

Press Release

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Top Solar Location: German PV Industry Threatened by New Cutbacks

Germany has continually developed into a top international location for solar technology over the last few years. Innovation and sustainable policies have brought the industry through the crisis years. Along with secure jobs the PV branch has brought in billions in tax revenues over the years. Now new, unplanned reductions in the promotion scheme threaten to bring an end to the technology boom.

Bonn. Only a few days ago the promotion of solar electricity in Germany was significantly decreased and the market conditions adjusted, yet the cries for further cutbacks are getting louder. The trigger for the announced revision of the tariffs by the Ministry for the Environment are the varying estimations regarding the market growth of the solar industry in Germany. The extra expenses for subsidizing PV systems as laid out in the Renewable Energies Act (EEG) are frequently used as the exclusive argument. However, PV only cost every citizen 24 cents more per month in 2009.

Extra expenses were 24 eurocents a month in 2009 lag

The new discussion on the funding for solar electricity in Germany was not stimulated by the lack of success of the EEG or a lack of acceptance among the public, but rather the concern that continuing to expand the number of solar plants could bring incalculable costs. But market experts are keen to sound the all-clear.

“If we assume that the average monthly electricity bill for a three person household in Germany is 67.70 euros, then only 1.015 euros of that are additional expenses for PV promotion. If you consider the equivalent value of electricity and the amount of CO₂ that is saved, these extra costs are reduced to a maximum of 70 eurocents a month for three people” calculates Markus A.W. Hoehner, CEO of the market research institute EuPD Research. The true extra cost incurred for solar promotion in 2009 was just 24 eurocents per citizen per month.”

The background of the German promotion system – whereby system operators receive a return on their investment through a secure feed-in tariff – is the energy policy aim of moving towards emission-free, alternative energy sources little by little over the next years. The currently-debated installation figures from the past few years show how sustainably this goal can be implemented in the field of solar electricity generation.

The photovoltaic industry strengthens Germany as a location

A further aim of the EEG promotion mechanisms is to build up a high tech industry in Germany that is capable of competing internationally, particularly with regards to a high level of product quality and performance. And indeed Germany has continually developed into one of the leading locations for solar technology worldwide over the last few years. “Along with the positive

economic effects, such as the creation of new jobs in areas which previously had a weak infrastructure or the fact that Germany is now an attractive investment option for large international companies, there have also been additional benefits for the country” states Markus A.W. Hoehner, CEO of EuPD Research.

The institute, which specializes in market analysis and evaluating locations, examined these and other benefits in their recently published report “Site Appraisal Photovoltaics in Germany 2009”. “Our analysts have been working on different political levels for many years and provide consulting for Federal state governments as well as political decision makers both nationally and internationally”, says Hoehner. “By our calculations the PV industry in Germany has directly brought in around 2.6 billion euros in tax revenues in the last two years; taking into account the indirect revenues this figure increases to over five billion euros”, states Markus A.W. Hoehner.

“No clientele policy at the cost of the majority “

These calculations show that the photovoltaic industry in Germany has become a significant growth motor for the domestic economy. Along with the positive effects for the employment market, the state coffers also profit from the direct and indirect tax flow. Those who speak of “billions in solar debt” and sweepingly demand a reduction in the subsidies for PV are ignoring the actual market conditions, says Hoehner. “Obviously it must be everyone’s aim not to have any clientele policy enacted and to keep the cost of clean electricity generation as low as possible. As an independent institute we strongly support a gradual reduction in promotional levels. But: It is important to keep a sense of proportion and to reduce the subsidies in line with the technical developments”.

The background: “ Site Appraisal Photovoltaics in Germany 2009“

On more than 160 pages the experts from EuPD Research have analyzed Germany as a location for PV for the second year running. The analysis provides a regional overview of the most important PV sales markets in the world. EuPD Research also analyzed more than 450,000 individual PV systems from their database of all German solar plants. Along with the political, economical and geographical location factors, the report highlights that Germany is one of the most important PV industry locations worldwide.

For more information and a German press copy of the current EuPD Research report can be obtained from our press office.

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