

Canadian Solar To Make Panels In Japan

The Associated Press

TOKYO, May 12 (Kyodo) — Canadian Solar Inc., the world's fifth largest solar module maker, plans to build a plant in Japan as early as fiscal 2013 to become the first foreign manufacturer to produce solar panels in the country, company sources said Saturday.

The Ontario-based firm is among domestic and overseas companies vying to strengthen their position in the Japanese market as a new government incentive program starting this July is expected to spur demand for green energy in the wake of the Fukushima Daiichi nuclear disaster.

Canadian Solar expects to invest several billion yen for the new plant with an annual production capacity of 150 megawatts of solar panels.

The company has already announced in March a separate project to construct a 2,000-kilowatt mega solar plant in Tsu, Mie Prefecture with the aim to launch operation by March 2013.

"It will be more efficient to produce (the solar panels) where consumers will be using them," Yu Kaname, president of Canadian Solar Japan K.K., said of the decision to manufacture domestically to meet the anticipated demand in Japan. The firm currently imports its solar panels from China.

The company is reviewing candidate sites in Fukushima Prefecture and other areas devastated by the March 2011 earthquake and tsunami. It is also considering including a training center for solar panel maintenance and other works at the new plant to help boost employment in the disaster-hit region.

Canadian Solar, which boasts high-quality solar photovoltaic products and low cost structures, currently has a roughly 3 percent share of the Japanese market and aims to raise this to 10 percent in five years.

Under the government's renewable energy feed-in tariff scheme, major electric utilities will be required to buy all electricity generated in principle from solar power by companies, households and others for 42 yen per kilowatt-hour, including sales tax, a price almost equivalent to that demanded by green-energy providers.

"Japan has set a high buyback price, which is very attractive, so there is no reason for foreign companies not to enter the market," said Hiroharu Watanabe, a senior analyst at SMBC Nikko Securities Inc.

China's Suntech Power Holdings Co., the world's largest producer of solar panels, will revamp its maintenance site in Saku, Nagano Prefecture, in July with a showroom and upgraded equipment to improve customer service.

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Meanwhile, Yingli Green Energy Holding Co., also from China, and U.S. energy services provider SunEdison, have also recently announced their full-fledged entry into Japan, at a time when demand for solar in large markets such as Europe is waning.

To fend off the intensifying low-cost competition from foreign players on their home court, Japanese makers such as Sharp Corp., Kyocera Corp., Mitsubishi Electric Corp., and Panasonic Corp. which owns Sanyo Electric Co., mostly boast of high power generation efficiencies.

They have stepped up efforts to expand businesses targeting households and industrial companies in light of increased demand following the quake disaster as well as government-backed incentives.

According to Yano Research Institute, a Japanese private marketing research company, the Japanese market for solar systems in fiscal 2010 had jumped by 70 percent from the previous fiscal year to 655.3 billion yen.

Solar and other renewable energies are drawing interest in Japan in view of the tight electricity supply, especially as the nation is now without nuclear power-generated electricity for the first time in 42 years with operation of all of its 50 commercial reactors suspended.

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