue to be driven strongly by state RPS, in which state laws require electric utilities to use renewable energy in their portfolio of electricity sources by a specified deadline.

During 2010, the fast-growing utility segment started to cause major restricting of downstream channels, and project developers with or without EPC capability started to take some of the share from conventional PV integrators. The report also indicates a major shift in market share for module manufacturers during 2010, with China-headquartered manufacturers growing their share from 11% in 2009 to 37% in 2010. This rising presence of Chinese manufacturers encouraged direct sales between those manufacturers and system integrators as well as solar lease providers working in concert with system integrators. There are now ten major downstream channels to end-market, with 2010 demonstrating strong build in market share of project developers and direct utility procurement.

Not only was utility segment demand strong in 2010, but the strength of the project pipeline in the US confirms that its market share is likely to increase over the next few years. Instead of just two or three utility systems installing more than 10 MW in a single 12-month period—a typical pattern in recent years—2010 enjoyed 30 projects of 10 MW or more that either started or completed construction in the year. This represents just the start of a fundamental restructuring and reshaping of the US market, as utility-sized projects start to be the primary driver of demand growth.

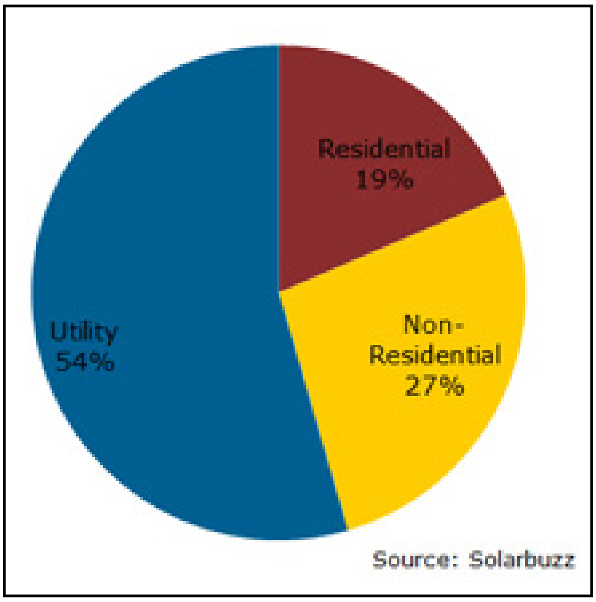

Figure 1: 2011 On-Grid Market Segment Forecast

US Market Forecast to Grow to 6.4 GW by 2015

Within the next five years, Solarbuzz forecasts the market will grow to up to 6.4 GW depending on the scenario, representing a CAGR of up to 47%. The extension of the Treasury Cash Grant beyond the end of 2011 will be critical to keep fueling demand in the non-residential and utility segments. Without the extension, less capital will be available for large PV projects held back by a limited tax equity capability.