

Research Note

By MAKE Consulting

July 2010

Offshore Challenges in China Present Supply Chain Growth Opportunities

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Limits in grid capacity remain the most significant challenge to China's large and rapidly growing installed wind power base as grid infrastructure development plans are expected to lag behind installations. Studies have revealed vast offshore wind resources along China's eastern seashore near load centers, potentially enabling the Chinese market to meet its ambitious wind targets despite grid constraints.

The first offshore concession tenders in 2010, which will allocate 1 GW of projects, will face major challenges. The domestic wind power supply chain has limited technology and experience for offshore WTGs and support structure. Fast deployment of models with limited onshore and offshore track records can potentially jeopardize development of the industry. Lack of domestic supply for key components creates a reliance on imports which significantly increase the cost of equipment. Furthermore, the lack of wind resource measurement and inexperience in O&M add to the high cost of offshore projects.

After an initial surge in offshore development driven by concession projects, the Chinese offshore market is expected to slow in 2014 due to potential problems occurring in operational projects. However, the market will likely see renewed growth after 2015. The offshore industry is expected to drive major domestic WTG and component suppliers to move up the technological ladder to meet the higher requirements of the offshore segment. International players will have the potential to leverage their advantage in offshore technology and engage in localization in order to gain market share in China.

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Supply Chain Growth Opportunities

Wind Power Sector

June 2010

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- Research to help drive successful program decisions
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	Q1	Q2	Q3	Q4
Market Reports	Market Outlook	Supply Side	Demand Side	WTG Trends
Business Studies		U.S. Wind Power	Offshore Wind Power	China Wind Power
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Project Pipelines		Project Pipeline	Project Pipeline	Project Pipeline
Policy Event Horizons	Policy Event Horizon		Policy Event Horizon	

Market Reports are 40-60 pages of high quality industry forecasts, trend spotting and analysis, giving the reader a detailed insight into the demand side, the supply side, wind power development in a range of countries as well as current WTG trends. Our market reports are published four times a year.

Business Studies are 60-100 pages detailed in-depth strategic market studies of key segments of the wind industry. In 2010 the business studies will focus on the US-, offshore,- and China wind power markets.

Research Notes are 10-20 pages of comprehensive analysis of specific trends in the industry. They are published 8 times a year and cover topics such as capacity shortages, order announcements, emerging markets, policy changes and strategic changes in the competitive landscape etc.

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