China PV market set to boom as government raises 2015 installation target to 21GW

Wellingborough, U.K. (16 July 2012) – Photovoltaic (PV) installations in China are set to reach over 4 gigawatts (GW) in the second half of the year, according to a new report from IMS Research [1] (recently acquired by IHS. The latest version of China's Five-Year-Plan for the PV industry reveals that China's regulatory and planning body, NDRC, has lifted its installation target from 15 GW to 21 GW by 2015. This positive guideline will further stimulate the rapid growth of China's PV market from 2012 to 2015, according to IMS Research's new quarterly report [2] on PV supply and demand in China.

With European demand set to shrink from the second half of 2012, China's domestic market will become increasingly important. China's latest move will help to support the huge amount of production capacity added by Chinese suppliers in the last two years by expanding domestic demand. According to IMS Research's new report, China's c-Si PV module capacity reached 32.6 GW in Q1'12, while full year global installations are forecast to reach just 30.6 GW.

Besides the large pipeline of ground-mount utility scale PV stations located in China's desert regions, commercial installations are forecast to increase their market share by 13 percent in 2012. "A more diverse range of system types will emerge in 2012, largely driven by China approving 1.7GW of projects under the Golden Sun Scheme," commented Frank Xie, senior PV market analyst and report author. "IMS Research predicts that 1 GW of Golden Sun projects will be completed by year end, and that medium and large commercial rooftop installations will reach 850 MW in 2012."

The promising future has created huge opportunities for PV suppliers in China. "Although the Chinese government has implemented tighter project approval regulations in 2012, system integrators have submitted a huge amount of applications. With the prospect for 5 to 7 GW of PV installations in 2012, PV module shipments to installations in China in 2012 are predicted to be more than double that of 2011," continued Xie. "Inverter companies will have similar opportunities, and the base of domestic suppliers has grown rapidly in recent years with China now home to over 200 inverter suppliers."

Although the outlook for PV demand in China is positive, price erosion is set to continue in 2012 as overcapacity still exists in the polysilicon, wafer, cell and module supply chain. According to the report [2], in the first quarter of 2012, the average prices of wafers and polysilicon both fell by 11 percent compared to the fourth quarter fo 2011, and are forecast to continue falling in the second quarter of 2012.

www.ihs.com [3]

www.imsresearch.com [4]

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