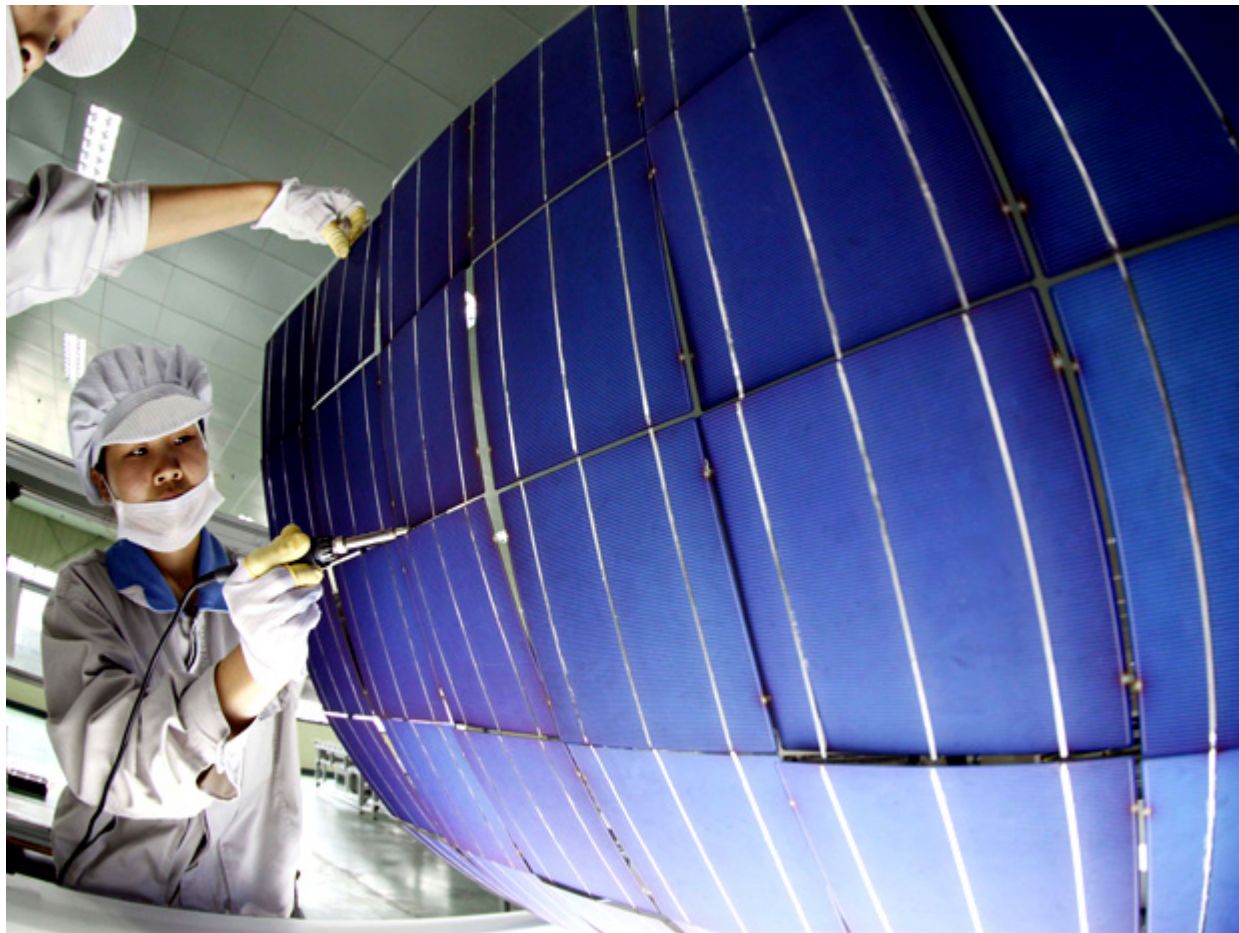


## Production of Solar Panels Outpaced Investments Last Year

By Lucas Laursen

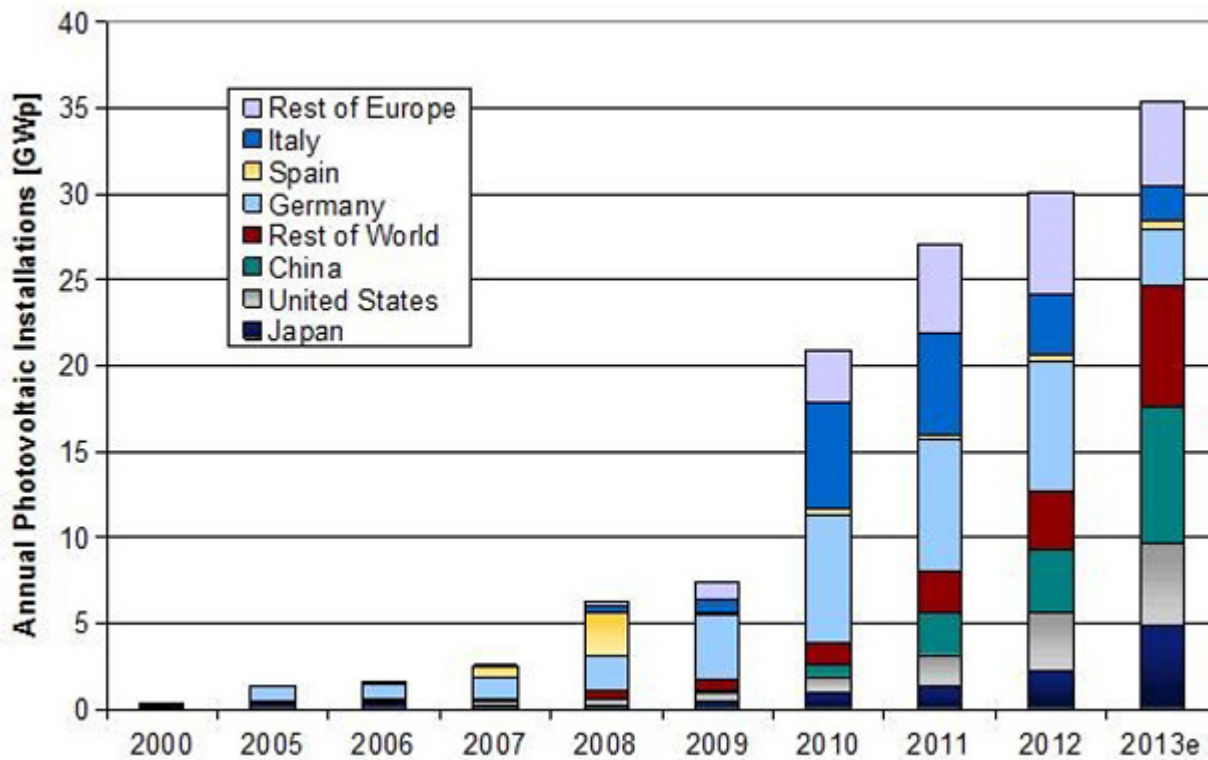
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Worldwide photovoltaic (PV) solar panel production rose 10 percent in 2012 despite a 9 percent drop in investment, reports the European Commission ([pdf \(http://iet.jrc.ec.europa.eu/remea/sites/remea/files/jrc-pvreport2013-web.pdf\)](http://iet.jrc.ec.europa.eu/remea/sites/remea/files/jrc-pvreport2013-web.pdf)). The numbers are imprecise, because solar panel makers use different types of production and sales figures, but the Commission authors estimate that producers added between 35 GW and 42 GW of PV capacity in 2012. The growth follows several years in which European governments have trimmed subsidies to solar power, prompting many private investors to shy away from the sector and driving some companies to bankruptcy.

Something about solar is special, though: investment in PV capacity still made up over half (57.7 percent) of new renewable energy investments, for a total of \$137.7 billion, and analysts predict further growth through 2015. Part of the reason for investment's lag behind production is that producers added so much production capacity during the pre-recession subsidy boom that they need less capital investment to sustain high production levels. Making the hardware isn't the hard part.

Indeed, a recent Energy and Environmental Science [study \(http://pubs.rsc.org/en/Content/ArticleLanding/2013/EE/c3ee40701b#!divAbstract\)](http://pubs.rsc.org/en/Content/ArticleLanding/2013/EE/c3ee40701b#!divAbstract) found that "soft" costs such as supply-chain efficiencies and regulatory barriers made up more of the difference in production costs between regions than hardware production costs. They predicted that the right business management and regulatory boosts could enable U.S. manufacturers to match China's. The EC report also shows optimism for PV in the United States: it figures U.S. PV capacity grew from 3.4 GW to 7.7 GW in 2012, almost doubling in response to a mix of legislative mandates and tax credits.



Most of the rest of the growth comes from Asia, where governments are still in the first flush of support for solar energy. The EC report expects new guaranteed prices for solar power there, much like the prices which drove Europe's own solar boom in the mid-2000s. In Australia, about 10 percent of homes already have PV systems.

That doesn't mean the sun is setting on solar in Europe, though. After a pilot run near sunless London, Ikea announced (<http://www.theguardian.com/environment/2013/sep/30/ikea-sell-solar-panels-uk-stores>) that it would offer PV panels at all its United Kingdom stores. The firm figures consumers can earn £770 (\$1247) a year between subsidies and savings on conventional electricity bills. Upfront costs are at least £5700, but typical panels last decades and should amortize installation costs within a little over 7 years. That should make up for some of the UK's gray days.