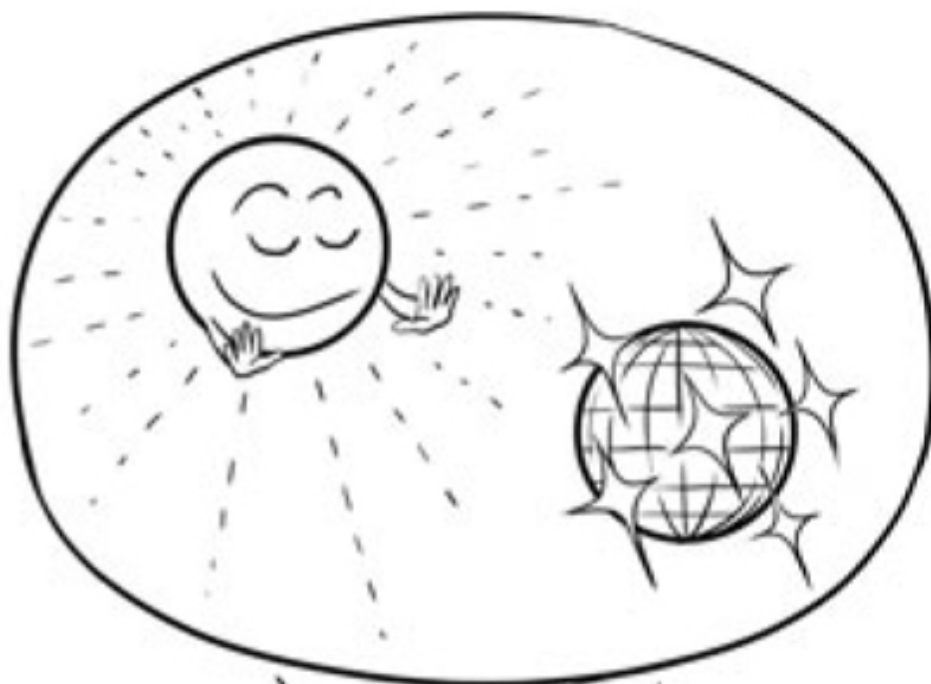
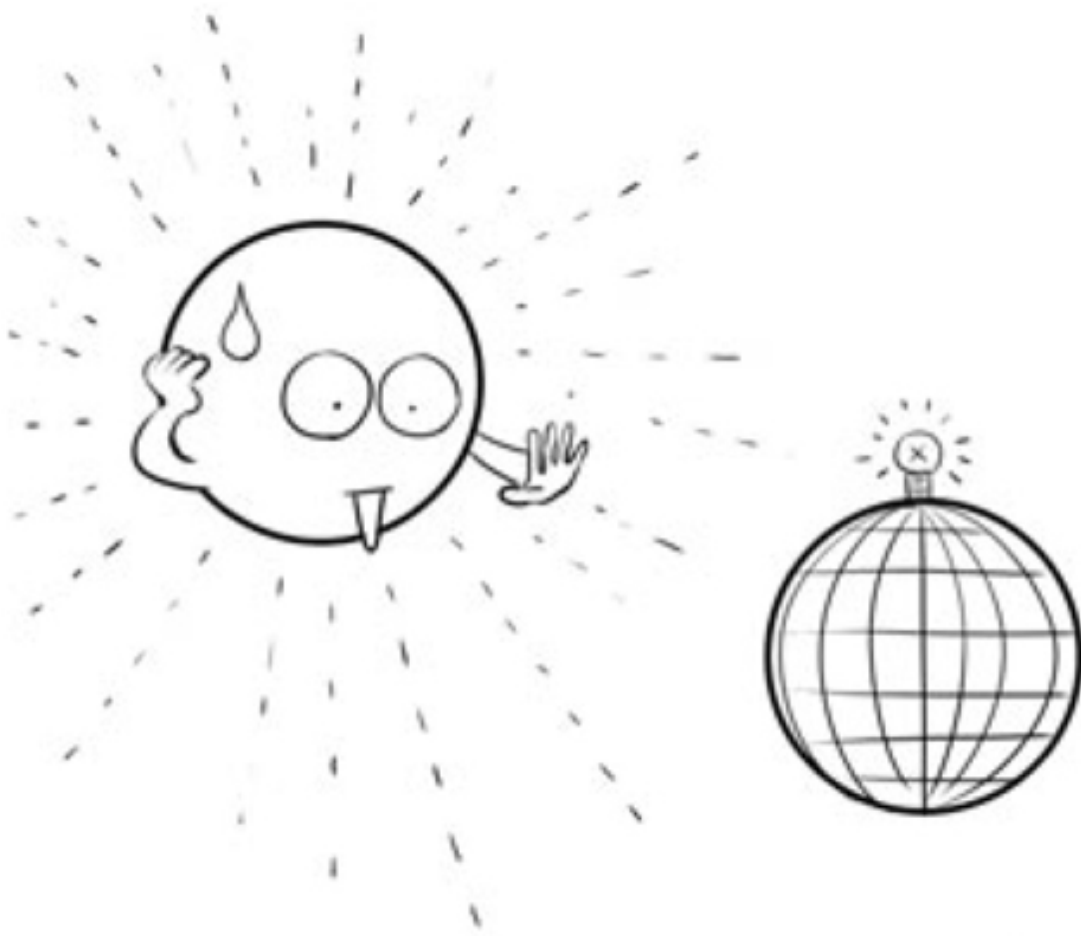


Published on ShanghaiDaily.com (<http://www.shanghaidaily.com/>)
<http://www.shanghaidaily.com/article/?id=354485&type=Opinion>



**If only the earth would use
my energy ...**



**But there is much more
heat than light.**

Illustration by Zhou Tao/Shanghai Daily

‘ China’s use of solar
energy for power
remains minuscule. ’



China eyes light at end of tunnel for green power

Created: 2008-4-3

THE meteoric rise of China's solar technology industry is well known. Chinese solar manufacturers first entered the limelight when Suntech Power launched its initial public offering on the New York Stock exchange in 2005.

Its stock went through the roof, and founder Shi Zhengrong became one of China's richest men.

Since then, a group of other Chinese photovoltaic (PV) companies, including Yingli Green Energy, Solarfun and Canadian Solar, have followed Suntech in listing overseas.

PV is the name of the hardware used to turn solar energy into electricity.

Trina Solar, a Changzhou-based Chinese company listed on the New York Stock Exchange in December 2006, took the No.1 spot in the "Deloitte Technology Fast 50 China" list last year.

With worldwide demand for solar soaring and some predicting that solar will make up as much as 10 percent of the global energy mix by 2030, the industry looks set for a bright long-term future.

Yet, Chinese manufacturers' progress has not been entirely smooth, and further bumps in the road may lie ahead.

One problem is that Chinese manufacturers have to import more than 80 percent of their production technologies, says Frank Haugwitz of the EU-China Energy Environment Program.

Another problem is that Chinese manufacturers have yet to tap their home market - they have so far relied too much on overseas demand.

"The bottleneck is the supply of polysilicon," Haugwitz says.

According to figures published in December last year by QY Research Solar Energy Research Center, a Beijing-based company, global demand may have exceeded supply last year. Silicon prices have spiraled upwards.

By pushing up costs, the shortage of polysilicon works against the industry's efforts to achieve grid parity.

Optimists believe that relief from the polysilicon shortage may be just around the corner.

Currently, China imports more than 95 percent of the silicon from which cells are made, but this looks set to change.

On top of PV manufacturers' own efforts to produce polysilicon, China is currently experiencing a rush of domestic firms scrambling to get into the polysilicon business.

Haugwitz says he has looked at 60 or so companies that claimed to be entering the field. Of these, only about a third are actually following through, and the quality of their silicon "remains to be seen."

As to China's domestic demand for solar energy, there's really a lot of potential.

Look out the window in any low-rise Beijing residential area, and you are likely to see solar water heaters gracing the roofs of nearby buildings.

However, with an installed PV capacity of only around 80MW (0.08GW) out of total energy installation of 713GW last year, China's use of solar energy for power remains minuscule.

Haugwitz has his worries. "It's too expensive." Dirt-cheap coal, which supplies the lion's share of China's total power, sets the benchmark for any feed-in tariff for solar, he says.

Despite the many hurdles, Haugwitz is optimistic about solar energy's long-term future in China. A one percent increase in cell technology cuts five percent off the costs of production, he says, nudging solar power closer to feasibility.

At the moment, Haugwitz admits, PV is by far the most expensive means of generating electricity. "But in five or 10 years, it may look different. "

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