

SPEEDLETTER

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French solar funding in free-fall: Following a PV Moratorium and market cap, new, drastically slashed incentives take effect.

As recently as December 2010, François Fillon, the French Prime Minister announced the introduction of a photovoltaic moratorium whereby no further PV systems were to be approved of. This did not affect small PV systems up to 3 kW in size. This moratorium was followed by the February announcement of a strict limitation on yearly installed capacity to 500 MW. Today saw agreement on further reductions to solar funding.

Bonn / Paris. The French Minister for the Environment, Nathalie Kosciusko-Morizet has announced that photovoltaic systems with a capacity of over 100 kW are now to receive a reduced remuneration of 12 €-Cent per kWh. The tariffs which come into effect today apply to all systems regardless of whether they are installed on a roof or open-space. Open-space systems are now faced with severe cutbacks to the tune of at least 57 percent compared to remuneration in September 2010. Roof-top systems are also to incur reductions of a staggering 70 percent.

Feed-in-Tariffs for small PV systems are, momentarily, to be reduced by 20 percent. Over the course of the year, quarterly declines of 10 percentage points will come into force. "This step will see the comparably high PV tariffs in France adjusted in line with those of neighbouring countries," says Markus Monssen-Wackerbeck, Head of Energy & Utilities at EuPD Research. "Such adjustments are ambitious but nonetheless necessary for the long term remedy of PV price divergences in various national markets", comments Monssen-Wackerbeck.

As a result of the aforementioned changes in French solar funding, market pundits estimate that parts of solar projects currently in the planning phase may not yet be executed. According to the solar initiative, « Toche Pas à Mon Panneau Solaire » there were projects in the pipeline of 5.3 GW at the start of the halt in construction ordered by the Government in December. Some had already received building as well as net connection approval. Other sources believe that the figure for projects in the planning phase is over three GW.

"There are difficult times ahead for these projects" says Markus A.W. Hoehner, CEO of the Bonn-based Market Research and Consulting firm EuPD Research, "these systems were planned using a completely different calculation model and some of them will partly be recalculated."

Nevertheless, market researchers at EuPD Research are not about to play the swan song for the French market "The industry should use this pressure to bring high systems prices in the country down to a competitive, European level," adds Markus

A.W. Hoehner. Figures from the current European PriceMonitor published by EuPD Research show that, on average, the costs for a French PV system under 10 kW are about 4,400 Euro and peak at 6,000 Euro. Systems between 10 and 100 kW come with a price tag of 3,860 Euro.

However, market experts at EuPD Research see a downward trend in installed capacity as likely. "The market will consolidate in the next months, yet France still has considerable untapped potential in the private roof-top sector. Manufacturers that respond to this increased price pressure and, by highlighting their first rate quality and strong brand name, position themselves in the right segment will survive these tough changes," believes Markus Monssen-Wackerbeck Head of Energy & Utilities at EuPD Research.

EuPD Research

Adenauerallee 134

D-53113 Bonn

Fon +49 (0)228 97143-74

Fax +49 (0)228 97143-11

press@eupd-research.com

www.eupd-research.com