

## Solar Stocks: Market Outlook

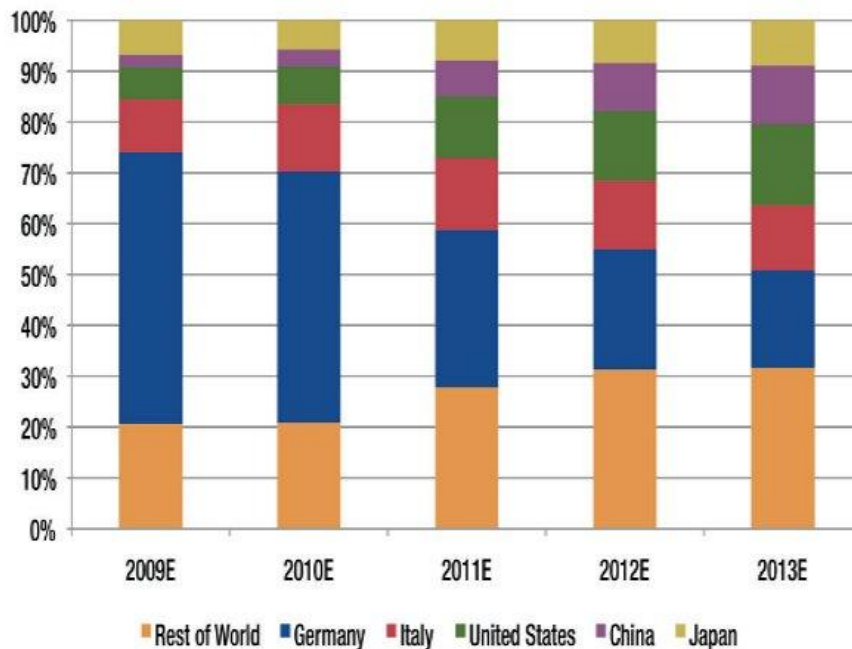
### *Special Report*

From national and state-level movements to diversify electricity sources in the United States, domestic companies and their shareholders can expect billions of dollars in new opportunities in solar over the next few years.

And globally, market players are watching a sort of green energy Olympics play out, ready to pick their professional portfolios from among thousands of upstart companies rising in China, India, and other major growth markets.

Here's how the 2009-2013 race for dominance of the critical solar photovoltaic (PV) power market looks, according to GTM research:

**Market Share of Global PV Demand by Major Market, 2009-2013**



Not included among the top demand drivers is India, where the government has set what it calls its National Solar Mission to get from 15 MW to 1000 MW of solar power installed by 2013, and 20 GW – 20 times the 2013 target – by 2022!

That kind of government commitment is driving corporations like Azure Power India, which already operates the largest utility-scale solar power plant in India, to invest more than \$330 million and ramp its capacity up to 100 MW.

Of course, Azure Power India isn't public. But there are plenty of quality public solar plays that are ripe for the picking.

Take Trina Solar (NYSE:TSL), for instance.

At the end of 2010, Trina committed to invest \$800 million in research and development and production capacity expansion in the near future. The company came off of 2010 shipment growth of 151% over 2009, and the last thing management wants is to get caught short when its booming domestic and international customer base asks for more!

Due to the way supply and demand interact during weak economic conditions, solar PV producers have been cranking out more product than the market wanted.

Simply speaking, the ball was in the court of solar power installers during the global recession.

We know that's changing, however, because solar PV financing, mergers, venture capital, and partnership deals surged in 2010... 48% more deals got done in 2010 than in 2009! And in 2011, momentum remains strong.

## U.S. Companies Ride the Wave

Solar PV companies are moving to adapt to market conditions, meaning that stronger players will remain and we will reap the rewards of picking long-term winners.

In the United States, the nation's share of global PV market demand will more than double in the period from 2009 to 2013, and a large part of that change will be driven by policymakers.

Government-led incentive programs are ebbing in places like Germany and Taiwan where massive subsidies bolstered demand for PV installations and components.

And U.S. states are acting individually to make this country a market on the upswing:

- West Virginia is quadrupling the amount of renewable electricity that utilities can buy from small-scale generators (such as rooftop solar on houses and office buildings). This is referred to as "net metering."
- California is doubling its cap for net metering, meaning that thousands of new Golden State suppliers could emerge in the next few years.
- Massachusetts is creating a market for State Renewable Energy Certificates that will encourage 30 MW in solar power development in 2010.
- Hawaii is instituting a feed-in tariff (FIT) for solar PV that will pay residents for solar power they produce. In many states and countries, the FIT price comes in above the market rate for power generated by coal, natural gas, or nuclear in order to encourage PV installations, but Hawaii's abundance of sunshine means that its FIT price will come close to or in some cases below market rates. This is solar power in its most mature form – grid parity.

GTM Research's Managing Director of Solar Research, Shayle Kann, said that utility-scale PV in the US was a "\$1 billion market in 2010, and is projected to reach \$8 billion by 2015."

That being said, aside from a few U.S. -based companies like First Solar (NASDAQ:FSLR) and SunPower Corp. (NASDAQ:SPWRA), it will primarily be the Chinese manufacturers that get the lion's share of manufacturing deals over the next few years in the United States.

Bottom line: The Chinese continue to dominate with their low-cost advantage and heavy government support. And unless the U.S. decides to move a few million in coal and natural gas subsidies to the solar sector, the Chinese will continue to corner our domestic market.

Updates on Chinese solar manufacturers and U.S. solar growth can be found every week at [Green Chip Stocks](#).

You can view the HTML version here: [Solar Stocks: Market Outlook](#)

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