



# Chinese inverters competing with sma

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China produces far more solar panels, far more solar inverters, and god knows how many more batteries than any other country in existence. China has been called the workshop of the world<sup>1</sup> and has repeatedly shown itself to be capable of producing high quality, reliable goods.

As examples, the majority of solar panels produced in China are tier one, which means major financial organizations trust them for use in large scale solar projects with an expected lifespan of 25 or more years. Some solar inverters manufactured in China are considered among the best in the world, and the lithium battery with the longest warranty I am aware of is made in China.

Here in Australia, the prevailing wisdom seems to be that "made in China" means "this is crap". This is despite the fact that Australians keep buying Chinese goods over and over again, which suggests either they aren't all crap or that we are very slow learners.

For example, it beggars belief how many Australians skip right past the good Chinese Tier 1 brands and instead buy lower tier Chinese panels of questionable quality simply because they have brand names that don't sound Chinese such as "Australian Premium Solar", "German Solar", "Hanover Solar", or "Munchen Solar".

I can understand part of this reluctance to realistically appraise Chinese products. We are creatures of habit and like to pigeon hole things. But unless we take the effort to update our opinions every now and then we'll end up reaching into a hole and instead of finding a pigeon we'll pull out a whole mess of stupid that will get us into trouble.

But I think people will soon learn they have to look at the company and not the country to determine the quality of a product. Particularly now that high end solar companies such as SunPower and SMA have chosen to manufacture in China.

SunPower has its headquarters in the United States, is owned by a French oil company, and has manufacturing capacity in Malaysia, the Phillipines, and Mexico. They are one of the oldest solar companies around, the quality of their panels is among the best in the world, and they have the highest efficiency of any panel on the market. Because of their panel's reliability they offer a product warranty of 25 years, which is one of the best in world, but not the best.

Because of competition from companies selling less wonderful but much less expensive panels, SunPower is currently going through "restructuring". This is a word they use to describe closing a factory in the Philippines and sacking a heap of people. Part of this restructuring involves moving into manufacturing in China in a big way.

Dongfang Electric Company, or DEC for short, as well as Tianjin Zhonghuan Semiconductor, or TZS, will be partnering up with SunPower to produce their P series panels. These have overlapping solar cells and lower efficiency than SunPower's X series, but they do have the advantage they can be made with ordinary and therefore cheaper silicon wafers while still possessing the funky shade tolerance and 25 year product warranty that SunPower panels are known and loved for.

When the factory this hopefully happy partnership is planning to build is completed, it will have 21 solar panel production lines and be capable of producing 5 gigawatts of panels a year. That is enormous and if it existed now it would be the largest solar panel factory in the world by far. In 2016 SunPower only managed to produce around 1.65 gigawatts of panels in total.

You may think SunPower would be pretty stoked about how they and their partners are going to build the world's largest solar panel factory, which will allow them to quadruple their production capacity when complete. You might think they'd be boasting about it, but they're not.

It's almost as if they are embarrassed by it. But that doesn't seem right because the first rule of business (currently I have 63 first rules of business) is that the worse the deal you've been forced to make, the more you brag about what a great deal it was.

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Web: <https://sumthingtasty.co.za/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

