

# Distributed PV Power Generation to Accelerate China Market Growth

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During September and October 2012, the Chinese government announced intensive Distributed PV Power Generation policies that are likely to expand the market share of the building-mount PV segment in China. An installation target of 5 GW distributed PV power generation yearly is expected to be achieved by the end of 2016.

Further ? and against the backdrop of European anti-dumping/anti-subsidy investigations against Chinese PV manufacturers - the National Energy Administration has recently issued application requirements for Distributed PV zones. These application requirements are encouraging PV companies to submit projects while offering to change the rebate type to performance-based.

To address previous concerns relating to bureaucratic issues relating to grid connection procedures within the Golden Sun and Solar Rooftop programs, the State Grid has outlined a ?Welcome, Support and Service? approach that would not charge for eligible Distributed PV projects. According to new research to be featured within the forthcoming NPD Solarbuzz [China Balance-Of-Systems Report](#) <sup>[2]</sup>, this would reduce system cost by 5%-10%.

When reviewing non-residential PV projects in China above the 50-kW-level, 75% of the Golden Sun and Solar Rooftop programs that had been approved during 2012 had not started construction before October. These delays have been caused in part by the continuously decreasing prices for module and balance-of-systems components during 2012. In addition, ?quality?-related problems have occurred in some completed PV projects, with some project developers seeking to minimize up-front investment capital.

Distributed PV projects may introduce a new type of rebate: performance rebate. This could greatly increase the capital-utilization-rate of the Renewable Energy Special Fund. NPD Solarbuzz finds that the LCOE for distributed PV in most Chinese regions is below local industrial and commercial electricity prices.

[3]

Source: NPD Solarbuzz [Asia Pacific PV Markets Quarterly](#) [4]

The growth rate of distributed PV power generation in China during 2013 is projected to exceed 90% and to continue over the next few years. In fact, the pipeline of projects within the Golden Sun program and Solar Rooftop programs will contribute more than 2.5 GW during 2013. Under this forecast scenario, the market share for distributed PV power generation would exceed 35% during 2013.

China Distributed PV Market Demand and Share

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Source: NPD Solarbuzz [Asia Pacific PV Markets Quarterly](#) [4]

However, the distributed PV market in China could be constrained by several factors. For example, if PV power generation cannot be consumed by the project developer directly, then the State Grid will purchase the PV power based on rates that use local coal-fired tariffs as the benchmark. This would have an adverse effect on the projected return-on-investment period. The importance of financing cannot be underestimated either, because developers will no longer receive initial investment rebates.

With potential trade restrictions on exporting China-manufactured c-Si products during 2013 and beyond, and considering the oversupply and inventory within the channels today, it would appear that Chinese based c-Si module suppliers have little choice but to adapt to the domestic distributed PV environment. This may however demand the use of more reliable materials and equipment with increased efficiencies, extended product lifetime and reduced system costs.

**Source URL:** <http://www.solarbuzz.com/node/4600>

**Links:**

[1] <http://www.solarbuzz.com/analysts/steven-han>

[2] <http://www.solarbuzz.com/reports/china-balance-systems-market-report>

[3] [http://www.displaysearchblog.com/wp-content/uploads/2012/11/pv\\_lcoe.png](http://www.displaysearchblog.com/wp-content/uploads/2012/11/pv_lcoe.png)

[4] <http://www.solarbuzz.com/reports/asia-pacific-major-pv-markets-quarterly>

[5] [http://www.displaysearchblog.com/wp-content/uploads/2012/11/distributed\\_pv\\_market.png](http://www.displaysearchblog.com/wp-content/uploads/2012/11/distributed_pv_market.png)