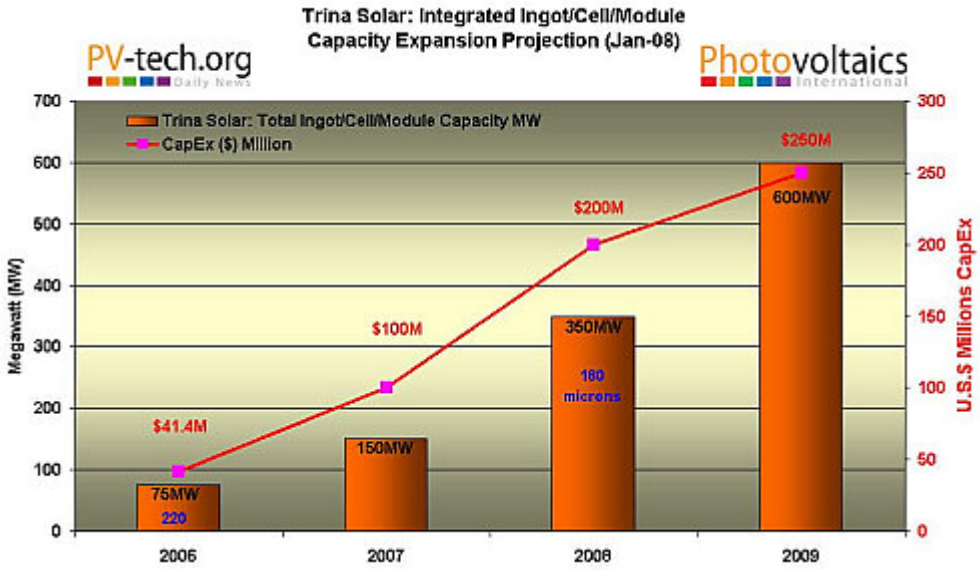
Trina Solar shifts manufacturing strategy

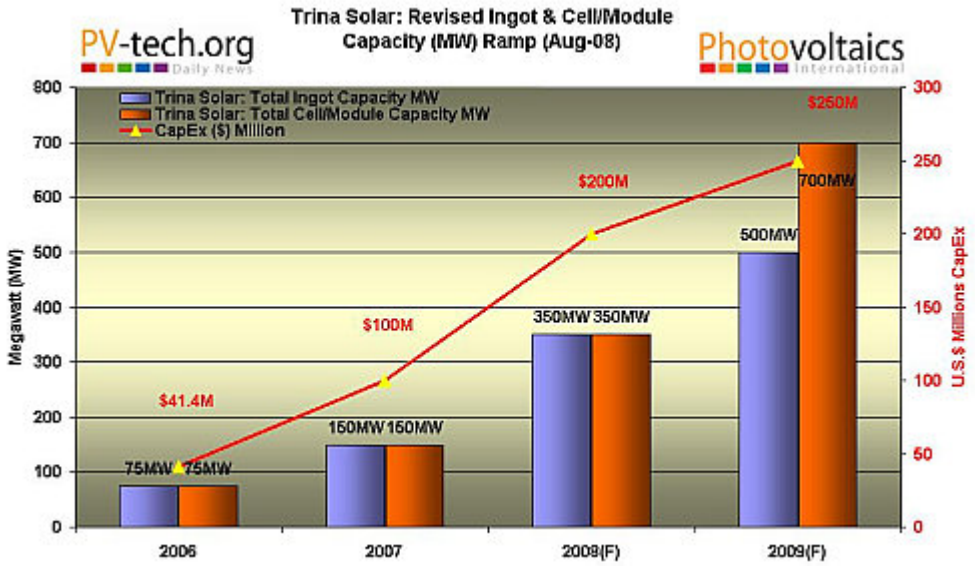
25 August 2008 | Cell Processing: News

Trina Solar has changed track on its balanced, fully integrated ingot through PV module manufacturing model on the back of a major polysilicon and wafer supply deal with GCL Silicon Technology. The revised supply deal will see GCL Silicon supply polysilicon and wafers sufficient for 4,825MW (600MW per annum) of solar modules to be manufactured by Trina Solar in aggregate over an eight year period. Delivery of polysilicon at predetermined prices started in April of 2008, Trina Solar said.

Trina Solar had previously planned to increase production to 350MW of combined ingot/cell/module in 2008 and expand to a combined 600MW in 2009. Capital expenditures of $200 million were planned in 2008, followed by a further $250 million in 2008 (See chart 1 below).



However, the GCL Silicon deal has meant that Trina Solar can expand cell and module production in 2009 and beyond to a newly revised 700MW instead of the previous plan of 600MW, while reducing ingot production expansion to 500MW instead of 600MW, as previously planned for 2009 (see chart 2 below).



“The supplemental agreement's inclusion of significant wafer quantities, starting in 2010, reflects a significant revision to our capacity expansion strategy, whereby future expansion will involve increased cell and module capacity additions relative to those for ingot and wafer,” noted Jifan Gao, Trina Solar's Chairman and Chief Executive Officer.
“We believe that this flexible strategy will offer increased output of solar modules to achieve better market penetration under our increasingly recognized brand. This will also allow us to place our technology improvement emphasis on cell and module value areas to further strengthen our brand. For 2009, we intend to leverage on this dynamic strategy to efficiently extend our capacity growth to approximately 700MW for cell and module areas, while expanding ingot and wafer production capacities to approximately 500MW.''

The significant increase in the availability of lower cost polysilicon in the second-half of 2009 could be a catalyst for change in the industry. Trina Solar had already cancelled plans to build its own polysilicon plant earlier in the year as the long-term supply contract prices returned to attractive levels. Now, Trina Solar is emphasizing cell and module capacity increases to focus capital spending in end product areas that enable higher returns on investment.

''This supplemental agreement greatly extends our advantage in securing high quality polysilicon feedstock at predetermined prices to support our long-term sales growth. Combined with our other long-term agreements and increased manufacturing efficiencies, we remain confident in our abilities to expand our margins in the long term as the cost of solar energy approaches grid parity levels,'' commented Jifan Gao.

http://www.pv-tech.org/cell_processing/article/trina_solar_shifts_manufacturing_strategy