

Czech solar power boom to slow: expert

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The sun rises over the city of Prague and its castle. The Czech Republic's solar power boom is set to slow this year after scoring Europe's third-fastest increase in installed output in 2010, an expert said, blaming new taxes and rules.

The Czech Republic's solar power boom is set to slow this year after scoring Europe's third-fastest increase in installed output in 2010, an expert said Monday, blaming new taxes and rules.

"The solar boom is undoubtedly over," Marek Hatlapatka, an analyst with the Cyrrus broker company, told AFP.

Hatlapatka expects solar power output in the ex-Communist country of 10.5 million to grow to slightly more than 2,000 [megawatts](#) this year from 1,820 megawatts in 2010, after record growth of 1,357 megawatts from the 2009 level.

The 2010 solar boom was fuelled by hefty state subsidies, generous fixed

purchase prices set by a 2005 law and by the falling costs of [solar panels](#), experts say.

Czech solar output growth in 2010 was the third-fastest in Europe, where use of the [alternative energy source](#) is booming. The Czech Republic trailed only Germany and Italy in 2010 growth, according to a February report by the European PhotoVoltaic Industry Association (EPIA).

But the Czech Republic's centre-right government slapped a 26-percent tax on solar power last November in a bid to prevent the soaring costs of the subsidies from eventually burdening consumers.

The solar tax revenues will be used to offset the gap between high fixed purchase prices distributors are forced to pay for [renewable power](#) under subsidy rules and much lower selling prices.

Lawmakers also let the market watchdog cut purchase prices at a faster pace than the five percent a year set in the 2005 law.

"The remarkable drop in purchase prices means the extraordinary return on the investment is over, and I expect investment to stop," Hatlapatka told AFP.

The EPIA also said in its report the "Czech Republic underwent a tremendous market surge that will most likely affect the photovoltaic development there in the worst possible way in the coming months and years."

The new tax angered the Czech Photovoltaic Association, which said the government's move had "violated conditions guaranteed by the state," adding it may affect about 1,450 companies and 5,000 jobs in the sector.

Concerns about potential arbitration lawsuits filed by [solar power](#)

producers led a group of senators to file a constitutional complaint against the new rules last week.

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