

Despite subsidy cuts, solar industry still shines

Song Yingge

Prices of China solar panels have risen as energy companies rush to erect solar farms before a July 1 reduction in tariff subsidies available for new projects.

China, home to the world's largest installation of solar farms, added 8.9 gigawatts to generation capacity in the first four months of this year, a 51 percent increase from a year earlier, according to the China Electricity Council.

Higher-than-expected demand for solar panels has caused manufacturers to operate at full capacity, according to two producers, Trina Solar and GCL System Integration Technology Co.

The price of photovoltaic cells, which transform solar energy into electricity, rose 10 percent in May from April, to 1.7 yuan (30 US cents) per watt. Each solar-electric panel can generate about 300 watts.

The streets around Trina Solar's factory in the city of Changzhou in Jiangsu province are jam-packed with the cars of buyers, according to a report in Shanghai Securities News.

"They prefer to visit our plant in person because they think that will speed up delivery of their orders," said Yin Rongfang, Trina's vice president. "Those with a shortage of panels have

had to suspend installation work on solar projects."

It's all quite a change from the past, when about 40 percent of China's solar panel production was exported, and the cheaper Chinese prices caused a world glut. Now the breakneck demand is domestic. But will that continue for the rest of the year?

In part, the answer may lie in government incentives for solar power.

At the end of 2015, the National Development and Reform Commission stipulated that only projects up and running by June 30, 2016, would be eligible for a "feed-in tariff" of about 1 yuan per watt. Projects completed after that date had to comply with prices set for 2016.

The tariffs have been dropping year by year. Solar plants in 2016 were allowed to sell their power for no more than 0.98 yuan per watt. In some areas, it was even lower, at 0.8 yuan a watt.

Whipsawed by the policies, solar panel prices last year went on a roller-coaster ride, soaring in February when orders started to increase, then plummeting from July as subsidies drop and demand waned.

A similar scenario is shaping up this year.

"But the surge this year came more dramatically, while the decline probably won't be as violent as in the past,"

said Liu Shuai, an analyst for energy and public utilities at UBS.

Solar plants last year began accelerating construction in February, finishing their projects ahead of the June 30 tariff deadline. This year, the "installation surge" was in April, which is a bit late, Liu added.

At the same time, added installation capacity has surpassed expectations so far this year. UBS forecasts that nearly 24 gigawatts of solar power will have been added in the first half. That compares with the addition of 22 gigawatts a year ago.

As a result, solar panels are now in short supply, with some plants postponing projects until the second half. The expected continuation of demand signals only a modest price decline after the subsidy deadline, Liu said.

An official at Shanghai-based Suntech, a photovoltaic manufacturer, told Shanghai Daily that some customers have refrained from placing orders because they expect prices to show a decline similar to the 30 percent dive in the second half of last year.

Shanghai Securities News, citing industry insiders, said the current supply of solar panels is about half of the demand for 15 gigawatts.

Although solar power companies now face rising panel prices and

declining subsidies, their operational costs are also dropping because of technological advances in solar panels, UBS's Liu said.

It now costs a China solar farms 0.4-0.5 yuan to generate a watt of electricity, down from 1.5 yuan a watt five years ago and much closer to the thermal power price of 0.37 yuan per watt.

Solar panel makers managed last year to deliver a standard that converts 19 percent of solar energy into electricity, said Song Jie, director of operations at testpv.com, a domestic solar energy consultancy.

That helps explain why solar plants are motivated to erect more farms.

Photovoltaic producers are enhancing production with automation. Shanghai Electric, an energy-equipment manufacturer, has teamed up with the German-based group Manzt Group to install advanced automation to improve efficiency, said Sun Meijunbo, vice director of corporate culture at Shanghai Electric.

Meanwhile, Lead Intelligent, a domestic photovoltaic maker, more than doubled its capacity after embracing automation.

In the end, solar panel producers can help China's solar energy industry wean itself off subsidies in the coming years, Liu said.

Australia's Launch Pad piggybacks on Shanghai's success with startups

Sun Yihao

AUSTRALIA has started ushering some of its startup companies into Shanghai under the Landing Pad program that began in February.

The program is aimed at helping young entrepreneurs to explore market opportunities in the city while absorbing some of the creative energy generated by China's innovation campaign.

"China is the biggest English-learning market in the work, growing 15 percent a year," said Pawan Lalwani, CEO and co-founder of a startup called Language Your Way. "This program has helped me a lot."

His company is an educational and technology platform that teaches English through online games. It offers online tutoring and customized study tours with existing Chinese partners.

Landing Pad has also launched startups like Chozun, Euclidean and Trendwise.

Chozun is a platform providing business travelers personalized services powered by artificial intelligence and data science. Euclidean is a leading provider of 3D visualization and hologram technology. Trendwise is a visitor behavior analytics platform utilizing existing wireless infrastructure and low-cost smart sensors to translate real world data into readable insights for business and government.

"Landing Pad draws on a strong orientation toward the huge market in China and coincides with Chinese government concept of building Shanghai into an international hub of

science and technology," said Graeme Meehan, Australian consul-general in Shanghai at a press briefing sponsored by Australian Trade and Investment Commission.

Landing Pad as part of the Australian National Innovation and Science Agenda established by Austrade in Shanghai, Berlin, San Francisco, Singapore and Tel Aviv. It aims to offer market-ready Australian startups access to wider markets and resource sharing. It also seeks to help them overcome language difficulties in pursuing global markets.

"This program provides an operational base and support for up to 90 days," said Karen Surmon, Australia's commercial consul. "During this period, Landing Pad sets up the framework for participants to exhibit, examine, popularize their products and expand their influence."

Besides Australian government support, Landing Pad participants also draw on the resources of Shanghai, such as XNode, a co-working space in the city.

"China-Australia relations are the key factor in this cooperation," said Huang Lihong, founder of XNode. "We expect more startups to participate in this program."



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