

Solar energy development still faces setbacks

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One of the universal problems with solar power is that it costs more than electricity generated by conventional means. And the absence of a preferential governmental policy is another factor further holding back its development in China.

A group of Chinese solar power experts and scholars, attending a recent US-China Green Energy Conference in Beijing, have called for the government to issue a set of policy incentives to boost the country's solar power industry, just as it did for the wind power sector.

The Chinese government detailed its incentive policies for the wind industry in its new Renewable Energy Law and it also set an ambitious target to have 30GW of wind power by 2020.

"The government has showed their support for the wind industry, but it never did so for the solar industry," says State Council counselor, Shi Dinghuan. "Without an articulate and practical pricing mechanism for on-grid solar electricity or government subsidies, solar electricity will not have a market here in China.

"The Renewable Energy Law has been effective for two years, but it has not really benefited to the solar power industry," he added.

Statistics shows that there are more than 70 grid-connected PV projects in China, but only two of them received feed-in tariffs, and most of them have not benefited through the Renewable Energy Law.

According to He Zuoxiu, an academician of the Chinese Academy of Sciences, China's targeted installed capacity for solar photovoltaic is only 1.8 GW by 2020. "The target is too low to boost market participation and it shows the government's lack of confidence in this sector," he says.

"The government has just set aside a 4 trillion yuan stimulus to boost economy and domestic demand, but so far, I don't see that any funds going to the photovoltaic sector," he says.

His voice was echoed by many other scholars at the meeting, who also think government subsidies would give the solar industry the ability to invest in research and development so that it can further cut costs.

"China is a giant in solar PV production, but it is definitely a dwarf in putting them in use," he says.

China's PV production was 1.088GW in 2007 and it has become number one in the world, according to Wang Sicheng, President of China Solar Energy Association. In addition, among the world's top 16 PV manufacturers, six are Chinese companies.

"However, less than 3 percent of the PV we produced were actually used in our country," Wang says.

During the two-day US-China Green Energy Conference, which was supposed to provide a platform for the world's two largest greenhouse gas emitters to look for chances for collaboration in reducing emissions, government officials, entrepreneurs and venture capitalists from California expressed collective will to help China's solar energy industry grow.

California leads the United States in pioneering many solutions to cut CO₂ emissions.

Dian M Grueneich, Commissioner of the Public Utilities Commission of California, came to the conference to promote California's long-term energy efficiency strategy in China. According to the strategy, the California government offers cash incentives for installing solar systems. These incentives, combined with federal tax incentives, can cover up to 50 percent of the total cost of a solar system.

Newton Becker, who was called "the father" of solar thermal electric generation because he founded the world's first commercial solar electric generating power plant 28 years ago in California, tells China Business Weekly that his company would introduce their technology for building a solar thermal electricity generating system to China. "The cost of building such a system in China will be much cheaper with China's cheap component parts and labor," he says.

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