

## Solar power plants to spring up in China

Two large solar power plants will be built in the western plateau provinces of Qinghai and Yunnan in 2009, with the expectation for China to cut domestic reliance on coal and oil.

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The Qinghai project, a gigawatt-level solar station, will begin the first phase construction in 2009. The plant was funded by an initial investment of 1 billion yuan (\$146 million). It could become the world's largest when completed, according to a recent joint statement of the developers.

The NASDAQ-listed China Technology Development Group Corp. and the privately-owned Qinghai New Energy Group are overseeing the design, construction, installation and operation of the station.

The government of Haixi Autonomous Prefecture of Mongolia and Tibet nationalities, where the project is located, signed an agreement with the two companies to help them acquire land, subsidies and project approvals from the central government.

Roughly a month ago, the southwestern Yunnan Province announced it would begin construction of a 166-megawatt solar plant with an investment of 9.1 billion yuan -- the largest in China at the time of the announcement.

Yang Minying, a researcher of the Chinese Academy of Social Sciences, said construction of the two projects would take time, but developing renewable energy resources is an irresistible trend in China.

Statistics from the China Renewable Energy Society showed more than two thirds of China's land receives more than 2,200 hours sunshine annually, more than many other regions of similar latitude such as Europe and Japan, which gives China a potential solar energy reserve equivalent to 1,700 billion tons of coal.

China is now the world's largest producer of solar heaters and the third largest manufacturer of photovoltaic cells, the National Development and Reform Commission (NDRC) statistics show.

However, NDRC pointed out, China still lags far behind other countries in solar power generation due to the high cost, limited government subsidies and market access.

The NDRC drafted a long-term plan for renewable energy use in 2007 and promised that the government would provide stimulus policies to encourage companies involved to develop renewable energy sources.

"The cost of solar generation is still relatively high compared with the developed solar markets - Germany and Japan," said Charles Yonts, a solar and clean-tech analyst with the HK-based brokerage CLSA.

"but, we will see costs come down rapidly as installers gain more experience," he added.

In a law passed in 2005 by the National People's Congress, China's top legislature, China set a goal to increase the share of renewable energy resources to 10 percent of China's total energy consumption by 2020.

"Effective development of renewable energy sources in China need careful investigation and a combination of different energy sources such as wind, solar and biomass," said Yang Minying.

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