

SR1.43bn deal for solar cell manufacturing plant

ALKHOBAR: A contract to set up a polysilicon plant in Jubail to manufacture solar-energy cell material was signed on Sunday in Alkhobar.

Polysilicon Technology Co. (PST) entered into an engineering, procurement and construction contract to cover Phase 1 of the plant with Hyundai Engineering Co. and KCC Engineering and Construction Corp.

The lump-sum, turn-key agreement is valued at SR1.43 billion (\$380 million).

Polysilicon is the main raw material used in the solar industry which is then converted into ingot, wafers and then into solar cells that are put into panels in order to generate electricity from the sun.

The initial plant, located in Jubail II, will produce 3,350 metric tons of solar grade polysilicon annually with future plans for expansion.

PST is a joint venture between Mutajadedah Energy Co. (MEC) of Saudi Arabia and KCC Corp. of Korea (KCC). KCC brings its global experience with construction and polysilicon production to the partnership.

MEC is a local company owned by Swicorp Joussour Co. (SJC) and Chemical Development Co. (CDC) incorporated to invest across the solar energy value chain in Saudi Arabia.

"Over the past few years, the solar industry has gone through major consolidation and optimization which has led to a huge reduction in costs allowing the industry to see continued growth bringing it closer to grid parity with conventional sources of power," said PST Executive Director and CEO Ibrahim Al-Humaidan.

"The polysilicon project in Jubail is only our first step. PTC intends to expand the plant to an annual capacity of 12,000 metric tons as well as continue further downstream into the manufacturing of ingots and wafers."

Speaking to Arab News on the sidelines of the signing ceremony was former Saudi Arabian General Investment Authority (SAGIA), Gov. Prince Abdullah bin Faisal bin Turki.

"The signing of this project is a fantastic opportunity to put Saudi Arabia at the heart of the solar energy development," Prince Abdullah said.

"The success of this project will be a very strong indicator for international companies to do business in Saudi Arabia in this field."

He said this new direction in Saudi manufacturing brings with it many opportunities.

"My message to the Saudi private sector would be to look to the future and develop viable projects that are in sync with the local market and ones that add value to our raw materials and help develop human resources," Prince Abdullah said, noting that the project was aligned with the Kingdom's long-term energy plans.

"Saudi oil will always remain our most important product, but what is even more important is to see where the world is heading. The whole world is going ahead and developing solar technology," he said.

"There is no reason why one cannot develop other sources of energy. It is keeping this in view that the government created the King Abdullah City for Atomic and Renewable Energy."

MEC Executive Director Faysal Hamza said alternative energy is a new area of interest in the Middle East, which has gained recent attention due to the pressing need for economies to look toward diversified energy sources for future generations. "Harnessing diversified sources of energy is critical to the development of tomorrow's economies. We are proud to be involved in launching, with our partners, the first plant of its kind, creating a nucleus for the solar industry in Saudi Arabia," he added.