

# INSIGHTS FOR A COMPLETE GAME PLAN

## INSIGHT #1 // BIDEN'S EXTENSION OF TRUMP-ERA SOLAR TARIFFS – HOW DID WE GET HERE AND WHAT COMES NEXT?

There are several import tariffs that affect how US companies buy solar panels. Most recently, the January 2018 Section 201 tariffs were implemented by the US International Trade Commission (ITC) after a 9-month case that paralyzed the US solar industry. The ultimate tariff on modules and cells was set at 30%, declining at 5% per year for the 4-yr term; however, the first 2.5 GW of solar cells were exempted from tariff because the US has virtually no cell manufacturing capacity, so US module manufacturers need these cells to assemble into modules.

While eliminating the tariffs entirely would have allowed more solar to be installed in the US in the near term, the clear exemption for bifacial modules is a major win for solar developers in the large commercial and utility scale sectors of the industry, where bifacial panels are often used in combination with ground-mounted single axis trackers to enhance power generation.

The cell quota should encourage more PV module manufacturing in the US. However, since assembly costs are still higher here than in many other parts of the world, US capacity will remain limited (projected at only 7.5 GW out of a global capacity of ~400 GW according to Wood Mackenzie). Also note that 80% of the 7.5 GW US capacity comes from First Solar, which uses a thin-film technology that is generally not suitable for rooftop, carport, or any other land-constrained solar projects, as these modules have lower power density than typical crystalline PV modules.

While the Section 201 Tariff is newest, PV modules have long been subject to US tariffs. In 2012, the US Commerce Department implemented antidumping tariffs on solar panels made in China; however, the country of origin for these modules was based on the origin of the cell. Chinese manufacturers used cells from Taiwan for panels destined for the US to avoid this tariff. In 2014-15, new antidumping tariffs and countervailing duties were implemented to close this loophole. Since then, nearly all overseas modules for the US have been made and assembled in Southeast Asia to avoid these tariffs. The DOC recently rejected a petition to investigate antidumping claims against several other Southeast Asian countries. Due to the combination of these restrictions and the Section 201 Tariff, PV modules for US projects cost 55% more than those used for European projects according to Wood Mackenzie.

### HIGHLIGHTS:

- The Biden administration said Friday 2/4 that it will extend Section 201 tariffs on imported solar cells and panels for another four years, but with several changes to existing provisions.
- The tariff rate quota for solar cells will rise from 2.5 gigawatts to 5 gigawatts, and the administration will also uphold the decision to exclude bifacial panels from tariffs.
- Bifacial panels, which absorb light on both sides, are most common in utility-scale solar projects.
- The Section 201 solar tariffs were announced by former President Donald Trump in January 2018

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