

China offers big subsidy to solar power developers

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In a move that is set to boost the solar sector, China has launched an unexpected plan, named the "Golden Sun" project, to offer large subsidies to independent solar power projects from around the country.

The Chinese Ministry of Finance said the government would subsidize 50% of investment for solar power projects as well as relevant power transmission and distribution systems that connect to grid networks. The subsidy amount will be 70% for independent photovoltaic power generating systems in remote regions that are off-grid.

The government plans to install more than 500MW of solar power pilot projects in two to three years. But the total generating capacity in such pilot projects in each province in principle should not exceed 20MW.

Grid companies are required to buy all surplus electricity output from solar power projects that generate primarily for the developers' own needs, at similar rates to benchmark on-grid tariffs set for coal-fired power generators.

Earlier this year, the Ministry said it would provide ¥20/Wp of subsidy for projects attached to buildings that have capacity of more than 50kWp, which could cut the power generating cost by around half to about ¥1/kWh.

Each project must have a generating capacity of at least 300kWp to qualify for the subsidy, in addition to other requirements, while construction will have to be completed in one year and operations will have to last for at least 20 years.

Those likely to benefit from these subsidies include, Suntech Power Holdings Co Ltd., Yingli Green Energy Holding Co Ltd., Trina Solar Ltd., and JA Solar Holdings Co Ltd.

China is expected to raise its 2020 solar power generation target more than fivefold to at least 10GW. With incentives, analysts expect over 2GW in new solar capacity will be installed as early as 2011, up from just over 100MW in 2008.

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