



## **Press release**

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### **Photovoltaic solar energy to attract major investments over the coming years**

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Brussels, 25 February 2008 - The 2<sup>nd</sup> International Conference on Solar Photovoltaic (PV) Investments organized by the European Photovoltaic Industry Association, attracted almost 300 participants from 34 countries on the 19<sup>th</sup> and 20<sup>th</sup> February to Frankfurt. The PV sector is the renewable energy business with the most significant investment activity today. More than 25% of the money invested in clean energy technologies is going to solar PV. The conference gave a perfect opportunity to review PV market trends and industry developments, to understand the specifics of solar PV technology and to explore the best instruments with which to finance both PV projects and companies.

#### **An event answering the needs of both the PV and Financial sectors**

Almost 300 participants attended the conference in Frankfurt, the financial capital of Germany, the country which has attracted the most investments in new PV production capacities thanks to sustained market development over the last decades. Participants were from both the PV Industry and the Financial sector, reflecting the mutual need for improved cooperation. "EPIA's international PV investment conference has strengthened the crucial link between the financial community and the PV industry. The rising number and high profile of participants and speakers shows the demand for such a forum. The conference will continue to evolve with the needs of both groups: PV companies as well as investors and banks", said **Christian Langen, Chairman of the conference** steering committee and Board Director of EPIA.

#### **An ideal place to build contacts**

EPIA created a new reference event to help bring two communities together: the PV sector on one side that will require large scale investments in the coming years and the financial community on the other side which is seeking actual and up-to-date information on this fast growing market. Giovanni Terranova, Manager in the Merchant Banking division at **Fortis Bank** said: "It was a great event for networking, where investors and potential business partners were brought together and had a great environment in which they could meet."

#### **Interest from the whole International community**

The participants of the conference came not only from Germany (37%) the most developed PV market but also from the UK, France, Italy and other European countries. While Europeans made up the majority of participants, several participants from Asia, the Pacific and the US ensured its international dimension.

#### **Latest Market up-dates: Uncertainty for Germany and Spain; Italy and France**

## **show constant growth; Greece expected to boom very soon.**

Winfried Hoffmann, EPIA president presented the association's forecasts with a projected global market of 11 GW in 2012 (compared to 2,3 in 2007). Grid connected systems will cover a large part of this market with Germany, US, and Spain leading this development. These projections assume that adequate public policies are put in place or consolidated. He stated that "public support will be required until solar PV electricity reaches grid parity by becoming cost competitive with retail electricity prices, firstly in more sunny countries such as Italy or Spain and progressively throughout Europe by 2020".

Experts from each national key country provided a good insight on current and future leading markets in Europe.

- In **Germany**, market actors are awaiting the revision of the feed-in tariff (FiT) degression rate that will likely happen in the summer of 2008 and that will become effective from 2009. The current draft foresees a decrease from over 9% in FiT for 2009 reduced to a 7% digression in 2010 and an 8% from 2011 on. Germany has consolidated its position of market leader, reaching an annual installed capacity of 1100MW in 2007.
- **Spain** appears to represent the challenges of unsustainable development, with a growth surpassing 300% in 2007. The current legislation in place forces market participants to rush projects now instead of ensuring long term sustainable growth. The "solar rush" that Spain is experiencing is largely due to the uncertainty which exists today on future legislative developments. Spain is expecting a revision of the current decree that determines the Feed-In-Tariff for electricity generated with a PV powerplant; this revision will probably only take place in September 2008 after a new government has been elected.
- In **France**, the market is leaning towards building integrated installations due to the design of the legislation that offers a better remuneration (0.57 €/KWh) than other types of PV systems. The market was about 45 MWp in 2007. French professionals estimate the market could reach 500 MWp in 2013 and 7 to 8 GW in 2020, enabling an annual growth of about 30% on average for the next decade.
- **Italy** registered an annual market of 25 MW, up by over 65% from 2006. The level of FiT in Italy went from 0,36 €/KWh to up to 0,49 €/KWh, its structure is very similar to the German model. The smaller and the more integrated the system is to the building, the higher the remuneration. Italy expects progressive growth in the same ranges as France does.
- Although **Greece** adopted a new and promising FiT in 2006, the market take-off is still awaited. Requests for applications are numerous, over 450 MW have been solicited. The main problem stands in the long administrative process. Greek professionals estimate the market will explode from 2008 with the finalization of approval processes of current requests.

## **PV Industry: huge investments required to drive costs down**

The sector is heavily investing in new production capacities and PV power plants in order to drive costs down throughout the value chain.

On the production side, EPIA expects that in 2010, production capacities will be between 18 and 20 GW, with the share of thin film being about 20%. Both technologies have different qualities, on one side silicon based products are more efficient (12% to 21%)

enabling a major output per m<sup>2</sup>, thin film products although less efficient (up to 10%), are less expensive per Wp. The main bottleneck of the development of silicon-based products in the last years has been a shortage of raw-material. Nevertheless, many new players have entered this market and new production plants are being set up. Therefore its availability is increasing and supply should meet demand from 2009 onwards. For the first time in 2007, more silicon was assigned to the solar industry than to the semiconductor industry. This temporary situation of shortage has lead many companies to invest in other technologies such as thin-film or to increase the supply of raw-material.

### **Photovoltaic products: a reliable technology for long term investment**

One of the main concerns of investors is the reliability of PV products in the long term. The life-time of modules is estimated to be between 25 and 30 years. Existing tests show that after 20 years, PV modules are still producing over 80% of their initial output. In addition, certification institutes like TÜV show that experience in the market has led to the availability of high quality modules with over 80% of products successfully passing IEC (International Electrotechnical Commission) qualification testing. New entrants on the market should ensure that their products record the same level of quality.

The conference not only reviewed the current developments of the sector but was also an occasion to show good practices of investment in both PV companies and projects.

### **Financing of PV companies**

According to Sven Hansen, Chief Investment Officer at Good Energies, a leading global investor in the renewable energy and energy efficiency industry, from 2008 to 2011 300 to 500 bn \$ in investments are expected to be made within the solar sector.

Many start-ups are created providing an answer to these investment needs. According to Helge Hardacker from the Quantum Board, in Europe 15 to 22 bn€ are being invested through approximately 8,000 Business Angels, start-ups are much more numerous in US with 16,000 companies investing approximately 70 to 80 bn \$.

An increasing number of companies are using IPOs to finance their growth. The current high volatility of international stock markets has influenced the development of PV shares, nevertheless, fundamentals of the sector are not affected. Experts estimate that we will observe a positive performance of the PV index (PPVX) in 2008.

### **Project finance**

The engineering of a project should answer both the requirements of the investors and the company developing the project. The session on project finance looked at how successful project finance should be conducted, and how the risk can be limited.

With a rising number of reference projects and the increase in average investment size , PV project financing is advancing quickly. New trends in non-recourse financing as well as securization formed the key topics during the conference. increasing practical experience and a growing track record lead to „best practices“ which have been shared during the conference. Further topics were the differences between large scale ground mounted PV plants and Building integrated applications from a financing as well as project developers perspective.

Overall, the conference fully achieved what it set out to do – create new connections and intensified exchange between the PV industry and the financial community. Its success

encourages EPIA to establish the International PV investment conference as an annual event.

EPIA wants to thank all participants and speakers for their valuable contributions.

You can download all presentations on the following link:

<http://www.epia.org/index.php?id=183>

***About the European Photovoltaic Industry Association:***

*With over 150 Members drawn from across the entire solar electricity sector, the European Photovoltaic Industry Association represents over 95% of the European photovoltaic industry. EPIA members are present throughout the whole value-chain of the photovoltaic industry: from silicon, cells and module production to systems development. EPIA's mission is to deliver a distinct and valuable service driven from the strength of a single European photovoltaic voice.*

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## Annexe - Analysis of participants to the 2<sup>nd</sup> International Conference on Solar PV Investments

