

## SPEEDLETTER

Bonn, March 3, 2011

3,017 Zeichen (inkl. Leerzeichen), 3,536 Zeichen (ohne Leerzeichen)

### **Italian PV market: Agreement on future reduction of Feed-in-Tariffs postponed. There is to be no capping of the market.**

Major challenges are in store for the Italian market for photovoltaic systems. It has just been announced that feed-in-tariffs for solar electricity are only to remain stable until May 31. Further agreement by the representatives of the industry association GIFI as well as representatives from the Ministry for the Environment and the Ministry for Economic Development on the reductions was not reached today. The main reasons for a timely intervention can be found in the installed capacity of recent months along with the high prices of solar components. There is to be no capping of the market.

Bonn / Rome The continued existence of solar finding in Italy has been subject to intense deliberation for a number of days. Representatives from the Ministry for the Environment, the Ministry for Economic Development along with the Gruppo Imprese Fotovoltaiche Italiane“(GIFI), the PV industry association have just reported that further talks have been postponed to April. Although the comprehensive market cap, demanded by the Ministries at the start of the week, is no longer an option, cutbacks will nonetheless come into action in June 2011.

It is claimed that these adjustments should prevent an over proportional burdening of private and commercial electricity customers. Objections to a comprehensive market cap were not only voiced by market experts and analysts but also by legislators. Market intervention to such an extent serves only to constrict the market. An example of which can be seen in Spain.

“Making adjustments to funding is the right step,” according to Markus A.W. Hoehner, CEO of the Bonn-based market research and consulting company EuPD Research. “Prices in the small roof-top system segment in Italy are, on average, 4,300 Euro, and peak at 6,000 Euro. These prices are much higher than those in other European countries such as Germany, Spain or France,” observes the market expert. The scope of these future cuts has to be decided on with a sense of proportion. Otherwise, they are likely to pose a considerable challenge not only to domestic companies but also to the international PV branch that, until recently, had a promising sales market in Italy.

The Italian electricity provider GSE has reported that, in addition to the 3.7 GW of PV capacity already connected to the grid, there are a further 3.8 GW waiting for connection. This amounts to a total capacity of 7.5 GW PV that have already been

installed in Italy. It can thus be seen that market growth is set to outgrow the goal of 8 GW of PV capacity set for 2020

Final agreement is not expected before April. Until then, the FITs determined in Italy's "Conto Energia" remain applicable.

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