

Excerpt from Bloomberg New Energy Finance
Energy: Week in Review. June 26, 2012

CHINA QUADRUPLES SOLAR TARGET AS GERMANY GETS TO GRIPS WITH ITS TURNAROUND

It was a bullish week for solar and wind, amid a series of policy developments and project financings. China quadrupled its solar target for 2015, while Germany gave its withdrawal from nuclear power a boost by sorting out subsidy changes for PV and liability rules for offshore wind grid connection.

China will ratchet up its 2015 solar target four-fold to 21GW, Shi Lishan, deputy director of the administration's renewable energy division, told Bloomberg News. The country had planned 5GW up to 2015, and 20GW by 2020. An expansion of this target has been under consideration since last year, as a supply glut from Chinese manufacturers contends with subsidy cuts in Europe.

Germany is cutting its solar subsidies less than planned, however, it determined last week. Chancellor Angela Merkel's government finally got an agreement on solar feed-in tariff cuts after negotiations with federal state representatives in a Bundesrat mediation committee. A new category of higher-than-expected subsidies for mid-size rooftop systems of 10-40kW will be on offer. An overall cap was also set – after reaching 52GW of installed capacity, solar subsidies will dry up. The country has a "growth corridor" of 2.5-3.5GW per year up to 2020, on top of current installed capacity of around 28GW.

The German government also proposed new rules to reduce the liability risk for developers and grid operators in connecting up offshore wind turbines. The proposal sets a limit on the grid operator's liability at EUR 100m (USD 126m), whereupon the government will step in.

In nearby Belgium, Northwind, a joint venture between the Colruyt Group and Aspiravi Offshore, announced the close on a EUR 850m (USD 1.06bn) financing plan for its 216MW offshore wind farm near Ostend. The project is geared with around 70% debt, comprising a EUR 333m loan from the European Investment Bank, with BNP Paribas and Green Giraffe among the

other financial partners.

There were some positive developments for project financing in Latin America. Chinese group Sky Solar signed a USD 900m deal with Chilean industrial group Sigdo Koppers to develop 300MW of PV projects in the country. Australian developer Pacific Hydro announced plans to build 500MW of wind farms in Brazil. Notably, the company will sell the power to Vale, the world's largest iron ore producer, and other industrial clients, rather than to the grid. Pacific Hydro is already developing two wind farms with 140MW capacity for Vale, which agreed to take a 50% stake in them and buy all their output.

In the US, election year debate over renewable energy policy looks set to intensify. As the chair of the House Energy Committee's oversight panel, Cliff Stearns, said the Republican-led investigation into the collapse of Solyndra was nearing completion, another government loan guarantee-backed panel maker, Abound Solar, closed its doors too. The Colorado-based company was awarded a USD 400m loan guarantee, and borrowed about USD 70m against it.

"Aggressive pricing actions from Chinese solar-panel companies have made it very difficult for an early stage start-up company like Abound to scale in current market conditions," the company said in a statement. An Energy Department spokesperson said that less than 4% of the government's USD 35bn in loans, loan guarantees and conditional commitments had gone to solar manufacturers, compared to 35% to solar projects that benefit from falling panel prices.

....

The WilderHill New Energy Global Innovation Index, or NEX, finished the first half of the year on a mildly positive note, rising 1.2% last week. But the global basket of clean energy stocks still ended the first half down 11.5% versus a 4.7% decline in the same period a year ago.