
Slowdown signs - China idles 40pct of wind power turbine output capacity

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Bloomberg cited Mr Lu Yachen vice president of Shanghai Electric Group Corp as saying that China is idling as much as 40% of its wind turbine factories following a surge in investment driven by the government's renewable energy goals.

Prices of turbines have tumbled more than 30% from 2004 levels in the world third biggest wind power market by generating capacity because there are too many plants

Mr Zhang Guobao National Energy Administration head said in September without giving figures that China set a goal to increase its power production capacity from wind by fivefold in 2020 spurring investment in turbine factories. There is a surplus of such plants.

Mr Dave Dai an analyst with CLSA Asia Pacific Markets said "The overcapacity in manufacturing is caused by slower growth in wind-farm construction due to power-grid constraints."

He said that "The issues with the grid aren't expected to ease in the near term but should improve with the development of smart-grid investment over time."

Mr Sunil Gupta MD for Asia and head of clean energy at Morgan Stanley said in November currently, only part of China power grid is able to take delivery of the electricity produced by renewable energy. Grid constraints in China may leave as much as 4 gigawatts of windpower generation capacity lying idle.

Mr Lu said "Most of China wind turbine makers are suffering from fierce competition and some smaller players may be forced to shut because of the squeeze in profits in the future. The number of windpower equipment makers has surged to 78 from about six in 2004."

Hoejbjerg Denmark-based wind-turbine consultant said even with profit pressure, the market will grow 15% in 2010, MAKE Consulting forecast March 4. China, Canada, Brazil, Romania and the European offshore segment will lead the gains while all other markets will decrease or stay stable.

According to Bloomberg New Energy Finance last year China installed more wind-energy generators than any other country or 14.1 gigawatts. That more than doubled its total capacity to more than 25 gigawatts.

(Sourced from Bloomberg)

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