

Solar yieldco model 'flawed from the beginning', says US bank executive

The solar yieldco business model was "flawed from the beginning" according to Santosh Raikar, managing director of renewable energy investments at State Street Bank.

Raikar cites unsustainable promises of large dividends and prolonged growth as reasons why the financing mechanism was doomed from the start – irrespective of troubles later encountered when sponsor SunEdison was unable to provide projects to its yieldcos, rendering the model tainted in the eyes of many. "The yieldco sector is fairly aligned in the sense that it has become a difficult proposition for them to raise capital in the market," said Raikar.

In the solar industry, there is only a finite number of operating projects – and herein lies the problem, added SunLight General CEO Stacey Hughes: "If you isolate [yieldcos] where they are only making investments in solar or even only in wind, there are not enough new projects to fill the yieldcos supply that they need in order to deliver the economies of scale.

"To the extent it is limited to solar I think it is probably an unrealistic approach and I don't think the yields that they are delivering were sufficient for either the risk they were taking or the capital they were putting up and nor were the yields reflective of the fact that these are ultimately deteriorating assets. I think the yield target was wrong for solar."

Hughes also said that large-scale solar yieldcos would be difficult to sustain. But the structure and cost of a yieldco necessitates a high and growing volume of projects, and therefore makes it a hard-sell for solar.



Credit: SunEdison

The solar yieldco model was 'flawed' from the start, according to finance experts.

Australian anti-dumping commissioner seeks to terminate investigation again

Australia's Anti-Dumping Commission proposes to terminate its investigation into the alleged dumping of certain crystalline silicon PV modules exported from China into Australia.

The commission decided to end the original investigation in October 2015 on the grounds that the effects of dumping had been "negligible", however, the Anti-Dumping Review Panel decided to revoke this decision and the investigation was reopened in late December 2015.

Nevertheless, once again the inquiry into dumping of Chinese modules between July 2012 and December 2013 has found that, despite uncovering evidence of dumping, the impacts were negligible.

In a public notice dated 2 September 2016, the commissioner has proposed to end the investigation and is seeking comments from interested parties. The ADRP still has the power to revoke the proposal.

Australian PV manufacturer Tindo Manufacturing lodged the original complaint in February 2014 claiming that Chinese imports had caused material injury to the Australia's domestic solar manufacturing industry.

Southern states to continue dominating Indian solar for two years

Around 75% of all India's solar capacity additions in the last 12 months have been

in southern states, according to the latest industry update from consultancy firm Bridge to India.

India recently surpassed the 8GW solar deployment milestone and now stands at 8.1GW. Capacity grew by 80% over the latest 12 month period, with 2.7GW out of 3.6GW added in the south. Meanwhile, the southern state of Tamil Nadu became the country's largest solar state by adding more than 1.2GW. Bridge to India said this was partly down to developers taking advantage of a generous feed-in tariff of INR7.01/kWh (US\$0.104/kWh).

The report finds that solar deployment is highly concentrated in just six states – Tamil Nadu, Andhra Pradesh, Telangana,

Rajasthan, Gujarat and Madhya Pradesh Madhya Pradesh – which account for 80% of capacity, but only 38% of India's overall power capacity.

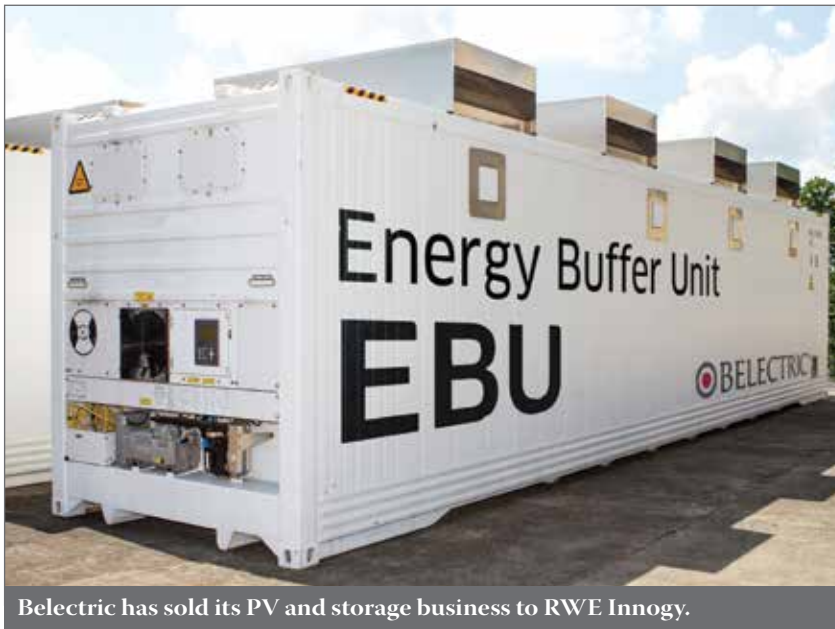
As more than half of the current 14GW solar pipeline will come up in the south, Bridge to India expects demand to weaken in these areas, although these regions will dominate additions for another two years.

Where future demand for solar will come from is now a concern for the industry with oversupply in some regions – Tamil Nadu and Rajasthan are already facing curtailments – combined with worries over grid balancing and management as the sector grows.



Credit: Welspun

Six states in India account for more than 80% of the country's total solar capacity.



Belectric has sold its PV and storage business to RWE Innogy.

Americas

Lazard erroneously undervalued SolarCity by US\$400 million in Tesla deal

Lazard, the financial advisory that advised SolarCity on its US\$2.6 billion all-stock sale to Tesla, made an error in its analysis resulting in the solar installer being undervalued by US\$400 million, according to a regulatory filing with the Securities and Exchange Commission (SEC) on Wednesday.

Lazard's analysis calculated SolarCity equity value between US\$14.75 and US\$34.00 per share, which was incorrect due to double-counting some of the company's projected indebtedness, the filing reveals.

Two weeks after the transaction was complete, Lazard realised the equity value should have been between US\$18.75 and US\$37.75 per share, with the actual purchase price Tesla paid equating to US\$25.37 per share.

The filing confirms however that both Tesla and SolarCity do not change their view of the deal regardless.

Florida voters go big for solar in overwhelming approval of tax break

In August, 73% of Florida voters approved Amendment 4, a ballot measure that now makes solar and renewable energy equipment on commercial buildings exempt from property taxes for 20 years, beginning in 2018.

The victory, passed by a wide margin, is a big win for solar in the Sunshine State and will help propel Florida forward as a leading state in the industry. According to the Solar Energy Industries Association

(SEIA), Florida has the third-highest solar potential in the nation, but is only 14th in actual installed capacity. Until now, it has been hampered by utility-friendly solar policies and a lack of a renewable portfolio standard (RPS).

Once enacted by the state legislature, the constitutional amendment will be a big driver in lowering energy costs by reducing the tax burden that currently exists for solar equipment, according to the Amendment 4 website. Better economics for solar in Florida is set to pave the way for better solar development and a more sustainable energy future in the state.

Europe

RWE Innogy to acquire Belectric's solar and storage business

Innogy SE, the renewable energy subsidiary of German utility RWE, has signed a share purchase agreement to take over the solar and energy storage business of Belectric at a share price agreement in the "high double-digit million euro range".

In addition, the takeover of Belectric's utility-scale PV plants and batteries is "an important contribution to the expansion of the decentralised, renewable energy system of the future" according to RWE, who will be called innogy SE from September 2016 onwards. As well as agreeing with Belectric Holding to buy the entire PV and battery business, all related companies will now be brought into Belectric Solar and Battery Holding in order to structure the transaction, a RWE innogy spokesperson said. Further, RWE is buying out the brand Belectric, while Belectric Holding will be renamed and

will keep its real estate, OPV, automotive suppliers and electric mobility capabilities.

The acquisition means significant growth for RWE, as Belectric has built more than 280 utility-scale PV plants and rooftop solar systems with a total installed capacity of more than 1.5GWp.

France launches 3GW solar tender

France's Ministry of Environment, Energy and Sea is launching 3GW of solar PV tenders over a three-year period.

Energy minister Ségolène Royal plans to increase the country's current installed solar capacity from 6.7GW to 10.2GW by the end of 2018, and up to 20.2GW by 2023.

The capacity up for grabs will be divided into six sections of 500MW each, with six months between each tender, meaning projects will be commissioned between the years 2017 and 2020, deliberately spread out to ensure the availability of manufacturers, installers and developers.

Bidders will be selected based on their competitiveness, carbon impacts and the environmental impacts of their proposed site location.

Successful developers will receive subsidy support in the form of "additional remuneration," as per announcements made in May this year.

French tender announcements in July also led to France being tipped to potentially become the biggest end-demand solar market in Europe.

Middle East and Africa

Nigeria signs first ever solar PPA

Federal government-owned public liability, the Nigerian Bulk Electricity Trading (NBET), has signed the country's first ever solar power purchase agreement (PPA) with more than 10 project developers, totalling 975MW of utility-scale solar.

As other countries across the continent make solar waves with successful auctions and feed-in tariff programmes, Nigeria had, until now, stayed relatively quiet in its solar energy ventures.

The first official project to be implemented under the 20-year PPA is a 75MW solar plant in Katsina state, to be developed by European/Nigerian utility-scale investor and developer Pan Africa Solar, in collaboration with JCM Capital, an Ontario-based developer.

The commissioning of the Katsina project represents a giant step forward for Nigeria's solar progress, constituting the largest plant of its kind in Sub-Saharan Africa, excluding South Africa.