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CHINA WAS WORLD'S LARGEST WIND MARKET IN 2012

Bloomberg New Energy Finance finds China installed 15.9GW of wind power in 2012, 35% of the world's new onshore capacity

London and Hong Kong, 31 January 2013 –China was the world's largest wind market in 2012 in terms of annual installed capacity, according to figures compiled by Bloomberg New Energy Finance. The country installed 15.9GW of onshore turbines, or more than one-third of all new capacity worldwide. 2012 was the fourth successive year China led the field since overtaking the US in 2009. The US, which had record installations of 13.2GW last year, still installed 14% fewer turbines than China.

Wind energy has become China's third-largest energy source, behind coal and hydropower. China now has 61GW of cumulative grid-connected wind energy capacity – 5.3% of the country's total nameplate – and generates 2% of its total electricity[1]. Wind's new place in China's power sector comes despite an 18% decline in annual installations, from 2011's record of 19.3GW, as many projects were delayed due to grid connection issues, leaving many companies in the supply chain suffering from late payments and subsidies.

China's total new power generation additions from all sources last year exceeded 80GW, more than the entire power generation capacity of Australia or Mexico. The other main sources of new capacity were as follows: thermal 50.7GW, hydro 15.5GW, nuclear 0.7GW, and solar 1.2GW.

During 2012, new financial investment in wind in China also fell 12% to $27.2bn, according to Bloomberg New Energy Finance data, although the falling cost of wind energy means that the same dollar amount of investment committed during 2012 will finance 10% more megawatts than had it been committed during 2011. New financial investment is a powerful leading indicator of construction activity, since it leads the completion of onshore wind farms by up to two years. However, Bloomberg New Energy Finance data shows that 15GW – a full 20% of China's wind capacity – remains unconnected to the grid.

Capacity factors, a measurement of system efficiency, fell slightly in China in 2012 to 21.6%, according to figures from the State Electricity Regulatory Commission, one of the lowest rates in the world. US onshore wind farms have an average capacity factor of around 30%, meaning that one megawatt of wind installed in China produces 70% of the amount of energy the same megawatt of wind would produce if installed in the US. Offsetting this, Chinese turbine prices are around 40% lower than the Bloomberg New Energy Finance Wind Turbine Price Index of international turbine prices.

[1] These figures are from China's State Electricity Regulatory Commission (SERC)

China's leading wind turbine suppliers last year were all homegrown: Goldwind (2.8GW, 19% market share), Guodian United Power (1.9GW, 13%) and Sinovel (1.5GW, 10%). This is ranking is unchanged from 2011, when Goldwind and Guodian United Power displaced Sinovel from its top spot. The top three developers of wind projects were also large domestic companies: Longyuan Power Group (1.7GW),Huaneng Renewable (810MW) and Datang Renewable (800MW).

In terms of where the new wind projects were built, Inner Mongolia continued its lead in 2012 with 1.7GW of new capacity, followed by Shandong (1.4GW) and Hebei (1.1GW) provinces.

"2012 was a good year for the Chinese wind industry, considering how tough the environment was," commented Demi Zhu, China wind analyst at Bloomberg New Energy Finance. "The industry faced many problems including a reluctance by the grid operator to buy all the intermittent electricity produced by wind farms, plus stricter permitting requirements, unpaid subsidies and vigorous government efforts to cool down the industry's rate of expansion."

"This year however, project approvals have sped up and we forecast a modest recovery in both financing activity and construction in 2013," Zhu said. "The fact that China wind overtook nuclear as a generation source even in its most challenging year of recent times is a testament to the massive scale and momentum of the industry in this country."

Bloomberg New Energy Finance forecasts 16.6GW of installations in China this year and 17-18GW in both 2014 and 2015. At these rates, the industry would achieve the government's end-2015 target of 100GW of grid-connected capacity more than a year early.

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