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China has Faith in Solar Power with Huge Renewable Energy Investment

China is to throw its economic might behind a national solar power plan that could result in it becoming one of the world's biggest harvesters of the sun's energy.

By 2020, Chinese government is committed to raising the share of - renewable energy in the energy mix to 6%

The government body responsible for overseeing energy policy has finalised a proposal for billions of pounds of - incentives for solar farms and rooftop panels, which will come from the government's £400bn economic stimulus fund.

Once approved by the state council, it is expected to give a boost to the domestic solar power market, which has lagged behind China's wind, nuclear and hydroelectric power investments. "This is extremely important. It's a milestone," said Chen Dongmei, director of climate change and energy at the WWF's China office.

China is the world's leading manufacturer of photovoltaic (PV) panels, which turn sunlight into electricity. But 95% of these are exported.

While solar thermal power, in which sunlight heats water, is in widespread use, the central government and the five major utilities have deemed PV power too expensive, particularly compared with coal, which generates electricity for between an eighth and a tenth of the cost.

But the global economic crisis and increasing concerns about climate change and energy

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security have prompted a change in attitudes.

Since last year, a glut in supply of PV panels has pushed prices down by more than 30%, cutting profits of domestic manufacturers such as Suntech.

To support them and widen the country's energy base, the plan is expected to include the biggest ever boost for solar power, along with extra spending and policy support for nuclear, wind and biomass power.

By 2020, the government is committed to raising the share of renewable energy (excluding hydroelectric power) in the energy mix to 6%, from the current 1.5%.

Many local governments in "sunshine regions" such as Gansu, Qinghai and Inner Mongolia are already pushing ahead.

According to Li Shimin of the Solar Energy Centre in Gansu, at least 10 solar farms are under construction or in the process of securing approval.

The biggest of those approved so far is in Dunhuang, which will have a 10 MW capacity.

Earlier this year, Jiangsu province – the home of Suntech – announced 1bn yuan (£92bn) of incentives aimed at building solar energy generation capacity to 260 MW megawatts by 2011.

This is extremely ambitious given that the target for the entire country next year is 300 megawatts.

Julian Wong, an energy analyst based in Washington, said 2009 was shaping up to be the year of solar power in China.

"The unique confluence of lower production costs and decreased overseas demand means the cost of going solar is lower than ever and makes it an opportune time to make a policy push for domestic solar deployment," he noted in a recent report.

Despite the infusion of cash and government support for renewable sources of energy, China is expected to remain dependent on coal for about 70% of its energy needs for at least the next two decades, meaning it will remain the world's biggest emitter of CO₂, a major greenhouse gas.

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