Our focus on building localisation: PLI winner First Solar

Says working with home-grown players to build component supply chain in India

SHREYA JAI
New Delhi, 3 July

One of the three winners of the Centre's first round of the production-linked incentive (PLI) scheme for high-efficiency solar modules, US-headquartered First Solar will finally set up its first 3.5 gigawatt (Gw) solar module manufacturing unit in the country. It has identified a location in Tamil Nadu. India clearly is central to its expansion plan — the focus being on building localisation.

One of the top 10 solar manufacturers in the world, First Solar has been in India for nearly a decade, having also witnessed the early stirrings of utility-scale solar power in the country.

Speaking with *Business Standard*, Sujoy Ghosh, India vice-president and country managing director, said, "India will be one of the key drivers of the company's global production target of 20 Gw."

"By the end of (calendar year) 2022, we had a global production footprint of 10 Gw a year of our solar modules from our facilities in the US, Vietnam, and Malaysia. By 2025, we aim to have a 20 Gw capacity. This would come from incremental expansion in both the US and India. Vietnam and Malaysia would continue to contribute," he added.

In the company's 2022-23 first quarter results, it had declared an order backlog of 72 Gw against its 10 Gw manufacturing footprint.

"This puts in perspective our ramp-up in manufacturing as we are finding meaningful demand for our product in utility-scale solar. These are those customers and platforms looking at the lowest life cycle cost of ownership, traceability of supply chain, and predictability on price and delivery. Unlike our competition from China, we bring predictability in price and delivery," said Ghosh.

India's solar equipment demand is largely met through imports. Close to 85 per cent of Indian solar capacity is built on imported cells and modules — a majority from China.

The Centre last year imposed a 25 per cent basic Customs duty on imported solar cells and 40 per cent on imports to support domestic solar manufacturing and rein in Chinese imports.

At the same time, through the PLI scheme, the government has awarded 48 Gw capacity for indigenous manufacturing of solar wafers, cells and modules.

The PLI scheme has a threshold for localisation, targeted to be achieved yearly over five years. Ghosh pointed out that the Indian market can build enough local component support, but the scale is missing.

Sujoy Ghosh, India V-P and country MD, First Solar

"In India, we did not find anything that would be a constraint to localisation. Time will be required to localise the supplies we need. The capability exists for most parts. What does not exist, we are looking for opportunities to collaborate with start-ups, local companies, and start building those capabilities," said Ghosh. He added the ecosystem would take time to develop, as is with any nascent local manufacturing.

"As it happened in the automotive sector in India, once the original equipment manufacturer comes in, the component system will coalesce. PLI gives enough incentive to localise. The threshold for local components has year-wise targets. It can be achieved when the whole supply chain is developed in India," said Ghosh.

He, however, said the challenge would be to get this localisation done, especially around the component ecosystem. "Scale under PLI is significant for the component ecosystem to build, but it will take time," he added.