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Solar energy funding may be cut substantially over the next 2 years, if the global market continues to deteriorate  
NASA

## **Solar Companies at Risk of Losing Their Funding**

### *Smaller enterprises will be the worst affected*

The development the solar industry underwent could now turn against it, as the economical climate prompts more and more investors to withdraw their funds from ongoing projects. The supply of solar cells, panels, and other similar installations, is already higher than the demand, and the economy forces banks to skyrocket borrowing costs, while low demand forces the prices down. This type of climate favors large companies, in their goal to purchase smaller enterprises out of the market.

&nbsp;The good part about the current political turmoil is that, eventually, oversupplying electrical energy produced by solar panels will force the prices down to the same levels as coal-produced electricity now has. But, by the time the market regulates itself and the offer and demand go into a state of "equilibrium," many companies will have already dropped out of the race or off the market.

&nbsp;The only possibility for small, low-budget firms to exit this situation is either by producing innovations and selling patents for huge profits, or to allow themselves to be bought out by larger, more stable companies, that are impervious to middle-scale fluctuations on the economic market.

&nbsp;Goldman Sachs analysts put the problem in a nutshell, by saying "In our view, too much solar capacity has been added relative to demand, and will lead to oversupply." Commerzbank of Germany analyst, Robert Schramm, added "On a global average, three out of four (solar energy) companies will not make it."

&nbsp;Financing for the renewable sector may drop considerably over the first half of 2009, warn commercial banks in Germany, Switzerland and the United States. Companies that have plans underway, for investing in new technologies, or for building production plants, could find themselves unable to fulfill their contract obligations, if the market for wind and solar energy continues to decrease at the current rate.