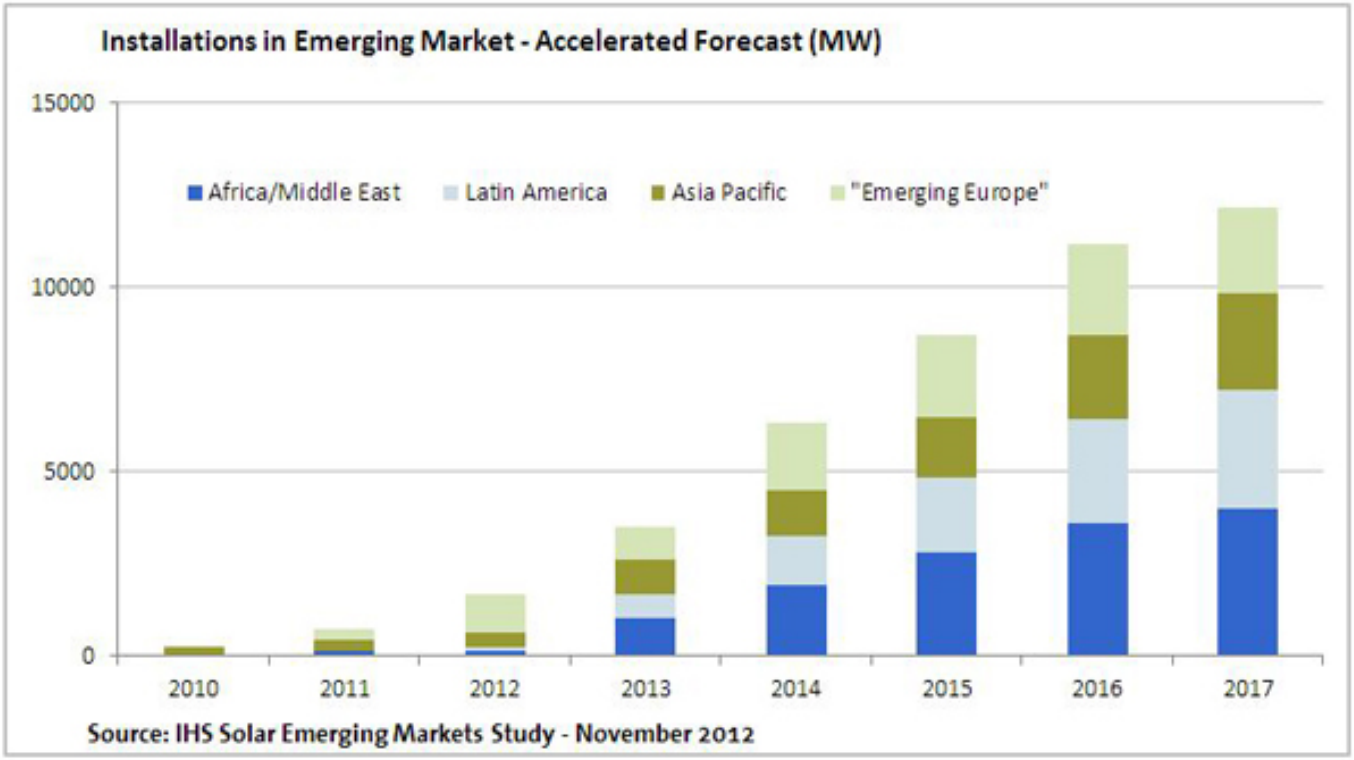
Emerging markets predicted to bring stability to solar industry

Emerging markets are forecast to help bring stability to ailing solar industry, with up to 12 gigawatts (GW) of new photovoltaic (PV) capacity added in 2017 up from just 1.6 GW in 2012, according to a new IHS solar report. The recently released study, which evaluated the potential for PV additions in 40 countries around the world, found that up to 30 GW of cumulative PV capacity will be added in emerging markets over the next four years, helping to stabilize the industry amidst a raft of incentive cuts in core European markets.

The IHS Solar Emerging Markets Study [1] is the first report to provide an in-depth analysis into the growth potential of emerging markets in Asia Pacific, Latin America, Middle-East, Africa and 'emerging Europe.' The 200-page report found that although many of these emerging markets may present significant risks to companies seeking to enter them, many also offer excellent growth prospects. Given the great uncertainty in emerging solar markets, two forecast scenarios were presented in the study which predicted that 2.1 to 3.5 GW of new PV capacity will be added in 2013, growing to 2.9 to 12.2 GW in 2017.



Having assessed a number of criteria, including macroeconomic factors, potential market size, project profitability, near-term policy and project pipelines in each of the 40 countries, the study found that some of the most appealing markets will be South Africa, Thailand, Chile, Romania and Brazil. 'Tier-2' markets, which scored

slightly lower, but still may offer opportunities to solar companies, but possibly not without risks, included Argentina, Ecuador, Turkey and Mexico.

While each country's market is unique, the following recurring drivers of solar PV deployment have emerged:

- In Africa and the Middle East, low, highly subsidized power prices have prevented renewables from taking off, but heavy reliance on fossil fuels for power generation and an expected 26 percent demand increase by 2017 will reverse the trend.

- In emerging European markets, low retail power prices combined with a high reliance on coal, hydro, and nuclear make RES requirements the main driver for PV build-out in the region. Turkey is also looking at PV to potentially ease its surging power demand.

- Escalating power demand and increasing reliance on fuel imports have ignited interest in renewables in Asia. India has the highest mid-term PV market potential, driven by high industrial power prices and frequent power shortages.

- A heavy reliance on oil for power, high commercial and industrial power prices, and an expected 26 percent increase in power demand by 2017 have sparked solar development activity in Latin America.

The study captured a huge pipeline of planned, approved and under-construction PV projects in these emerging markets. Close to 20 GW of PV projects were identified by the study, 14 GW of which are in the pipeline stage indicating the potentially huge market growth lying ahead. However, many of the regions investigated are facing notoriously slow approval and implementation processes and less than 1 GW of this pipeline is currently under construction. In terms of pipeline size, Chile currently leads the way with more than 3 GW of projects, followed by Romania, South Africa, Serbia and Israel. The study also identified more than 300 developers and EPCs with major PV projects planned in these emerging markets. Securum Equity Partners is perhaps the most notable developer on this list and is behind the 1 GW project being proposed in Serbia over the next four years – whether this project is fully completed remains to be seen. IHS also identified another 42 developers with pipelines of at least 100 MW, with projects in Chile, Romania and South Africa featuring predominantly.

The IHS Solar Emerging Markets Study [1] was published in November 2012 and provides a detailed analysis of the diverse and potentially high-growth prospects of solar PV deployment in markets that have yet to emerge.

www.ihs.com [2]

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