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## Rejuvenation

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Photo: Europressdienst

Large crowds were waiting at the gates of the Fiera Milano, but not necessarily because of Solarexpo. Other trade shows that took place at the venue at the same time attracted more visitors than the solar exhibition.

## Reorientation

**Italy:** The phaseout of the renewable energy law and the prospect of tariffs on solar imports raised concerns in Italy. The visitors of Solarexpo had lots to talk about.

The first impression can be misleading. The long queues at the entrance of Solarexpo, which took place in Milan in May, mainly consisted of visitors of the Grafitalia/Converflex trade shows at the same venue. Only about 400 companies presented their products and innovations at Solarexpo – after more than 1,000 had come to Solarexpo 2012 in Verona. Italian companies in particular wrestled with the decision of whether to attend the event in the current difficult economic environment. Many Chinese players that used to visit Solarexpo to look for sales partners were absent. Some spontaneous companies, such as the wholesaler Ener-ray S.p.A., had booked their booth last minute to show their presence and reassure customers. In spite of the minimal turnout, the exhibitors seemed to be satisfied with the event. “There were signif-

icantly less customers, but also top class contacts,” commented the marketing director of a leading solar manufacturer. The boom years when major investment promised high returns of over 20% and drew crowds of investors seem long over. Small, down to earth business is becoming the driving force, also as a result of the expiring Conto Energia V.

According to the Italian energy agency Gestore dei Servizi Energetici (GSE), which regulates the support scheme for solar power in Italy, the budget limit of €6.7 billion for the country’s solar incentive has been almost reached. The deadline to submit proposals for the second register, which will probably be the last opportunity to benefit from solar feed-in tariffs in Italy, was May 17. Solar plants with a capacity of more than 14 kW have a requirement to register in Italy. Oper-

ators of small rooftop systems continue to benefit from the incentive without an entry in the register. Nevertheless, these smaller PV plants are also part of the budget made available by the Italian government for the promotion of solar power.

In May, GSE’s official counter already stood at €6.637 billion and the energy authority decided to limit the second register to €70.46 million. “That’s €50 million less than the €120 million originally envisaged,” says Andreas Lutz, Managing Director of New Energy Projects. “Considering the official figures and the additional €70.46 million there is not much room left until the limit is reached,” he states. However, this limit will probably be reached with small-scale PV plants, which are excluded from the registry. This means that there will probably not be a third register. Once the counter arrives

Photo: A+ Sun Systems



The SunNet mounting system by A+ Sun Systems is heading in new directions with tensile structures.

at €6.7 billion, incentives will be limited to solar power plants with a requirement to register, if they start operating before the budget limit is reached and the operator submits an application for the feed-in tariff within 30 days of the official expiry of Italy's renewable energy law.

### Building on self-consumption

In the opinion of many market participants, the phaseout of Conto Energia V could lead to a sharp drop in new PV installations in Italy. But Rome has not lost its optimism. Because of the generally favorable conditions for solar in Italy, the Italian Ministry of Economic Development expects that 1 GW of PV capacity will be installed annually through 2020 without the help of solar subsidy programs. This, at least, has been laid down in the Ministry's draft strategy for the national energy policy under the last government. It now remains to be seen whether the new Environment Minister Andrea Orlando puts theory into practice.

Many of those who attended Solar-expo expect a new impetus to come from energy storage systems for PV self-consumption. In the second half of 2012, the management of inverter manufacturer Valenia, for example, noted that customers were increasingly interested in storing solar power. "These requests began piling up," says Silvia Spillere, spokeswoman for Valenia. Since the company also offers storage technology, these requests did not go unheard. Spillere believes that the outdated Italian distribution grid is mainly responsible for this trend. "The energy providers face a broad range of structural problems. Power outages are quite com-

mon," says Spillere. Many electricity consumers in Italy are now looking for alternatives. They are realizing that a PV plant combined with a storage solution allows for increased self-consumption and independence from their electric utilities.

Industry players are also hoping that they can tackle the comparatively high and rising electricity prices and become more competitive through self-consumption, says Giuseppe Sofia, CEO of Conergy Italy. Households with lower consumption levels of around 3,500 kWh per year pay about €0.203 for every kilowatt hour in Italy, says Sofia. Households with a higher demand of 7,500 kWh per year are charged as much as €0.249 for their electricity. Industrial consumers pay about €0.19 for every kilowatt hour on average, he says. Consumers who choose to generate clean energy on their own roofs, however, can save substantially, as solar power costs only €0.12 to €0.16 per kilowatt hour, depending on the region, solar irradiation, size, system costs and financing. "Italy has achieved grid parity with both small rooftop installations on private houses and industrial power plants whenever there is a self-consumption rate of 70% and above," says Sofia.

Storage solutions are still too expensive for most Italian customers, as solar installers note, but the technology is getting increasingly affordable. The organizers of Solarexpo recognized this trend by offering an exhibition hall specifically for storage technologies. "The Italian government is also providing its support," says Michael Wieser, member of storage supplier Neovoltac's management. Homeowners can benefit from a tax break worth 50% of their PV investment

if they use the solar electricity mostly for self-consumption. The decree supports solar power plants installed between June 26, 2012, and June 30, 2013. Gert Gremes, CEO of wholesaler Tecno Spot, has pointed to another practical problem: "We still lack clear norms for the use of storage systems," says the market expert, warning that without such norms, it will be difficult to achieve sustained growth in this segment.

Milan was also a stage for product innovations. The Italian company A+ Sun Systems, for example, showcased their versatile and ultra-light SunNet mounting systems that use tensile structures and steel cables, making installation easier and faster while reducing turnkey system costs and expanding the scope of possible sites, including arched roofs, landfills and quarries.

Cost reduction was a buzzword at Solar Expo. Following the announcement in May that the European Commission might impose protective tariffs on cheap Chinese solar imports as of June, module prices have stopped plummeting. Meanwhile, wholesalers are taking advance payments while manufacturers from China have trouble selling their products in Italy.

Generally, however, the installers do not seem to be losing sleep over system costs. In a survey conducted in March 2013, the majority of Italian solar installers (65.6%) said they do not expect that protective tariffs will have any effect on their business. About one tenth of installers indicated that they would change their procurement strategies and offer fewer Chinese module brands in their product portfolios. Only 4.3% of installers said they will try to reduce other procurement costs. Manufacturers have welcomed the decision to impose protective tariffs, PV module maker Azimut for instance: "In the current price situation, our only option is to strengthen our business outside of Italy, in markets such as Bulgaria and Romania," says Carla Rambaldi, CEO of Azimut.

The challenges for Italy's solar market continue to be considerable in 2013, at least if the industry wants to come close to the successes of the past years. Many industry players believe that customers have grown accustomed to the high returns possible in previous years and that they now need to be motivated again. ◆

Michael Forst