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http://www.climatespectator.com.au/commentary/can-wind-and-solar-weather-storm

Can wind and solar weather the storm?

Last week brought reminders of both the stresses on individual wind and solar energy companies, and the growing challenge of climate change that has helped to create the opportunity for renewables.

The clean energy sector has shown itself to be resilient over the last decade, but the combination of fading tariff support, over-capacity, downward pressure on prices, the impact of the European debt crisis on bank lending, and international trade tensions is starting to test that resilience as never before. A report by Ernst & Young estimated that global spending on renewable-energy subsidies, pollution abatement and research into clean technologies may fall by $US22.5 billion in the five years through 2015. It could be as much as $US45 billion if the debt crisis in Europe escalates.

Falling subsidies are not necessarily a bad thing for renewable energy developers, when the price of hardware such as wind turbines and PV panels is also falling. However, if the changes in subsidy are not smooth and predictable, then violent swings in demand are almost inevitable. The scheduled expiry at the end of 2012 of the US production tax credit for instance would be a blow to the world's second largest turbine market. US wind turbine sales may dry up in 2013 unless lawmakers extend tax credits supporting the market beyond the end of next year, warned Vestas Wind Systems chief executive Ditlev Engel on 9 November.

Suzlon Energy chairman Tulsi Tanti said that the move would see the "boom and bust" market persist. "Today everyone is selling just at cost level. You are almost getting Chinese prices in the US. Nobody is making any margin whether it's a supplier, a turbine company or a project construction company," he said.

Companies in the solar sector are also struggling to cope with the fall in margins. The bankruptcy of solar panel maker Solyndra – which was backed by loan guarantees from the US Department of Energy – is the most visible symbol of the changing landscape in that sector. Energy secretary Steven Chu told lawmakers last week that he did not expect much money to be recovered from the company. The auction of its business was delayed yet again, to 19 January, after it failed to get acceptable bids. Taxpayers are also set to lose money on energy storage company Beacon Power, which has filed for bankruptcy.

Companies in the US had complained that China was dumping solar cells with the backing of funding from the state, and that this was hurting domestic solar companies. The US Commerce Department initiated an anti-dumping probe on 9 November. Most of the $US47 billion in credit lines made available by the Chinese government to wind and solar companies since 2010 have however been left untapped, according to Bloomberg New Energy Finance.

While America probes the extent of unfair competition in the solar sector from China, there is demand for a dumping probe by the China Photovoltaic Industry Alliance against imports of polysilicon from the US. The industry body includes Suntech Power, LDK Solar and Yingli Green as members.

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These issues become especially worrisome in the backdrop of a warming planet. Global temperatures are "virtually certain" to rise this century, according to the latest report of the Intergovernmental Panel on Climate Change. As a result, Europe is likely to see longer and more intense heat waves while average wind speeds of tropical storms will increase. Meanwhile, atmospheric concentrations of the three main gases blamed for global warming – carbon dioxide, methane and nitrous oxide – rose to a record in 2010, according to the United Nations.
Weighed down by industry concerns, the 95-share WilderHill New Energy Global Innovation Index, or NEX, ended a tad above the 130 mark on Monday. The Index was at 214 at the beginning of this year, and peaked at 468.75 almost exactly four years ago.
The positive side of the climate balance sheet was dominated by announcements from South Korea during the week. The OECD country wants to grab 10 per cent of the world's clean-energy market and plans to spend over $US30 billion by 2020 to develop technology for renewable and nuclear energy and carbon emissions reduction. It also passed a first-of-its-kind legislation on smart power grids last week.

EU carbon price slips as market anticipates supply

European carbon allowances for December 2011 delivery lost 7.6 per cent last week, closing at €9.35/t compared with €10.12/t the previous week. Prices tumbled as the market anticipated the imminent supply of 300m post-2012 EU allowances, known as the NER300. EUAs for December delivery touched €9.23/t on Friday, the lowest price since February 2009, as the European Commission moved to adopt a regulation to transfer the NER300 to the European Investment Bank. The bank should receive the allowances before the end of the month and has said it will sell them soon after delivery. EUA prices were not helped by a weak energy market performance on the back of the ongoing European debt crisis, with saw crude oil sliding by 5.7 per cent last week. United Nations Certified Emission Reduction credits for December 2011 fell slightly less than EUAs, slipping 4.9 per cent to close at €6.64/t last week compared to €6.98/t at the end of the previous week.
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China installs world's largest hydropower turbine

The first 800MW turbine, the world’s largest, was installed by China Three Gorges Corporation at the Xiangjiaba hydropower plant, Chinese Business Newswire reported. Canada’s hydropower industry is planning to invest up to $US70 billion to take the country’s generation capacity to 88.5GW over the next 10 to 15 years, much of which will be exported to the US, according to the International Business Times. Macquarie Group and the State Bank of India agreed to invest $US25 million in Soham Energy, a small hydropower project developer, Bloomberg reported. In Africa, Madagascar announced plans to build a 300MW hydropower plant, l’Express de Madagascar reported, and is seeking investors for the $US375 million project. Zimbabwe will seek an alternative partner to add 600MW capacity to the 750MW Kariba South hydropower plant after cancelling a memorandum of understanding with Chinese developer Sino Hydro, the Zimbabwe Independent reported. The country will also proceed with the Batoka hydropower project with neighbouring Zambia, which could potentially generate 3GW. Meanwhile, in Portugal, EDP-Energias de Portugal has delayed construction of the €360 million Alvito hydropower plant for three years, Jornal de Negocios reported.

Nuclear debate rumbles on in France

France’s nuclear future has emerged as a key election issue, as President Nicolas Sarkozy called plans of the Socialist-Green alliance to close 24 of the country’s 58 reactors “irresponsible,” Deutsche Welle said. Meanwhile, Bloomberg reported that the alliance for next year’s election is already under pressure over whether to allow completion of EDF’s 1.65GW, €6 billion Flamanville reactor and, RFI said, over nuclear waste reprocessing. The Financial Times reported on the public backlash against nuclear power in India. This has seen completion of the $US3.5 billion 2GW Kudankulam plant delayed and protests against the proposed $US9.6 billion, 3.3GW Jaitapur plant to be built by Areva. China may resume some nuclear reactor construction halted following the Fukushima disaster by the end of the year, Bloomberg reported.