

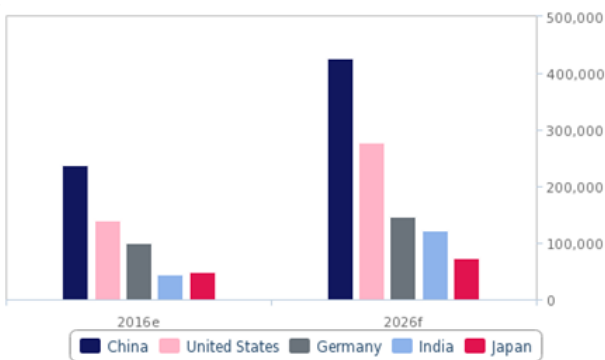
China's Global Renewables Dominance To Continue

March 16, 2017 - BMI Research

BMI View: China's renewables industry will remain the largest in the world by total installed capacity over the coming decade, with close to 190GW of renewables capacity added between 2016 and 2026. Underpinning this vast growth is the Chinese government's commitment to diversifying the country's coal-heavy power sector to incorporate less polluting sources into the mix.

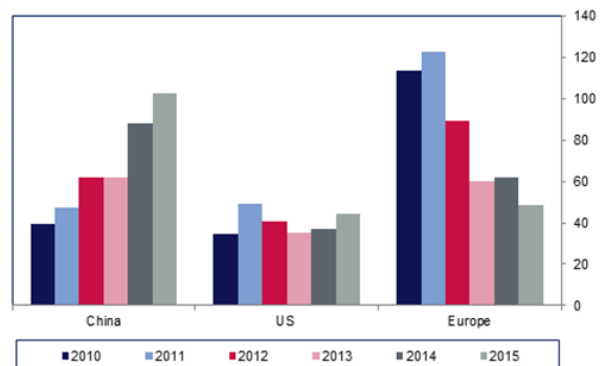
China will remain the dominant global player for renewable energy over the coming decade, surpassing any other country for renewables capacity additions between 2016 and 2026. We expect China to bring online nearly 190GW of capacity by the end of our forecast period in 2026, resulting in an installed renewables capacity base of nearly 430GW by 2026. By comparison, the second largest market - the US, will have 280GW of installed renewables capacity.

China Leading the Global Renewables Race
Total Non-Hydro Renewables Capacity By Country



BMI e=estimate f=forecast Source: EIA, BMI

China Renewables Investment to Remain Robust
Renewables Investment By Country/Region (US\$bn)



Source: BNEF, UNEP, BMI

The government's strong support for renewable energy is the primary factor underpinning our bullish forecasts for China's non-hydro renewables capacity over the coming decade. The support stems from the government's desire to reduce coal use in the power mix, in order to curb carbon emissions and tackle the growing domestic pollution problem. We expect the share of cleaner fuels - primarily renewables and nuclear power - to increase over the next 10-years, with coal's share in the power mix to reduce to 52% by 2026, from a current level of 67% - BMI 2016 estimate (see 'Project Cancellations Erode Coal's Power', March 7 2017).

Ambitious targets in place for renewables capacity, local government-mandated regulations, wide-ranging financial incentives on offer to renewables developers and an extensive manufacturing base for renewables components are just some of the key support mechanisms adopted in China to help drive growth in the renewables sector. Investment levels into the sector have increased over the last five years, outpacing any of countries globally - and we expect this level to remain robust.