Press Release

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Solar power 50% cheaper by year end, says New Energy Finance

Other clean energy technologies fall by around 10%, research says

New York, NY – 23 November 2009 – New Energy Finance, the global leader in renewable energy and carbon markets research and analysis, estimates that by the end of 2009, there will have been a 50% drop in the levelised cost – i.e. the lifetime cost per kWh before subsidies – of solar power, and a 10% reduction in the levelised cost of other sources of renewable energy sectors compared to the end of 2008. This prediction is the result of detailed quarterly research by New Energy Finance.

"So far this year, the steady decline in the cost of equipment in sectors like solar and wind has been largely offset by the increasing costs of financing," said Michael Liebreich, chairman and CEO of New Energy Finance. "By the end of this year, however, as capital markets loosen up and equipment prices continue their decline, we will see the levelised costs decline, finishing the year 10% below the end of last year across the board and far more than that in solar."

Highlights of the New Energy Finance research include:

Solar: Photovoltaic (PV) module prices across the board have continued their downward trend, although the rate of decline has tapered. Thin-film remains the low-cost leader in solar with projects as cheap as $3/W, making thin-film projects 25% less expensive than crystalline silicon systems on a levelised basis. PV projects with tracking systems have seen the least reduction in costs due to the fact that costs for single- and double-axis trackers have remained buoyant relative to panel prices.

Wind: Although new transactions have been few, turbine prices have fallen to their lowest levels in several years at 18-20% below early 2008 levels. To date, this drop in equipment prices has mostly been offset by higher costs of financing. In the offshore market, costs continue to rise with projects moving into deeper waters, facing increasingly complex construction and capital costs. As capital markets begin to recover, both onshore and offshore projects should begin to see falling levelised costs.

Geothermal: Levelised geothermal costs are particularly sensitive to fluctuations in capital markets and drilling stage debt and equity has been in scarce supply through this year. Drilling costs fell by nearly 50% as drilling rigs flew into excess with a falling oil price, but these have recovered in the last quarter in step with oil. In the past quarter levelised costs have risen by 8-10% but should remain flat at year end.

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ABOUT NEW ENERGY FINANCE:

New Energy Finance is the world's leading independent provider of subscription-based research to decision-makers in renewable energy, carbon markets, energy efficiency, biofuels, carbon capture and storage, and nuclear power. The company has a staff of more than 130, based in London, Washington DC, New York, Palo Alto, Beijing, Shanghai, New Delhi, Hyderabad, Cape Town, São Paulo, Sydney and Perth.

New Energy Finance's Insight Services provide deep market analysis to investors in wind, solar, bioenergy, geothermal, carbon capture and storage, energy efficiency, nuclear power and the traditional energy markets. We have dedicated services for each of the major emerging carbon markets: European, International (Kyoto), Australia, and the US, where we cover the planned regional markets as well as potential federal initiatives and the voluntary carbon market. Our Industry Intelligence service provides access to the most comprehensive database of investors and investments in clean energy. The New Energy Finance News and Briefing Service is the leading global news and newsletter service focusing on clean energy investment. New Energy Finance is co-publisher of the first global stock-market index of quoted clean energy companies (ticker symbol NEX). The company also undertakes custom research and consultancy and runs senior-level networking events. -

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