

SPEEDLETTER

Bonn, January 20, 2010

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Breaking News: German Solar Promotion to Sink by a Further 15 Percent

The German Minister for the Environment, Norbert Röttgen (CDU), is currently explaining that the feed-in tariff for solar electricity will be reduced – against the warnings from the industry – by a further 15 percent. These massive cutbacks will lead to a short-term run on PV systems and falsely push the prices up. In the medium-term the manufacturers will have to overcome serious cuts. This will hit European manufacturers of quality systems hardest.

Bonn / Berlin. For several days now, a revision has been going on behind the curtains of the feed-in tariffs for solar electricity as laid out in the Renewable Energy Act (EEG). Now there are further, double-digit cutbacks. This even though the tariffs were adjusted in the consumers' favor to the current market conditions just a few days ago. The Minister for the Environment, Norbert Röttgen (CDU) is presently outlining the further cuts to solar support:

- As of **July 1**, the tariffs for solar electricity for open-space systems will be reduced by a further **15 percent**. Taking into account the cuts that were already made at the beginning of January, large-scale systems will be taking a **26 percent** cut in promotional funding overall.
- As of **April 1**, the tariffs for solar electricity for rooftop systems will be reduced by a further **15 percent**. Taking into account the cuts that were already made at the beginning of January, rooftop systems will be facing a **24 percent** cutback altogether.
- Additionally, there will be a growth corridor for **2011**. If the newly-installed capacity in 2010 is more than **3.5 GW**, there will be a further **2.5 percent** depression along with the depression that is already planned. If more than **4.5 GW** is installed, the planned depression will increase by a further **5 percent**.

Increasing the pressure on the German PV industry

"The PV industry has never before experienced such massive cutbacks. This is naturally increasing the pressure on the German PV industry due to the tightened cost situation" comments Markus A.W. Hoehner, CEO of the market research and consulting institute EuPD Research, on the current developments in Berlin. "It is to be expected that there will be a very short-term run on PV systems, which will significantly decrease when the tariffs are reduced on the day which has just been announced", forecasts Hoehner.

"Hardly any manufacturer can overcome cuts of this kind. The European manufacturers of quality systems and German tradesmen will be particularly badly affected", declares the CEO of EuPD Research. Comparisons with the fated Spanish PV market are raising their heads. While the PV industry in Spain grew enormously in 2008, the market collapsed completely last year. The reason was the excessive cuts in solar funding.

In the medium-term the sales markets will increasingly move to other regions. The effect that the changes will have on Germany as a location for industry cannot be fully grasped at this point. “Emigration of leading technology companies, bankruptcies, collapse in sales for tradesmen and a weakened location for the solar industry – these are all realistic scenarios,” says Hoehner, who has been observing the market for years.

If you have any questions about the German solar market, please contact our press office:

EuPD Research

Adenauerallee 134

D-53113 Bonn

Phone +49 (0)228 97143-74

Fax +49 (0)228 97143-11

press@eupd-research.com

www.eupd-research.com

www.eupd-research.com/intosolar