

Intersolar Europe
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INTERSOLAR EUROPE TREND PAPER: EU MARKET SURVEY ON PV DEPLOYMENT: RECORD GROWTH WITH SUBDUED OUTLOOK

Munich/Pforzheim, February 2024 – According to the EU Market Outlook for Solar Power 2023 – 2027 published by the European solar association SolarPower Europe, Member States of the European Union (EU) have experienced another record year for PV deployment in 2023. For the third year in a row, the market grew by 40 percent or more, to around 56 gigawatts (GW). With 14 GW of new installations, frontrunner Germany was the first EU country to exceed the 10 GW mark. The Italian market doubled to 4.9 GW, while the Austrian market grew by a whopping 114 percent to 2.2 GW. Notwithstanding these record figures, SolarPower Europe forecasts a market slowdown from 2024.

According to the market survey, 2023 was the best year for solar power in 20 of the 27 EU member states, with 14 countries installing 1 or more GW. The combined installed capacity in the EU now amounts to 263 GW. The energy crisis triggered by the conflict in Ukraine led to a three-year solar boom. EU Members States and the European Commission have finally recognized the importance of solar energy as a clean and strategic power source, and have scaled up their ambitions for PV deployment. The fastest growing sector in Europe continues to be the rooftop segment – commercial and industrial (C&I) grew by 4 percent to 33 percent (compared to residential installations (33 percent), and large installations (34 percent).

The largest markets 2023: Germany, Spain and Italy

Germany climbed back to the top of the EU rankings of 2023: The reform of the Renewable Energy Sources Act (EEG) in July 2023 improved market conditions with more surfaces available for construction and higher feed-in tariffs. The German market has doubled in size compared to 2022. The solar nation of Spain took second place with 8.2 GW of growth, 0.2 GW below 2022's growth (8.4 GW). SolarPower Europe attributes the slowdown to lengthy construction permit processes and declining spending by households. Italy saw record growth, despite the restrictions on the Superbonus tax credit scheme that were introduced in 2023, placing it among the top five solar nations for the first time in a long time. One of the drivers of the Italian market is PV deployment in the C&I segment. Poland made fourth place with 4.6 GW, which was 0.1 percent more growth than in 2022 (4.5 GW). The switch from net metering to net billing has dampened the demand for residential installations. With 4.5 GW growth, the Netherlands ranked fifth – and were once again leading in terms of installations per capita (1.280 watts/capita). However, space limitations will soon hamper further PV deployment in the country. The next countries in the market growth ranking are France with 3.0 GW, Austria with 2.2 GW, Belgium with 1.7 GW, Greece with 1.6 GW and Hungary, also with 1.6 GW.

Cautious optimism: eleven percent growth in 2024

With the drop in electricity prices coupled with a difficult investment climate due to high interest rates, the European solar association's Medium Scenario forecasts slowing growth for the coming years: from eleven percent in 2024 to 19 percent

in 2025, 14 percent in 2026 and back to eleven percent in 2027. Apart from the general economic situation, the energy markets and financial policies, SolarPower Europe's EU market survey identifies structural barriers to continued solar deployment that need to be addressed urgently, such as the expansion, digitalization and modernization of the power grids.

The increased use of storage systems to balance electricity supply and demand according to the generation profile of solar energy is lagging behind. According to SolarPower Europe, this is caused by regulatory barriers and complex construction permit processes for new installations. Within the EU-27, the process for large installations takes several years, in extreme cases up to six years. Even in the residential segment, approvals take too long (up to one year).

Following up from the conclusions of the market survey, the European solar association is calling on member states to get things done and introduce various political measures in order to create a market environment where solar energy thrives. Because even the National Energy and Climate Plans (NECPs), which the Member States have recently revised, entail lower expansion goals than the RePowerEU plan's target of 70 GW of solar power in the EU by 2030.

PV production lower than expected

According to the EU Market Outlook, the EU will miss its target of 30 GW PV production capacity by 2025 by a mile. This means that, for the time being, the EU's solar market will have to rely on imports. The only exception is the production of inverters, but when it comes to components such as ingots and wafers, a mere one percent can be sourced from within Europe (from NorSun in Norway). The manufacturing industry is struggling to get off the ground because the investment conditions remain comparatively unattractive, according to SolarPower Europe. The funding instruments that have been put in place primarily lack opex funding.

Project planning hit by rising interest rates

With the end of the energy crisis and the rise of the prime rate, the investment climate for solar projects is becoming increasingly challenging. The result: delays and the need to refinance. In its latest market survey, SolarPower Europe recommends that the European Central Bank lower the cost of capital for green projects and index tenders to compensate for higher interest rates.

Intersolar Europe 2024: the solar industry's global meeting point

To keep up to date with market developments and drivers, the industry will come together at Intersolar Europe, the world's leading exhibition for the solar industry in Munich from June 19–21, 2024. On June 18, 2024, the day before the exhibition kicks off, global players from business, research and politics will be given a comprehensive overview of European and global markets at the Intersolar Europe Conference in the ICM (International Congress Center Messe München). As every year, the industry association SolarPower Europe will present its Global Market Outlook for Solar Power at the conference.

For more information, please visit:

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