President von der Leyen,
President of the European Commission

Brussels, 10 October 2022

CC: Executive Vice Presidents Dombrovskis, Vestager, and Timmermans; Commissioners Breton, Šefčovič

Replicating the EU Chips Act success in European solar PV manufacturing

Dear President Von der Leyen,

CC: EVP Dombrovskis, Vestager, Timmermans; Commissioners Breton, Šefčovič

We, the signatories of this letter, represent the main European and American companies in the solar photovoltaic (PV) value chain with a demonstrated interest in expanding European solar manufacturing by multiple gigawatts.

First, we want to thank and congratulate you on the REPowerEU strategy and the first-of-a-kind EU Solar strategy. The renewed ambition on solar PV – doubling previous solar deployment targets – is an important step towards a resilient and competitive Net Zero Europe.

We also welcome the intention to diversify supply chains, and the goal of bringing back at least 20 GW of solar PV manufacturing to Europe by 2025 across the value chain. Europe is lacking its own large-scale PV supply chain to support an accelerated deployment of PV, leading to a dominant concentration of supply chains in a single geography[1].

We were pleased to hear this message in your State of the Union speech when referring to a new European Sovereignty Fund. We appreciate your call to action to *"make sure that the future of industry is made in Europe."*

Recent international developments in solar PV supply chains, however, highlight the need for stronger European action in accelerating its participation in the global competition for solar PV value chains, building on its legacy of leadership in solar energy research.

- The recently adopted Inflation Reduction Act (IRA) is proof of the US' ambitions when it comes to reshoring clean energy industries. The IRA provides clear and tangible Operating Expenses (OpEx) and Capital Expenditures (CapEx) benefits that guarantee predictable operational support for almost 10 years. This approach has clearly resonated with investors and we have seen gigawatts of investment decisions

[1] IEA Special Report on Solar PV Global Supply Chains, July 2022. Available online

and announcements within a matter of weeks[2]. Under IRA, a 3GW plant would have received up to 4,6 €cts/Wp (actualized) versus 0,5€cts/Wp with the EU Innovation Fund.

- In India, innovative auction design is providing similar clarity to the industry. This approach has likewise attracted significant manufacturing investments[3] that could see the country become self-sufficient in the next few years
- China has been supporting its manufacturing through subsidies for more than a decade[4], resulting in a domination of key value chain steps today

Europe has the opportunity to meet the moment with bold, immediate action of its own. **While current financial vehicles, like the Innovation Fund or the IPCEIs, are welcome instruments, they do not send the much needed short-term signals** required to attract the immediate and massive investments in new manufacturing sites at unprecedented scale in Europe.

The fact is that Europe is at a pivotal moment. The continent can no longer continue to solely rely on imported solar panels and inverters as supply chain and shipping issues take their toll. Europe needs to build up a strong EU value chain with national targets for countries that produce solar technology superseding the need to export products. **In plain terms, developing a robust European solar manufacturing value chain and decreasing dependence on imports will significantly reinforce the Commission's deployment and energy security ambitions.**

We call for a European solar PV industry with the highest innovative and sustainability standards. But the challenges faced by solar manufacturers in Europe are many. For instance, unlike other markets that have invested in manufacturing, Europe continues to face skyrocketing electricity prices – a concrete threat not only for the remaining EU solar manufacturing capacity, but also for any ambition to bring the solar value chain back to Europe. Ambitious and accelerated financial support for large-scale PV manufacturing projects is urgently needed, flanked by a competitive OpEx support for the entire supply chain, in particular the energy-intensive production of polysilicon and ingots/wafers.

We therefore call on the European Commission to consider additional measures in the short-term including legislative action inspired by the EU Chips Act, as well as urging Member States to promote solar PV production in the upcoming revision of the National Resilience and Recovery Plans with respect to REPowerEU, coordinating these efforts among

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[2] Overview of PV production expansion announcements in the United States since August: (1) US Solar Industry expects up to 50 GW solar PV production capacity by 2030, (2) Game Change to expand solar tracker production capacity to 14 GW in US, (3) SPI Energy announces plans to expand from modules into wafer manufacturing, (4) First Solar says it will spend up to $1.2 billion to expand US production, (5) Meyer Burger signs module supply agreement of at least 3.75 GW with D. E. Shaw & announces acceleration of module production plans in US

3 Overview of PV production expansion announcements in India since 2021: First tender results (summer 2021): 19 companies selected for a total of 19 GW of production. In 2021 First Solar announces $680 million investment into a 3.3 GW factory in Chennai, Tamil Nadu

[4] IEA Special Report on Solar PV Global Supply Chains, July 2022. Available online

the Member States. As you rightly mentioned in your State of the Union speech, **we need to replicate the Chips Act's success in critical future technology sectors such as solar PV.**

We would be delighted to meet with you and your services at the earliest convenience and discuss how we can make this important agenda a reality in the run up to the launch of the European Solar PV Industry Alliance.

Yours truly,

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Salvatore Bernabei, Chief Executive Officer, Enel Green Power

Mark Widmar, Chief Executive Officer, FirstSolar

Elisabeth Strauss-Engelbrechtsmüller, Chief Executive Officer, Fronius

Joachim Goldbeck, Chief Executive Officer, Goldbeck Solar

Udo Möhrstedt, Chief Executive Officer, IBC SOLAR

Xabier Viteri, General Manager, Renewable Energy Business Iberdrola Group

Dr. Gunter Erfurt, Chief Executive Officer, Meyer Burger Technology AG

Gøran Bye, Chief Executive Officer, Norwegian Crystals

Dr.-Ing. Jürgen Reinert, Chief Executive Officer, SMA Solar Technology

Walburga Hemetsberger, Chief Executive Officer, SolarPower Europe

Dr. Armin Froitzheim, Chief Technology Officer and Managing Director, Solarwatt

Dr. Christian Hartel, Chief Executive Officer, Wacker Chemie AG