

U.S. Department of Commerce
Renewable Energy and Energy Efficiency Advisory
Committee

Charter 6, 2020-2022 ● Recommendation Fact Sheet

Recommendation 1 (Approved July 29, 2021) on Acceleration of “1-year” Review of the Solar Manufacturing Supply Chain

We recommend that the Secretary request of, and work with, the Secretary of Energy, to facilitate the acceleration of the 1-year Solar Manufacturing supply chain review, mandated by the President as part of Executive Order 14017, dated February 24, 2021, in order to complete such a review before November 15, 2021

Sub-Committee(s):

Clean Energy Supply Chains

Background Information:

1) Executive Order 14017

On February 24, 2021, President Biden issued Executive Order 14017,¹ mandating that an interagency team, led by the Secretary of Energy, and supported by the Secretary of Commerce, conduct a 100-day review of the supply chains of three critical domestic industries. Further, the Executive Order, instructed the Agencies to conduct a 1-year review, of several additional domestic industry supply chains, including the energy sector industrial base.

This 100-day review was published by the White House on June 8, 2021,² and, within the context of the Renewable Energy and Energy Efficiency Advisory Committee (REEEAC), addressed the supply chain environment of the domestic Energy Storage/Battery industry. While Solar Manufacturing was not covered as a topic, it is instructive that the report referenced the critical state of the domestic Solar Manufacturing supply chain as a cautionary example of why addressing these three critical industries was of high priority and that addressing the challenges that were laid out for these industries was necessary, to avoid the fate that has befallen domestic Solar Manufacturing industry:

*The practice of “pumping and dumping,” in which countries heavily subsidize an industry, gain market share and then flood the market with cheaper products to wipe out competition, **has been documented in a number of industries including pharmaceuticals and clean energy. The U.S. government must implement a comprehensive strategy to push back on unfair foreign competition that erodes the resilience of U.S. critical supply chains and industries more broadly.** (White House Report, p.16)*

¹ <https://www.federalregister.gov/documents/2021/03/01/2021-04280/americas-supply-chains>

² <https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf>

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2) U.S. Department of Commerce Solar Roundtable

The International Trade Administration of the U.S. Department of Commerce has twice convened a Roundtable of U.S. Manufacturers participating in the domestic Solar Manufacturing Supply Chain. The first occurred during the Trump Administration in March 2020. The second roundtable was held on June 29, 2021 to help inform the current administration with regards to challenges and opportunities for strengthening the U.S. solar supply chain. Participants expressed that without meaningful policy and activity across the full supply chain spectrum, the domestic industry, writ large, remains uncompetitive in export markets and is facing the threat of extinction inside our borders.

3) Related Activity

Since the issuance of Executive Order 14017, several other events have transpired that may have impact on the domestic Solar Manufacturing supply chain. Each of these contributes to the criticality of an accelerated review:

- CBP WRO. On June 24, 2021, the U.S. Department of Homeland Security's Customs and Border Protection agency issued a Withhold Release Order (WRO) against Hoshine Silicon Industry Co. Ltd., a company located in China's Xinjiang Uyghur Autonomous Region. The WRO applies to silica-based products made by Hoshine and its subsidiaries as well as to materials and goods (such as polysilicon) derived from or produced using those silica-based products. Silica is a raw material that is used to make components for solar panels.³ Furthermore, the U.S. Department of Commerce's Bureau of Industry and Security added Hoshine and four other Chinese energy component suppliers to the Entity List, which restricts named entities' ability to access commodities, software and technology subject to Export Administration Regulations.⁴ Given the width of use of Hoshine products—Bernreuter Research reports that 90% of solar-grade polysilicon stands to be affected, as the 8 largest Chinese suppliers of polysilicon use Hoshine materials⁵—the WRO and Entity List additions have the potential to cause disruption to imports of solar panels into the United States, creating a supply gap that the domestic industry must be able to fill if the country is to meet the Administration's goal of a carbon pollution-free power sector by 2035.⁶

³ <https://www.cbp.gov/newsroom/national-media-release/department-homeland-security-issues-withhold-release-order-silica>

⁴ <https://www.commerce.gov/news/press-releases/2021/06/commerce-department-adds-five-chinese-entities-entity-list>

⁵ <https://www.py-tech.org/us-government-to-block-solar-imports-linked-to-polysilicon-providers>

⁶ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

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- Solar Energy Manufacturing for America Act. On June 23, 2021. The Solar Energy Manufacturing for America Act (S.2140) was introduced in the United States Senate.⁷ This bill introduces production tax credits for each major segment of the domestic Solar Manufacturing Supply chain. It would apply to components produced and sold after December 31, 2021. Given the current legislative interest on support for this domestic industry, the acceleration of a Solar Manufacturing Supply Chain Review is highly relevant. The quantifiable data and attendant recommendations such a report would produce will serve to more adequately inform this active debate.

Expected Effect on U.S. Export Competitiveness: As discussed prior in this document and in the above references, the domestic Solar Manufacturing supply chain is at a critical juncture. Today, U.S. manufacturers export very little of their manufactured solar products to other countries – in large part due to the comparatively weak overall position of domestic Solar Manufacturing relative to foreign manufacturers. Furthermore, domestic manufacturers largely lack the ability to sufficiently supply projects abroad that are supported by U.S. government development finance agencies. To enhance export competitiveness, the domestic manufacturing base must undergo significant reinvigoration. Timely acceleration of this report will provide valuable additional insight into the state of the domestic supply chain, which is particularly necessary while actions are being considered throughout the United States Government to reinvigorate the industry.

Specific Agencies Responsible for Implementation:

U.S. Department of Energy, assisted by the U.S. Department of Commerce

Measures of Success:

Publication, on or before November 15, 2021, of a Solar Manufacturing Supply Chain Report, of similar scope, coverage, and recommendations, to the 100-day Review issued under Executive Order 14017, published on June 8, 2021

⁷ <https://www.congress.gov/bill/117th-congress/senate-bill/2140/>