

# Financial subsidy policy for solar power generation

Does government subsidies affect photovoltaic energy production in China?

This research was funded by the National Social Science Foundation of China (20BGL046). Government subsidies (GSs) have triggered a remarkable increase in the production capacity of photovoltaic (PV) electricity in China. However, the lack of core technologies has limited PV enterprises...

What is the policy related to solar energy development?

The only policy related to solar energy development is the supply-side R&D policy to promote and follow the development of solar technology. For the demand-side, Solar PV was planned by the government as the solution for non-electricity remote areas.

Can solar power be cost competitive if no subsidies help?

In the technology aspect, to secure the cost competitiveness of PV power over traditional thermal power when no subsidies help, the U.S. Department of Energy established Sunshot Initiatives, facilitating advanced manufacturers to form and enlarge their capacity. This program granted \$1.1bn in subsidies during the first phase. 4.3.2.

When was solar energy subsidized?

In 1987, the State Council decided to establish the special subsidized loans for rural energies, and subsidies were provided for renewable energy projects, such as PV cell production lines, at 50% of the commercial bank interest.

Should PV power price subsidies be reduced gradually?

When PV power price subsidies were reduced gradually, PV enterprises have to enhance the marginal returns in the market through technological progress, which may encourage PV enterprises to pay more efforts into R&D activities and obtain a competitive advantage in the market. 4. Conclusions and Discussion

Why is government subsidy important for PV Enterprises?

Government subsidy is the main fiscal instrument used by the government to support PV enterprises. Since enterprises' innovation activities are capital-intensive, GSs are critical for PV enterprises to complement the underinvestment in innovation activities and thus influence the innovation decisions.

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