

Solar Industry Reports Strong 2011

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NEW YORK (AP) — Solar power installations in the U.S. doubled in 2011, helped by plummeting solar panel prices, weak demand for solar abroad and an expiring subsidy program.

The U.S. installed 1,855 megawatts of solar panels during the year, up from 887 in 2010, according to an annual report released Wednesday by the Solar Energy Industries Association, a trade group.

The U.S. now has a total of 4,460 megawatts of solar panels installed. They produce about the same amount of power as two medium-sized coal-fired plants over a year, enough to supply about 700,000 typical American homes with electricity.

Solar panel prices dropped by half through the year because solar manufacturers quickly built additional manufacturing capacity, especially in Asia, and raw material costs have stayed low. At the same time, installations in Europe — by far the world's biggest market for solar — slowed dramatically as European nations cut back subsidy programs.

This led to a glut of panels on the global market, and sharply lower prices. Installers welcomed the lower prices, which allowed them to offer homes and businesses solar leases and other financing deals that included no upfront installation payments and immediate savings on monthly power bills. There were a record 51,000 residential solar installations last year, according to the report.

Construction of large solar farms grew especially fast, as utilities rushed to build arrays in the Southwest that produce power during peak demand times and can therefore fetch relatively high market prices. The utility-scale solar market grew by 185 percent last year.

The drop in panel prices helped push average total installation costs down 35 percent between 2010 and 2011.

But the low prices gutted profits of established solar panel makers such as First Solar and Suntech Power and crushed emerging ones — including Solyndra, a California solar panel maker that received a \$528 million federal loan but later collapsed.

The industry was also buoyed by a federal subsidy program that allowed installers to recoup 30 percent of the cost of a solar project as an upfront cash grant. That program expired at the end of 2011. Installers can still receive a subsidy of 30 percent of the cost of the project, but now it will come as a tax credit instead of a grant.

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Installers rushed to begin projects before the program expired at the end of last year. The push boosted installations in the fourth quarter, and it is expected to contribute to a strong first quarter this year as projects that were started in late 2011 are completed.

The industry predicts installations will rise to 2,800 megawatts in 2012 and to 8,000 megawatts a year by 2016.

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