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Polysilicon players eye Inner Mongolia as a potential production center

Staff reporter, Taipei; Esther Lam, DIGITIMES [Friday 25 July 2008]

Thanks to relatively low electricity costs, Huhehaote, Inner Mongolia, is being regarded as a city that may be ideal for polysilicon and solar wafer production, as evidenced by the number of photovoltaic (PV) industry players locating their production in the region.

Huhehaote is naturally ideal for PV industry in terms of rich natural resources reserves, said PV industry players from Taiwan. Thanks to the rich coal and carbon reserves, per watt power costs in the region are about 30-50% cheaper than that seen in Taiwan, said solar industry players from Taiwan. Argon gas, which is one of the key chemical gases for use in solar ingot production, is also priced about one third cheaper there, the players said.

Since polysilicon production is a power-intensive industry with electricity costs accounting for 30% of total costs (for those that adopt the traditional Siemens production method), most leading polysilicon makers such as Hemlock Semiconductor, Wacker, MEMC Materials, Tokuyama tend to rely on water, electric-gas or renewable energy instead of coal/carbon for electricity generation, the industry players commented.

Electricity costs account for a high proportion of solar ingot production costs, the industry players noted. Amid a recent electricity cost adjustment in Taiwan, leading solar wafer makers including Green Energy Technology and Sino-American Silicon Products (SAS) are said to be implementing a price adjustment of about 5-10% to account for the change in energy costs, the players observed.

With Taiwan companies growing more optimistic about policies governing their cross-strait investments, Huhehaote's role in the PV industry has drawn their attention, especially amid a speculated collaboration between Green Energy and the China-based Shenzhou Silicon Industry for the production of polysilicon and solar ingots that would be located in Huhehaote.

Related story:

[Green Energy to partner with China-based polysilicon maker for solar ingot production \(Jul 21\)](#)

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