

## Principle of Cost-Covering sales price for solar-electric energy

- The investment in solar-energy systems must become cost covering in order to foster significant growth rates of new installation numbers.
- This situation is not met in Japan, particularly after the subsidy of the Japanese government is stopped in FY 2005. At present, the electricity produced on houses that is fed to the network of the electricity supplier, is sold at the same price that is paid for the consumed electricity of about 20 Yen/kWh. Moreover there are no long lasting contracts that entitles the owner of solar systems to sell the electricity to these conditions.
- Further significant investment of citizens in solar energy can only be expected, if at least the costs connected with the installation will be covered by future electricity sales. These costs also contain possible maintenance, reparation and financing costs.
- At present, for south Japan, the sales price would have to be fixed to at least about 50 Yen/kWh in order to fulfill the cost-covering condition during 20 years of operation. The rise by 30 Yen/kWh compared to the present situation for the produced energy will lead to a very small rise in consumer electricity prices when distributed over all customers of the electricity supplier, since the total production of solar energy is still well below 1% of total electricity.
- The example of a German city (see attachment, in German) from 1993 shows that an agreement between the local government can lead to contracts between the electricity suppliers and potential operators of solar-electric systems that guarantee the above mentioned conditions of cost covering.
- An initiative to foster growth of the use of regenerative energy sources according to the above mentioned system of cost-covering sales prices is justified because of various reasons:
  - The costs for installation is carried by the average user of electricity, since it is the profit of everybody to avoid future disasters due to the climate change. Moreover the financial burden to everybody is essentially lowered and no more carried only by those who install solar systems.
  - Growth of installation rates due to such a programme will help to introduce the environmental-friendly technique into the market with future lower installation costs.
  - Local industry will profit from larger sales of components and will have a chance to profit from export to the opening world wide markets in the future.
  - It will be possible to reduce and avoid imports of fossil energies in the future and thus help to keep low the price of energy when the conventional energies will run short in the next future.