

Infrastructure woes hamper China wind farms' push for profitability (The Guardian)

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Chinese wind farm operators are struggling to earn a profit as a lack of wind resources and an insufficient power infrastructure has hampered efforts to provide clean energy to the grid.

A report posted earlier this week on the web site of the State Electricity Regulatory Commission (SERC), a government agency that oversees China's power sector, noted that some wind farms are suffering from a lack of wind, with many recording lower utilisation hours than had been estimated by feasibility studies.

The industry is also encountering problems stemming from the government's aggressive plan to expand its wind power capacity, which doubled in 2008 to 12.8GW, up from 6GW the previous year, according to figures from the China Electricity Council (CEC), a government-backed industry association.

However, the state-run China Wind Energy Association said that more than 20 per cent of the country's installed wind power capacity did not generate any electricity last year because the equipment was not yet connected to the grid.

Association president He Dexin told the South China Morning Post newspaper earlier this month that "the problem is that the regions where wind resources are the most abundant tend to have the weakest grid infrastructure development".

It takes three to four months to get equipment hooked up, due to a bottleneck caused by a steep ramp up of wind power projects. The problem will likely be exacerbated by China's recently announced plan to spend \$140bn (£84bn) to build seven giant wind farms by 2020.

Another obstacle to profitability is the low tariffs paid to wind farms by grid operators, according to the SERC report. In the absence of a feed-in tariff, wind power projects with more than 50MW of capacity need to undertake a public bidding process in which low tariffs are the primary criterion for winning.

The government plans to standardise wind power tariffs by region, so that areas with similar wind resources would be granted comparable rates.

Wind energy accounted for 1.1 per cent of the country's overall power generation capacity last year but only 0.3 per cent of its total electricity output, according to CEC.

China's power infrastructure will need to undergo vast improvements if the government is to reach its goal of having eight per cent of the country's electricity needs supplied via wind power by 2020.