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**OVERCAPACITY AND NEW PLAYERS KEEP WIND TURBINE PRICES IN THE DOLDRUMS**

*The average price for utility-scale wind equipment hit another new low in the second half of 2011, dipping 4% because of excess capacity and new low-cost competitors, reports the Bloomberg New Energy Finance Wind Turbine Price Index (WTPI)*

*London and New York* – The latest edition of the Wind Turbine Price Index (WTPI) from Bloomberg New Energy Finance, the leading firm for clean energy analysis, shows that contracts signed in the second half of 2011 for 2013 delivery fell to EUR 0.91m/MW (\$1.21/MW), down 4% from six months earlier and well off their five-year high of EUR 1.21m/MW in 2009.

Prices dropped most sharply for older turbines to EUR 0.85m (\$1.13m) per megawatt on average, down 10% from six months earlier. Newer wind turbine models are more efficient and offer improved capacity factors. However, analysis of contracts covered by the Wind Turbine Price Index (WTPI) found that even the new models have seen prices coming down.

The sixth issue of the WTPI shows prices falling in the second half of 2011 in all parts of the world as Chinese manufacturers competed strongly for orders, even in developing markets such as Brazil, Chile, Ecuador, Pakistan, Ethiopia and Australia. The survey revealed procurement officers and turbine manufactures sharing a generally negative outlook on prices; most anticipate further moderate declines in turbine prices in 2012 and 2013. They don't expect prices to recover until at least 2014.

One significant silver lining in the latest results of the WTPI is that lower equipment prices make wind more competitive with fossil-fuelled forms of generation. Michael Liebreich, chief executive of Bloomberg New Energy Finance, commented: "Short-term pain among wind manufacturers is now undeniable and unavoidable. But the current price slump is good news on the demand side as wind is more competitive with coal and gas on a dollar-per-megawatt hour basis, which is vital given ever-lower levels of subsidy and support. Those manufacturers which can achieve leading cost positions are going to be in a good strategic position when the market enters its next expansionary phase in a few years."

Bloomberg New Energy Finance's analysis has previously shown that power generated by the world's best new wind farms can achieve costs of 6.5 US cents per kWh, compared with the same per kWh for coal-fired power stations. By 2016 the firm expects the median new wind farm worldwide to be competitive with coal-based power with no subsidies.

The WTPI represents aggregated data collected on a confidential basis from 38 of the world's largest buyers of wind turbines. The sample includes information on more than 230 turbine contracts totaling nearly 10.6GW of contracted capacity – with a main focus on Europe and the Americas. Participants in the survey and Bloomberg New Energy Finance Insight clients receive more in-depth information on how prices differ between regions, turbine models and manufacturers. The WTPI is updated biannually



and Bloomberg New Energy Finance welcomes additional participants. Interested parties should contact Eduardo Tabbush at [etabbush@bloomberg.net](mailto:etabbush@bloomberg.net).

#### **ABOUT BLOOMBERG NEW ENERGY FINANCE**

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Bloomberg New Energy Finance serves leading investors, corporates and governments around the world. Its Insight Services provide deep market analysis on wind, solar, bioenergy, geothermal, carbon capture and storage, smart grid, energy efficiency, and nuclear power. The group also offers Insight Services for each of the major emerging carbon markets: European, Global Kyoto, Australia, and the U.S., where it covers the planned regional markets as well as potential federal initiatives and the voluntary carbon market. Bloomberg New Energy Finance's Industry Intelligence Service provides access to the world's most reliable and comprehensive database of investors and investments in clean energy and carbon. The News and Briefing Service is the leading global news service focusing on clean energy investment. The group also undertakes applied research on behalf of clients and runs senior level networking events.

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