

# Snapshot of spot market for PV modules – quarterly report Q2 2009

pvXchange, Berlin, Germany

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## ABSTRACT

Solar enterprises will each be faced with the occasional surplus or lack of solar modules in their lifetimes. In these instances, it is useful to adjust these stock levels at short notice, thus creating a spot market. Spot markets serve the short-term trade of different products, where the seller is able to permanently or temporarily offset surplus, while buyers are able to access attractive offers on surplus stocks and supplement existing supply arrangements as a last resort.

## Introduction

A spot market always shows the up-to-date prices of solar modules, because it does not consider the long-term delivery contracts of the producers. These days, the spot market for PV modules is global, because the short-term satisfaction of local supply deficits is possible with short transportation times and relatively low logistics costs. pvXchange provides a closed online trading platform for sellers going 'public' with a short-term offer. Other participants of the market can decide if they want to buy the goods at that price, while potential buyers may post their interest and in turn be contacted by interested sellers. Each issue of *Photovoltaics International* will enable the tracking of spot prices of modules through statistics provided by the pvXchange trading platform.

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## Price reductions on a global scale

In the six-month period from January to June 2009, prices for Chinese PV modules on the spot market fell by approximately 30%, with European and Japanese manufacturers following suit and reducing their prices by about 23%. Even the otherwise rapidly expanding business of thin-film modules is not spared from a quick change to the buyer's market this year. Bearing in mind the different technology types, the spot market prices for thin-film modules have dropped by 15-22% since the beginning of the year. As the third quarter quickly approaches,

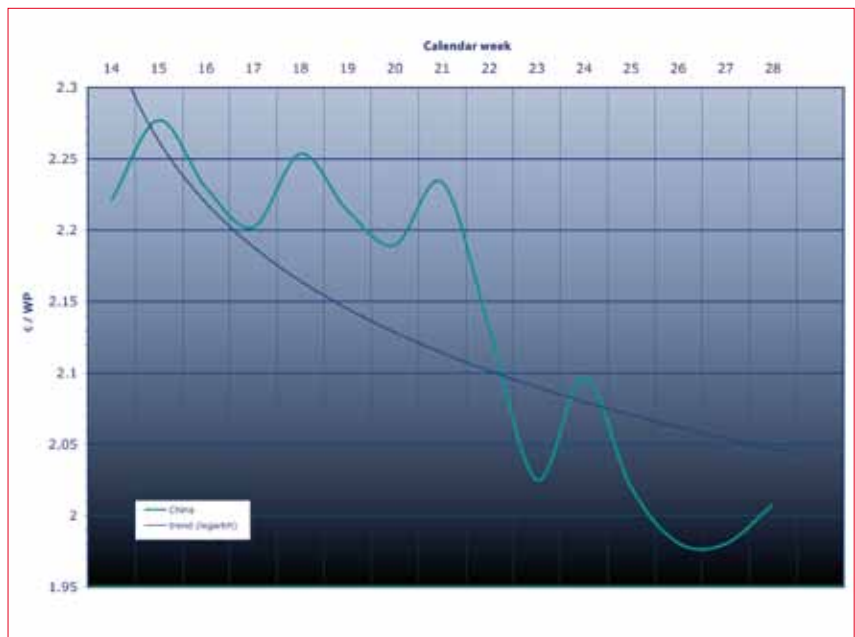


Figure 1. Development of market prices for modules produced by Chinese manufacturers from January 2009 to June 2009 (in EUR/Wp).

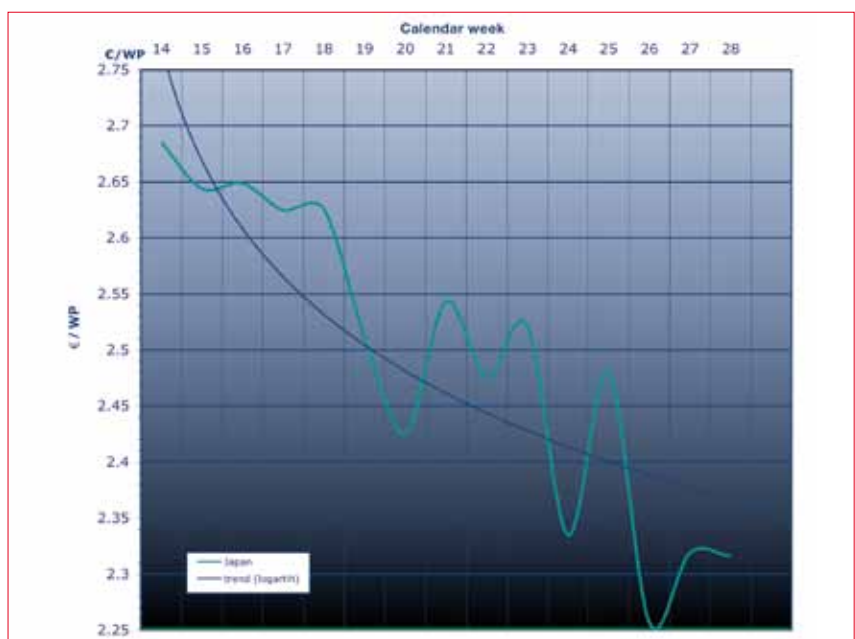


Figure 2. Development of market prices for modules produced by European manufacturers from January 2009 to June 2009 (in EUR/Wp).

the trend will endure across all technology types: prices will continue to fall!

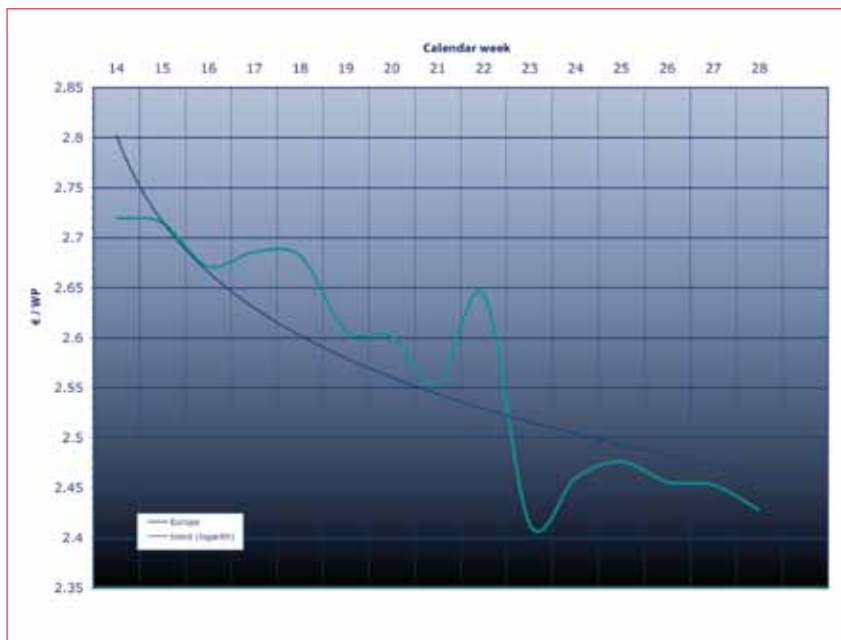
The expectations of many of the actors in the industry that the price will hit bottom has not yet been confirmed in this, the second quarter of '09. The steady price erosion with consequent pressure on margins and obvious reluctance of customers shows unpleasant consequences in the industry. This has resulted in downward corrections of sales and earnings targets for 2009 by many large European companies. However, this price sag is not only visible in the spot market: contract prices for (even partially) crystalline modules were cut significantly around the world in April and May.

Despite this trend, each region features a manufacturer whose prices on the spot market are higher than those of most other providers, as is the case for Suntech Power, for example. Facing up to the price decline since the beginning of the year, these companies have for various reasons decided not to dip to the same price level as their competitors. Other companies such as Yingli and Solarworld remain optimistic, starting sales campaigns and modifying long-term contracts despite the strong decline in module prices. In addition, reductions in production cost are resulting in even more capacity being built in order to cope with the global crisis.

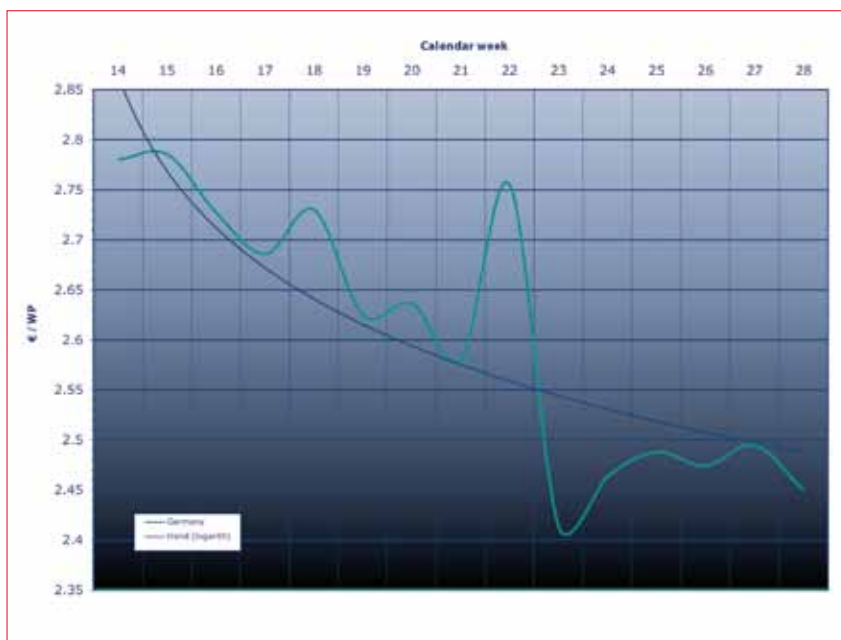
The industry is suffering acutely from a price war, the end of which is difficult to pinpoint. Meanwhile, as many companies from the old continent dream of sales increases, Asian players are gaining ground in Europe. Chinese manufacturers like CSI and Trina Solar have sold the bulk of crystalline modules on the PV spot market in the past months. In the thin-film realm, the spot market mainly saw modules from U.S. manufacturer First Solar changing hands.

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Besides Germany and Italy, Belgium has staked its claim as an attractive market and has gained mindshare in recent months. On the other hand, Spain has not seen an upturn in demand so far this year. Product oversupply will mean a difficult sales year for the country, as financing difficulties slow down the implementation of new projects. Despite the great potential of new markets such as Austria and Greece, some countries have lost the market connection amid the rapid expansion of photovoltaics.



**Figure 3. Development of market prices for modules produced by Europe manufacturers from January 2009 to June 2009 (in EUR/Wp).**



**Figure 4. Development of market prices for modules produced by Germany manufacturers from January 2009 to June 2009 (in EUR/Wp).**

#### About the Authors

Founded in Berlin in 2004, **pvXchange GmbH** has established itself as the global market leader in the procurement of photovoltaic products for business customers. In 2008, the company procured solar modules with an output of around 100MW. This represents a trading volume of approximately €300 million. With its international network and complementary services, pvXchange is constantly developing its position in the renewable energy market, a market which continues to grow on a global scale.

Based in Europe, pvXchange also has a presence in Asia and the USA.

#### Enquiries

pvXchange GmbH  
Obentrautstr. 57  
D-10963  
Berlin  
Germany

Tel: +49 (0) 30 44 04 81 11  
Fax: +49 (0) 30 44 04 81 12  
Email: [info@pvxchange.de](mailto:info@pvxchange.de)  
Website: [www.pvxchange.com](http://www.pvxchange.com)

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