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GROWTH STEADY, BUT LIMITED FOR BUILDING-INTEGRATED PV

A fragmented market will hinder broad adoption of building-integrated photovoltaics, says Lux Research

Boston, MA – April 7, 2009 – Targeted subsidies and aesthetic appeal have helped lay a foundation for the building-integrated photovoltaics (BIPV) market, and modest but steady growth will support future opportunities for innovative cross-industry services and improved products. But a new report from Lux Research concludes that today's \$1.7 billion BIPV market's lack of standardization, low production volumes and formidable competition from building-applied photovoltaics (BAPV) will hinder broader adoption through 2013.

BIPV are PV components that replace the look and function of a primary building material, and are sold as a single unit. Compared with BIPV, BAPV encompass a broader class of building-mounted photovoltaics and include some traditional roof-mounted PV systems.

Entitled "Laying the Foundation for Building Integrated Photovoltaics," Lux's report takes a strong analytical approach to provide valuable insights for building materials, chemical and photovoltaics players on:

- Opportunities for entering the market
- Likely candidates for strategic partnerships
- Market developments and new technologies that will foster success, and
- How conventional and thin-film solar technologies will compete in specific applications

"The market may be too small to be a central interest to big players, but we see key opportunities for technology providers that can deliver BIPV components with an aesthetic differentiation – as opposed to a cost differentiation," said Johanna Schmidtke, a Lux Research analyst and lead author of the report. "That also applies to architects and building envelope specialists who can distinguish their own businesses, while raising awareness of BIPV."

The report taps Lux Research's database of solar PV technology providers and installations for details about the 81 companies engaged in BIPV work. It includes intelligence gathered through 29 additional interviews with PV technology providers, module/system developers, PV installers, building suppliers and architects to offer a comprehensive view of the BIPV market.

- **High price points and a lack of standardization are slowing adoption.** Highly customized products and low production volumes are putting a drag on BIPV's claim that it lowers costs by streamlining installation of building product and PV technology. High price points will limit growth to \$5.7 billion over 694 MW in 2013, signifying just 3.7% by volume of the overall solar market.

- **Improved regulation, building services and materials could all boost demand.** BIPV-specific subsidies and aesthetics have driven growth more than economic viability. But standardized regulations covering BIPV's dual role as building component and PV technology could control customization issues, and reduce the technology's prohibitive price points.
- **BAPV will dominate for the foreseeable future.** BIPV currently wields aesthetic and subsidy-based advantages over BAPV retrofits. But PV module manufacturers are shoring up the aesthetic gap, which will further pressure BIPV players to decrease the price premium they exact.

"BIPV is nearing a crossroads," said Schmidtke. "It will either continue to grow slowly as a highly specialized, aesthetic niche market, or bridge the gap between the PV and building industries. The latter path will require industry standards, as well as innovation and investment. But it also offers genuine growth opportunities for well positioned parties."

"Laying the Foundation for Building Integrated Photovoltaics" is part of Lux Research's Solar Intelligence service. Clients subscribing to this service receive continuous research on solar industry market trends and forecasts, ongoing technology scouting reports and proprietary data points in the weekly Lux Research Solar Journal and on-demand inquiry with Lux Research analysts.

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