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Giant solar power project planned in Qinghai

Reuters in Los Angeles
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Two mainland companies have announced plans to build a solar power plant in the northwest that could one day be the largest photovoltaic (PV) solar project in the world.

The news helped spur a rally in shares of solar power companies that was also underpinned by a strong rise in the broader market.

China Technology Development Group and privately held Qinghai New Energy Group will begin building a 30MW solar power station in the Qaidam Basin in Qinghai province this year with an initial investment of US\$150 million.

The project, which would combine thin-film and traditional silicon-based technologies that turn the sun's rays into electricity, ultimately would produce 1GW of power, the companies said.

According to alternative-energy analyst Pavel Molchanov, the largest photovoltaic solar project announced to date is the 550MW deal between the thin-film company OptiSolar and California utility Pacific Gas and Electric Company.

"The initial phase of the project is ... itself one of the largest solar farms ever announced in China," Mr Molchanov said, adding that Beijing was beginning to offer more incentives for solar projects.

"While PV demand has been historically driven by a small number of key countries, the demand profile should become more geographically diverse over time," Mr Molchanov said.

The news was a welcome reprieve for investors in solar power companies, which have been hit hard by a lack of funding for new projects, a drop in prices on solar panels as supplies have jumped, and a dramatic drop in oil prices that has tempered investor appetite for renewable energy.