First Solar Quits TetraSun in Shift to All Thin-Film Panels (2)

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By Christopher Martin

(Bloomberg) -- First Solar Inc., the biggest maker of thin- film solar panels, is shutting down production of its TetraSun product line that uses the more widely used polysilicon technology.

Shifting production at its plant in Kulim, Malaysia, will result in a one-time, mostly non-cash charge of about $90 million to $110 million and reduce annual operating expenses by as much as $10 million, Tempe, Arizona-based First Solar said in a statement Tuesday.

First Solar's core technology is cadmium-telluride, a thin film of photovoltaic material sandwiched in glass. The company acquired TetraSun in 2013, a producer of high-efficiency polysilicon panels, to help reach a rooftop market it had lost to mostly Chinese competitors. Recent improvements in First Solar's thin-film technology removed the reasoning for the TetraSun acquisition.

"TetraSun is a sound technology for space-constrained rooftops, and served largely as a hedge against cadmium- telluride technology competitiveness that had challenged us in the past" Chief Operating Officer Tymen de Jong, said in the statement. First Solar's thin-film panels have been improving, and "that hedge is no longer needed."

First Solar declined 1.5 percent to $47.77 at the close in New York.

## Improved Efficiency

When First Solar acquired TetraSun, it was producing cadmium-telluride panels with maximum efficiency rates of 13.3 percent, the amount of energy in sunlight that's converted to electricity. TetraSun had 21 percent efficiency at the time and the potential for improvement.

The company's latest cadmium-telluride cell reached a record 22.1 percent efficiency in a laboratory. That's higher than the best multicrystalline polysilicon cell at 21.3 percent, according to data from the National Renewable Energy Laboratory.

SunPower Corp., which uses a purer form of silicon, has the most efficient panels, with 24.1 percent.

"First Solar has achieved surprisingly good results for its thin-film technology," Jenny Chase, an analyst at Bloomberg New Energy Finance, said in an e-mail. "First Solar may have felt there was little point in competing in an area where they have no unique advantage over other silicon manufacturers."

To contact the reporter on this story:

Christopher Martin in New York at cmartin11@bloomberg.net To contact the editors responsible for this story:

Reed Landberg at landberg@bloomberg.net

Will Wade