PROSPECT LAW

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NEW SUPPORT FOR SOLAR FUELS GROWTH IN FOREIGN MARKETS

Whilst the true fallout from U.K. Governments FiT cuts is yet to rear its ugly head, capital investors and developers plan their next move into new foreign markets.

During the recent COP21 summit, India was heavily criticised for its part in being the third largest CO^2 emitting country out of the 195 attendees. Bringing light to 100% of its 1.27billion population, whilst modernising its manufacturing economy; that for years has been driven by domestic coal reserves, has been the harsh reality facing Prime Minister Narendra Modi since entering office in May 2014. India is also faced with developing its electrical infrastructure, by making available an additional 15GW of electricity per annum over the next 30 years to keep up with expected demand.

One of the largest clean energy sources forecast to rid India of its coal consumption is solar energy. The Indian Government have recently unveiled their desire to implement 100GW of solar capacity by April 2022. Well established industry players like SunEdison, who recently withdrew its presence in the U.K., leading to the administration of Leicester based Mark Group, are already well established within the Indian solar market. India had already installed approximately 4.68GW of solar power capacity at the end of 2015. The recent announcement of a new $770million subsidy support scheme for rooftop solar will also certainly aid India in achieving its goals.

Across the pond, U.S. Congress have also passed the final bill extending Investment Tax Credits (ITC) for solar until 2022. The credit which is currently set at 30% of the value of a project, has been extended for both commercial and domestic installations at its current level through 2019 before falling to 10% by 2022. This announcement was most welcomed by developers rushing to complete their projects and qualify for the support scheme, which was set to end later this year. After 2022, these tax credits will no longer be available to domestic installations, but will remain at 10% for commercial installations.

As panel prices continue to fall, new tax break provisions are anticipated to give rise to $1.25 trillion of additional capital. Developers will continue to extend their market presence in states that have not yet exploited their full solar potential. These funds will continue to improve the technology across the board. Deployment figures show that 7.4GW were installed in 2015, eclipsing the 6.3GW record set in 2014. Yet leading electricity market analyst GTM Research anticipates 2016 to reach new heights by installing more than double with approximately 15.4GW of new capacity coming online. Figures released by The Solar Foundation also align with these trends, with employment within the sector soaring by approximately 125% since 2010. One in every eighty-three jobs created in the U.S. over the last 12 months was associated with the solar industry, taking the total to a staggering 210,000 employees. The extension to the tax credits is estimated to take these employment figures to over 420,000 by 2020.

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Solar deployment looks set to take its next step in some of the world's largest and advancing economies on the back of new commitments following the COP21 summit. Will the U.K. miss out on this prime opportunity to exploit its abundance of natural clean-energy resources?

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