RENEWABLE ENERGY CORPORATION ASA

SEB Enskilda Nordic Seminar

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REC

WHY IS SOLAR ATTRACTIVE?

RIGHT HERE IN CALIFORNIA

Residential home with 61 REC solar panels installed in Monterey, California. Annual capacity: 19 435 kWh
13.1 tons of CO_2 saved annually

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The world needs more energy

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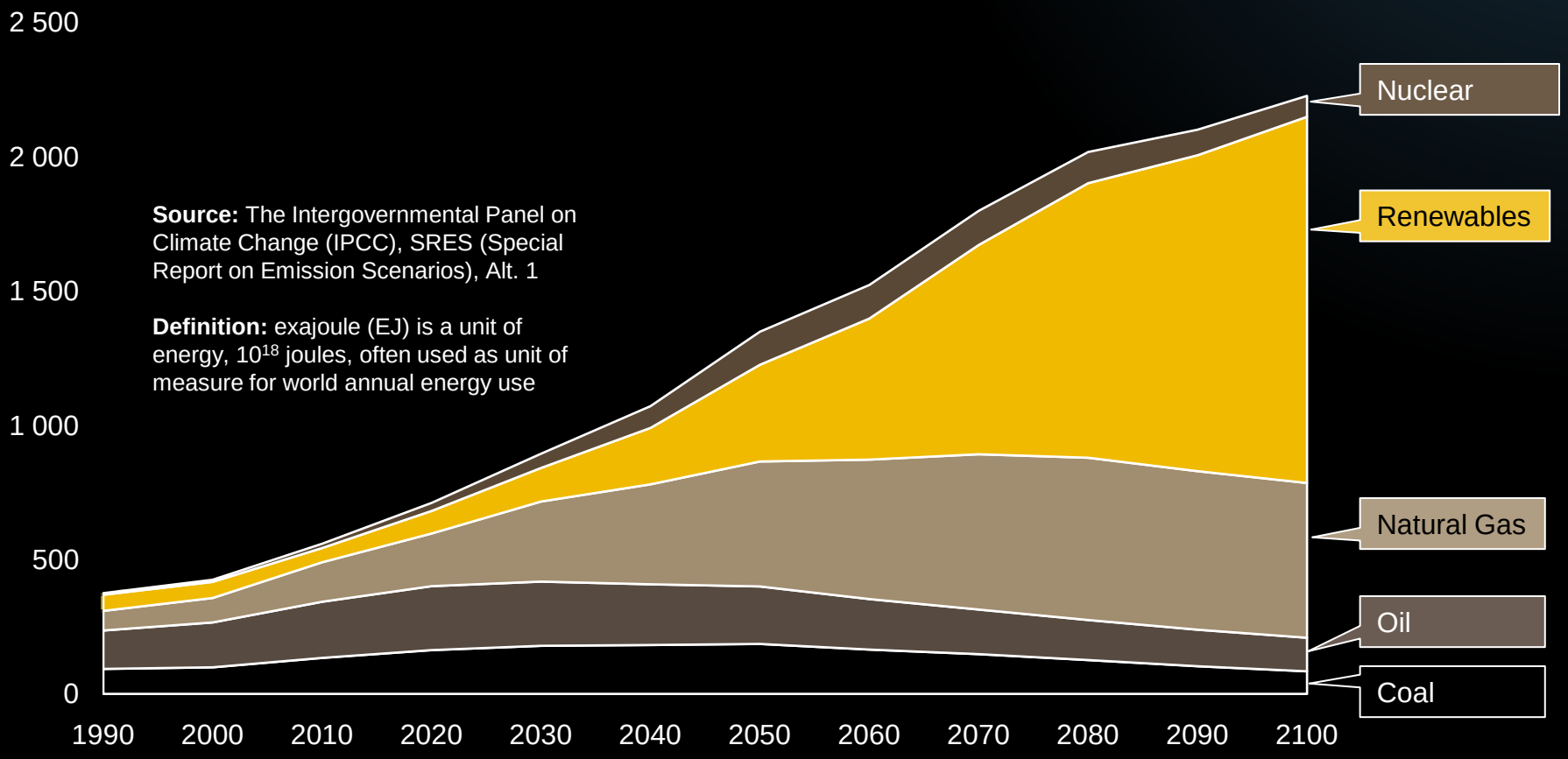
Supply of different energy sources

Exajoule



Source: The Intergovernmental Panel on Climate Change (IPCC), SRES (Special Report on Emission Scenarios), Alt. 1

Definition: exajoule (EJ) is a unit of energy, 10^{18} joules, often used as unit of measure for world annual energy use

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The sun supplies “virtually” unlimited energy

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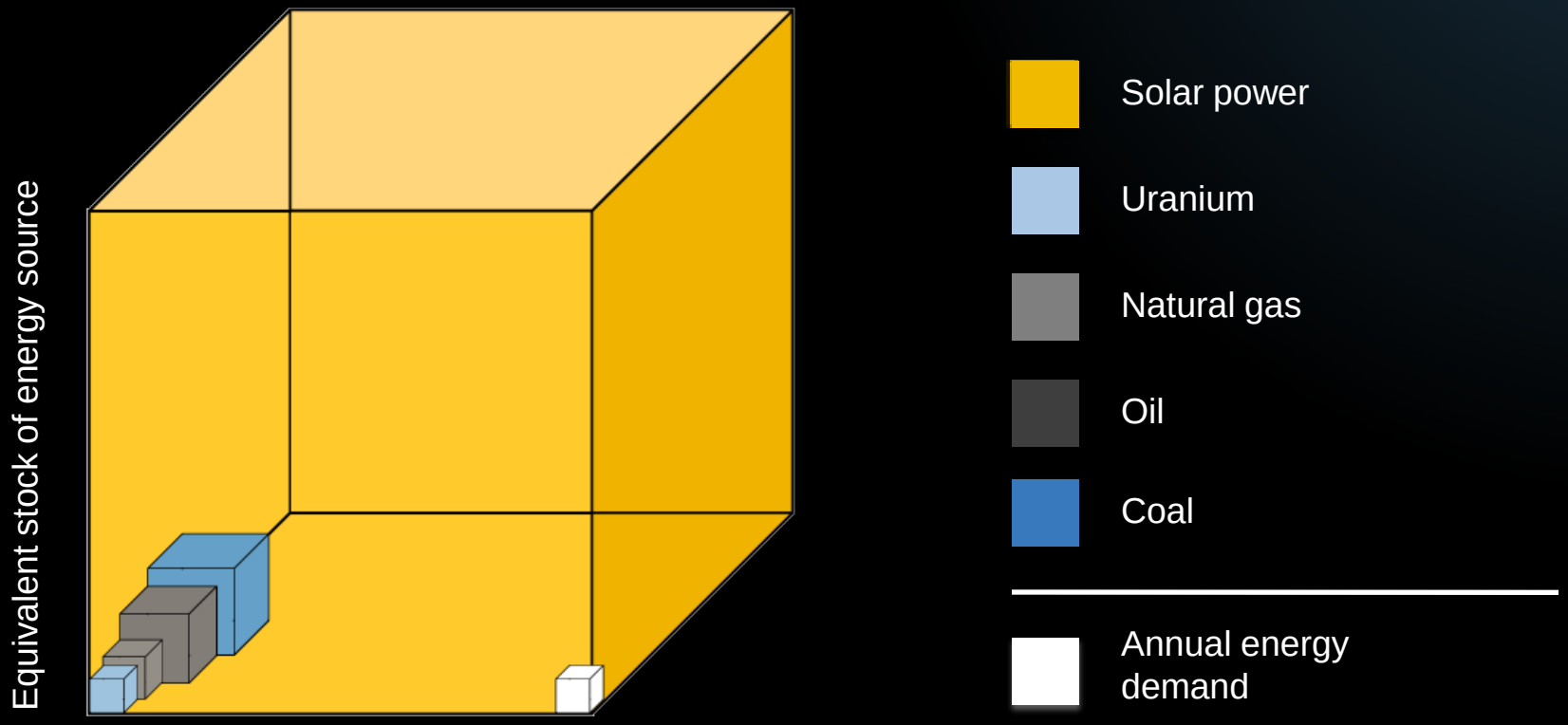

Fact: There is more energy delivered by the sun in one hour than what is consumed by the world’s population in one year

Solar energy produced at point of consumption

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DISTRIBUTION

Power plant	High voltage grid	Transformer	Low voltage grid	Customer

- The price of electricity includes generation cost as well as transmission cost
- Solar energy has the advantage that it can be produced near, or at the point of consumption
- Price comparisons should therefore be determined at the point of use

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Majority of the world's population lives within the sunbelt

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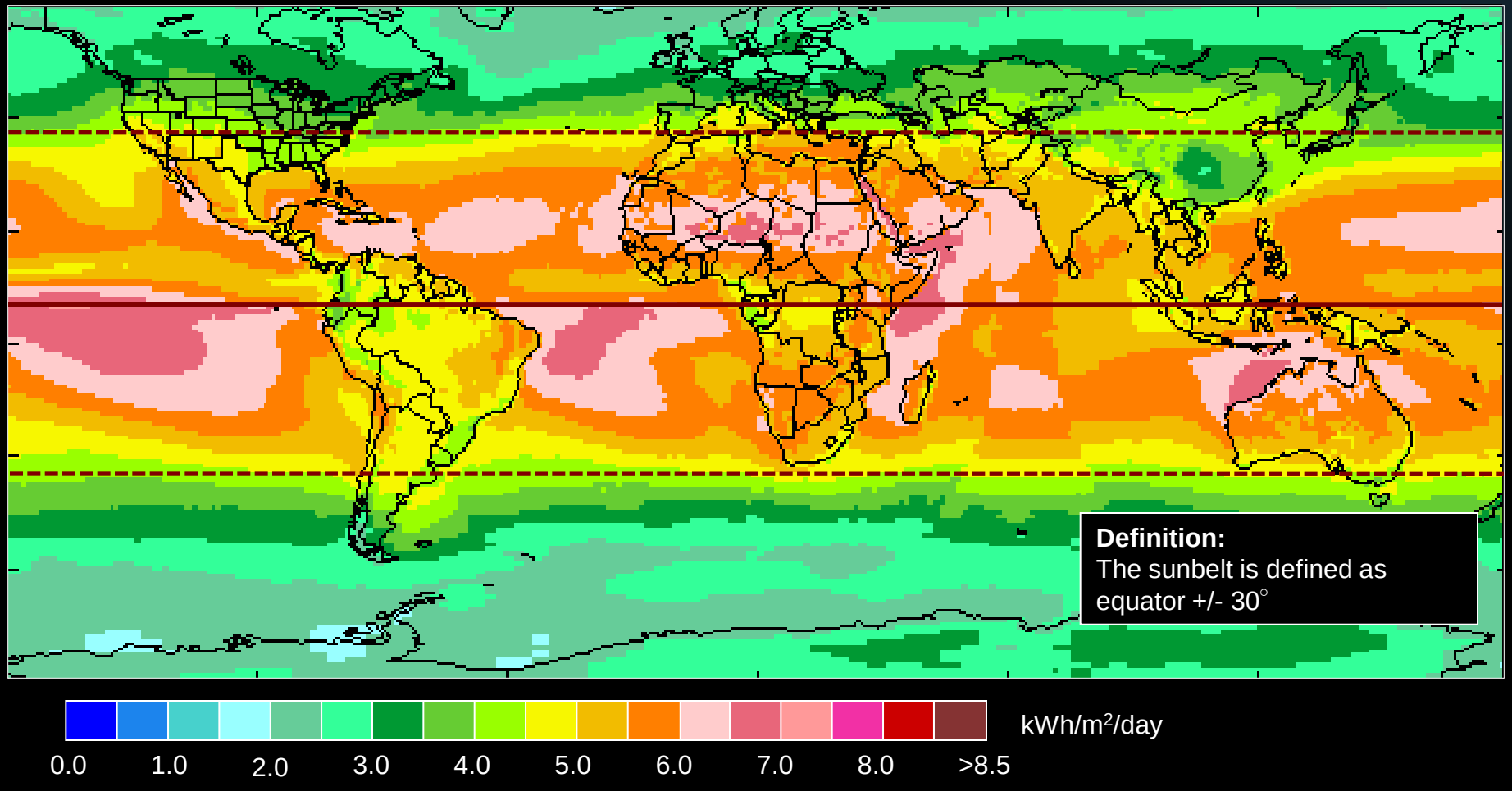

Source: NASA Surface meteorology

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The concept of grid parity

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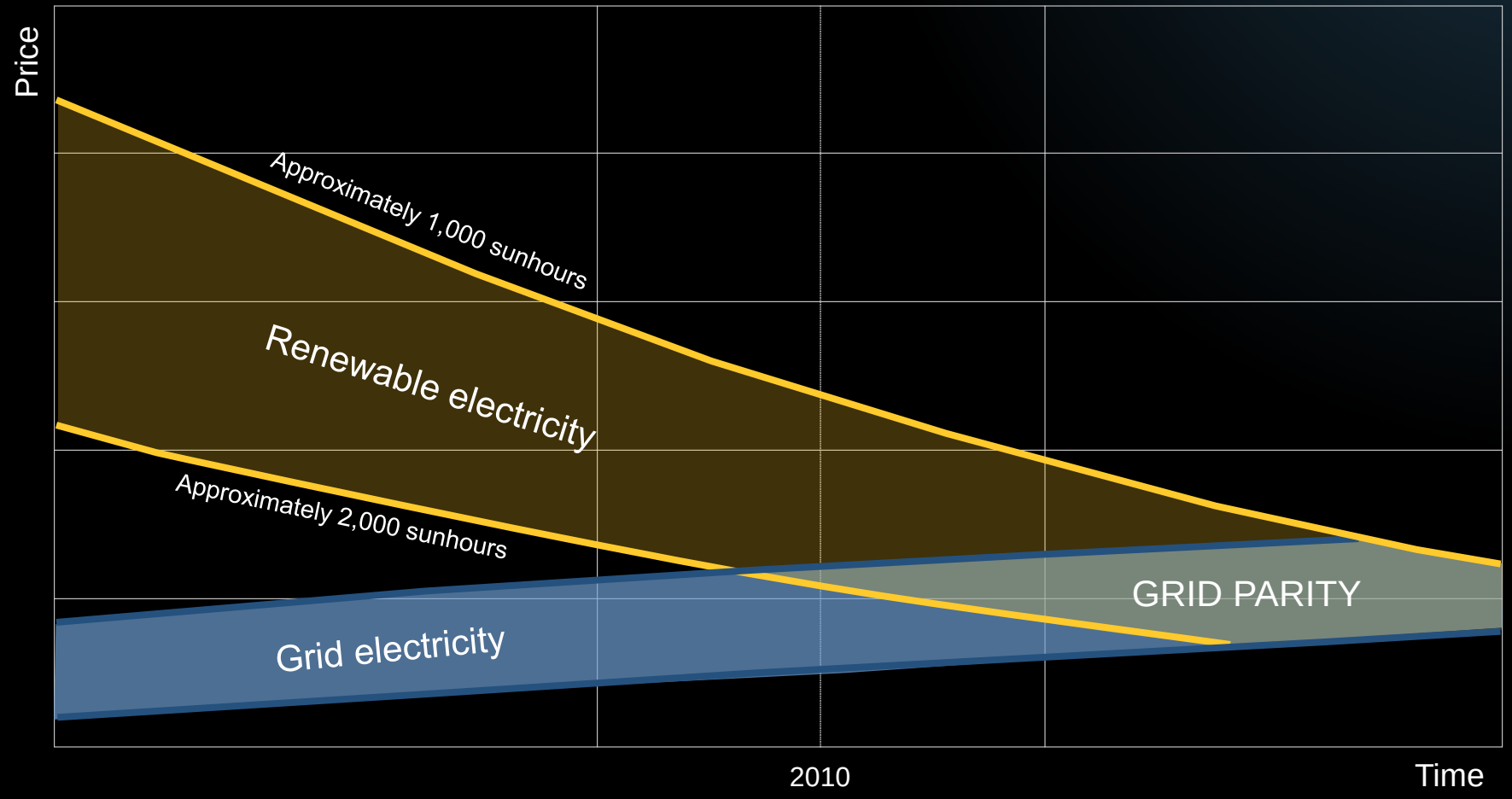

Source: BP Solar

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Grid parity status

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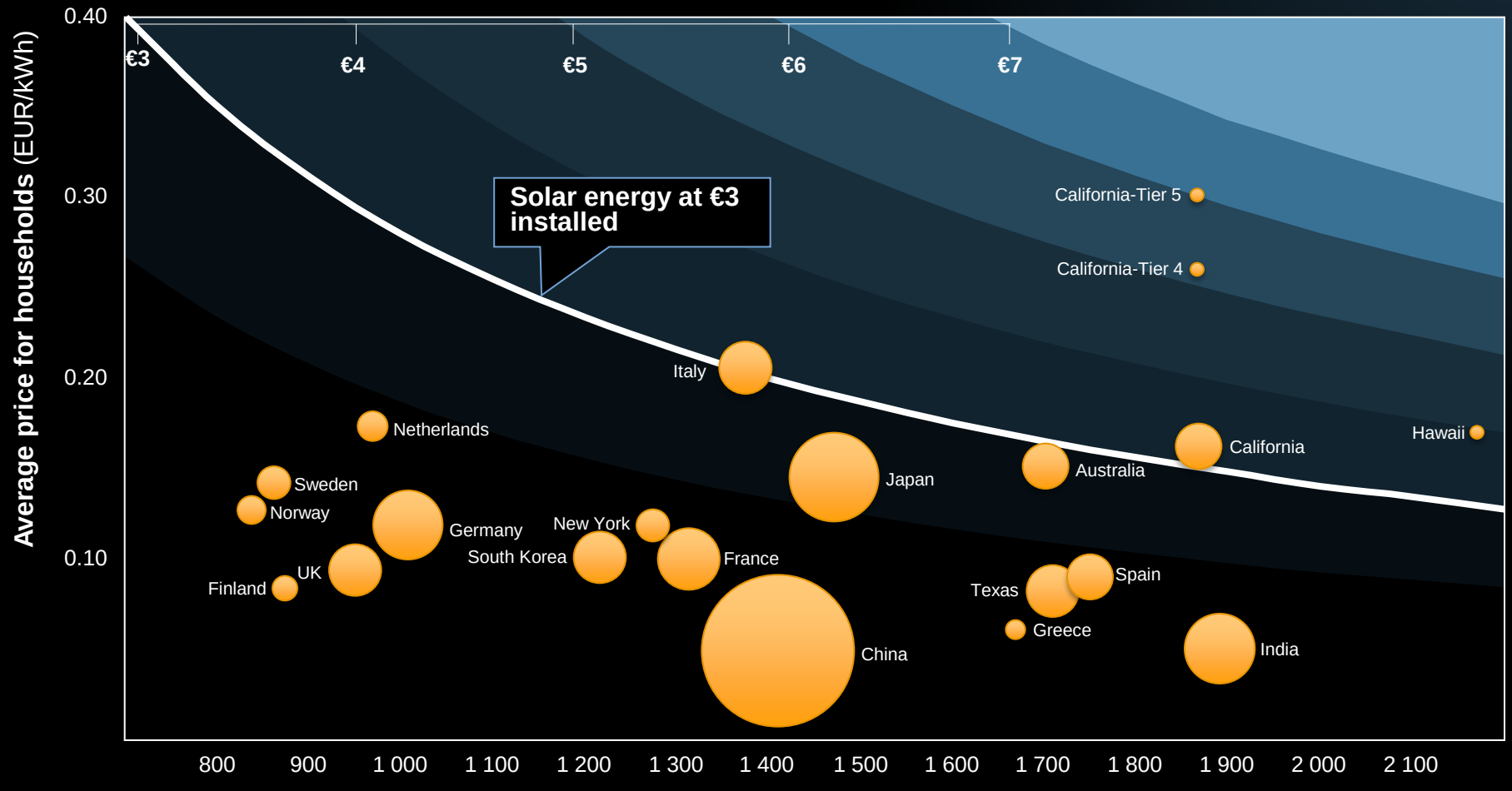

*Amount generated by a south-facing 1kWp module in 1 year (function of solar intensity)

Source: Eurostat; PV Policy group; PG&E; CIA country files; Public policy Institute New York; McKinsey&Company, REC

Assumptions: 2007 electricity prices

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Current status in key solar markets

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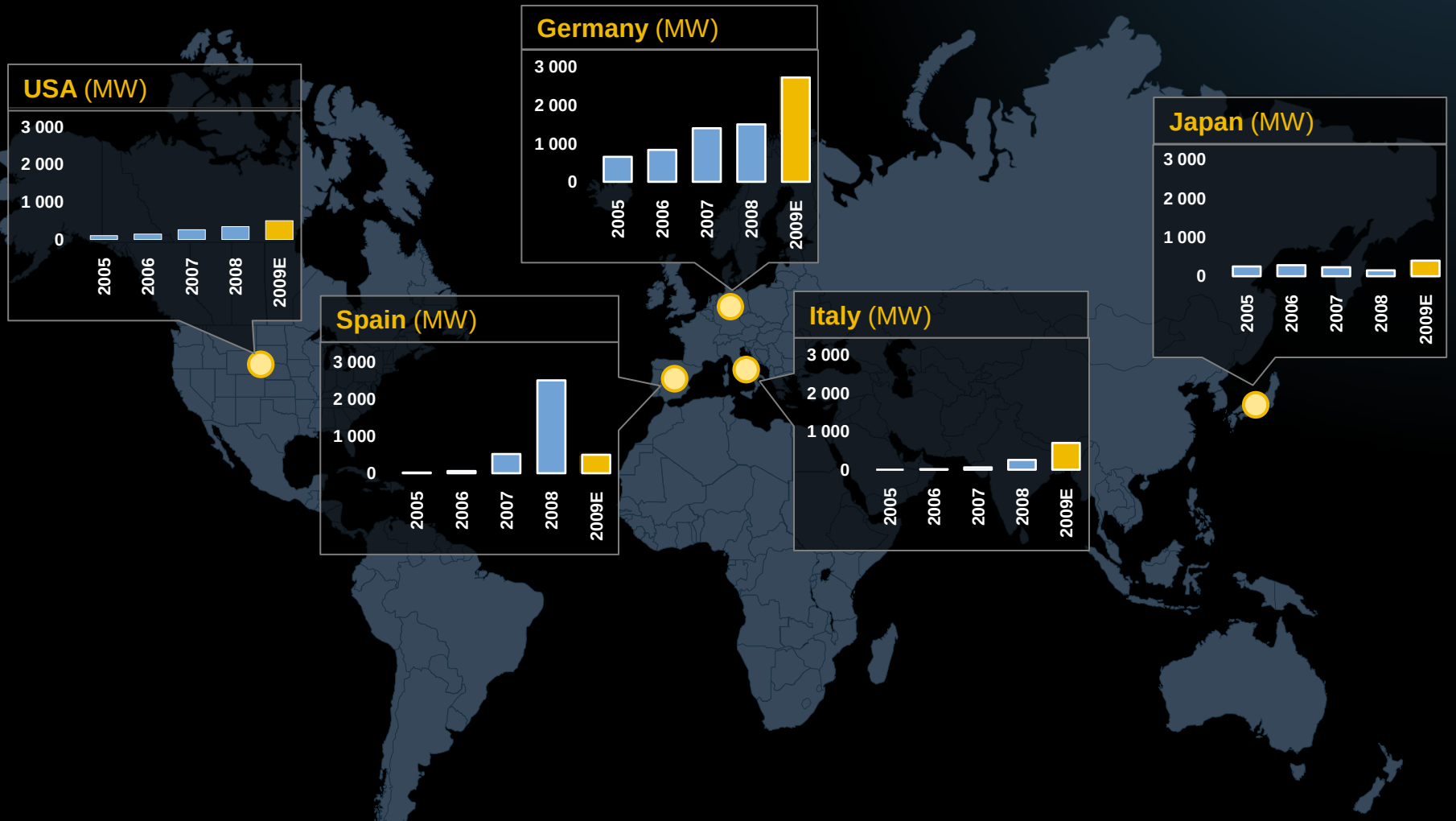

Source: Commerzbank Corporates & Markets

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WHAT SOLAR CAN DELIVER

RIGHT HERE IN ALICANTE

REC panels installed in a power plant in Alicante, Spain. System size of 8 MW, powering 4 896 households

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Set for 2020 ”Solar Photovoltaic Electricity: A mainstream power source in Europe by 2020”, EPIA

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“PV electricity can provide up to 12% of the EU electricity demand by 2020, from less than 1% today, provided the right conditions are created by EU policy makers, national governments and energy industry stakeholders, including the PV sector”

A 12% market share for PV is a demanding, but achievable and desirable objective, not only for Europe but for the world as a whole

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Exeptional growth in installed capacity

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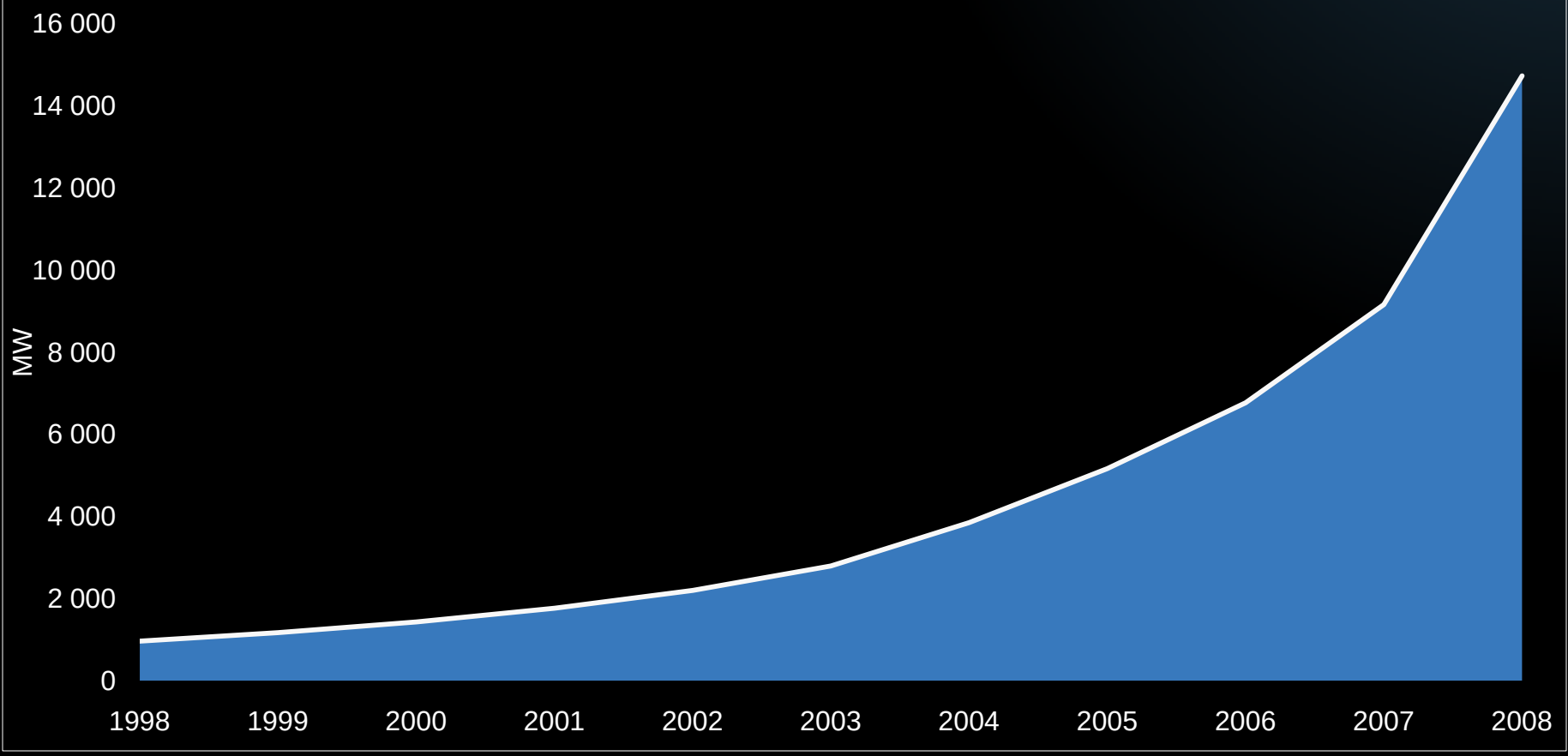
Historical development of Global cumulative PV power installed



Source: Global market outlook for photovoltaics until 2013, EPIA

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The cost of solar energy is consistently decreasing

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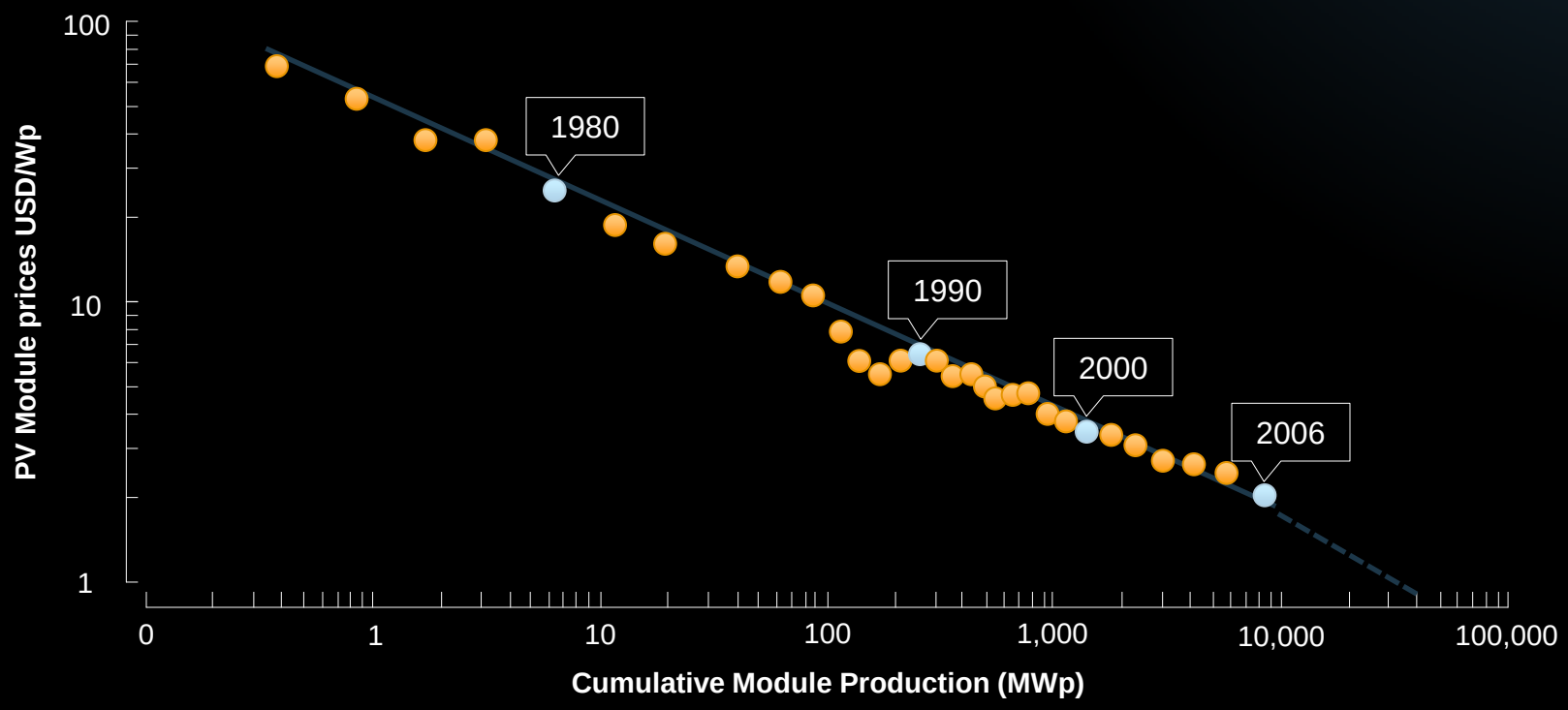
Historical module learning curve



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DEVELOPMENT OF REC

An integrated PV company originating in Norway

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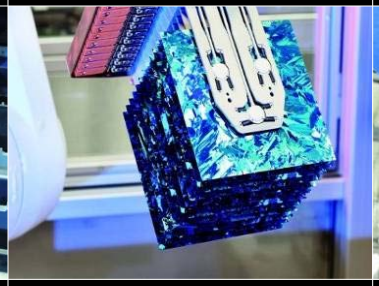
REC Silicon	REC Wafer	REC Solar		
		Cells	Modules	Systems
				
→ Chemical process	→ Casting and cutting	→ Surface treatment	→ Assembly	→ Project development

- ➔ Presence across the solar value chain creates strategic opportunities
- ➔ Cost reductions continue to be realized through:
  - Transparent cost structure
  - Technology development and synergies
  - Applying best practices

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REC Group has grown with the industry

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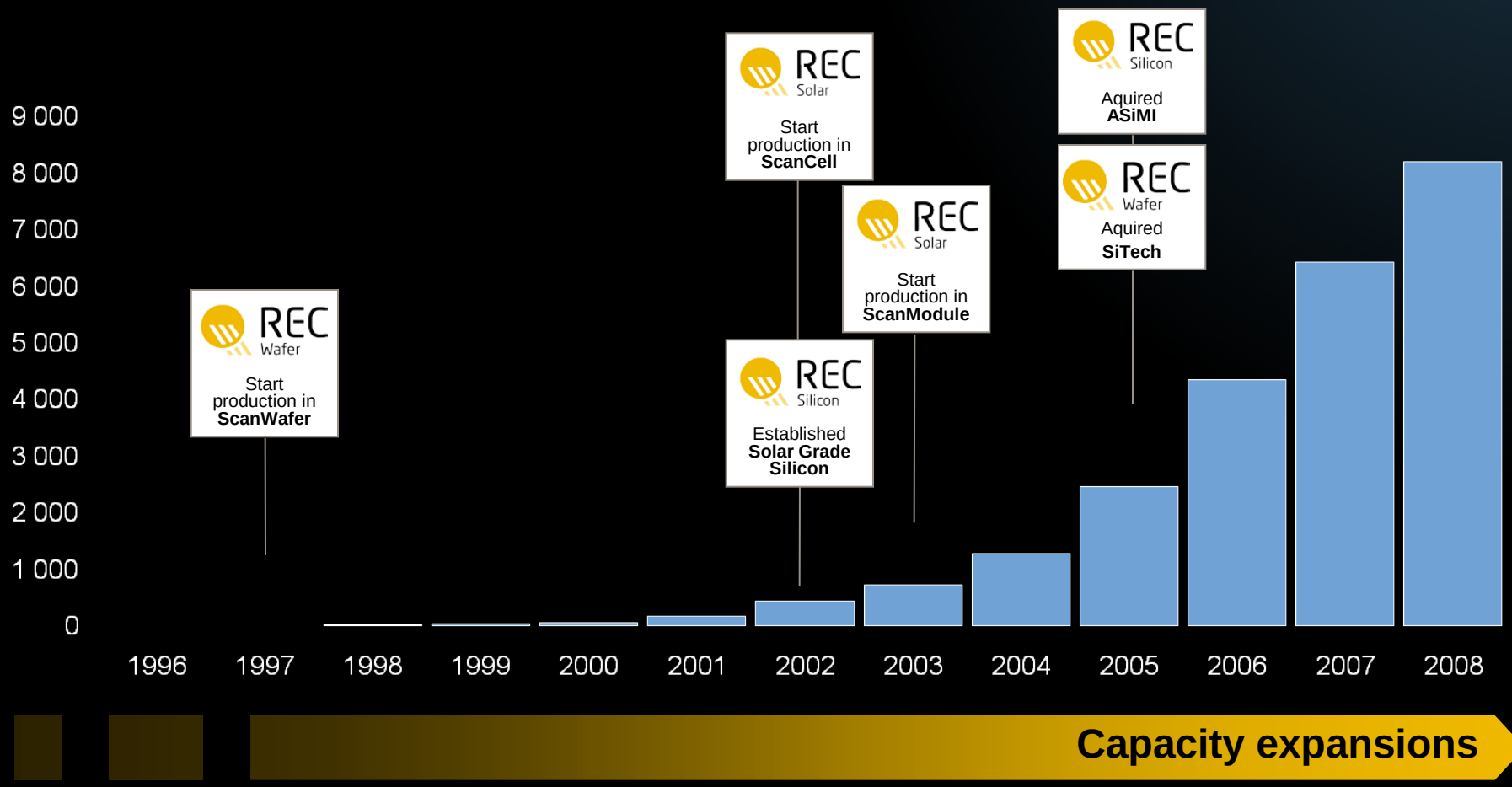

Close to NOK 30 billion in expansions

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REC Silicon	Capacity increase	Ramp-up
+ Moses Lake (Silicon III)	6,500 MT	2H'09
+ Moses Lake (Silicon IV)*	4,000 MT	2H'10
= **Sum**	**10,500 MT**	

REC Wafer		
+ Herøya III + IV	650 MW	Q4'08-Q1'10
+ Glomfjord (multi)	100 MW	Q2'08-Q4'08
+ Glomfjord (mono)	275 MW	Q2'08-Q3'10
+ Singapore (Phase I)	740 MW	Q2'10-Q2'11
= **Sum**	**1,875 MW**	

REC Solar		
+ Singapore (Phase I) (cell)	550 MW	Q1'10-Q1'11
+ Singapore (Phase I) (module)	590 MW	Q1'10-Q1'11
= **Sum**	**550+590 MW**	

* In addition: 2,300 MT silane gas allocated to the merchant market

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Polysilicon: Total investment budget of USD >2 billion

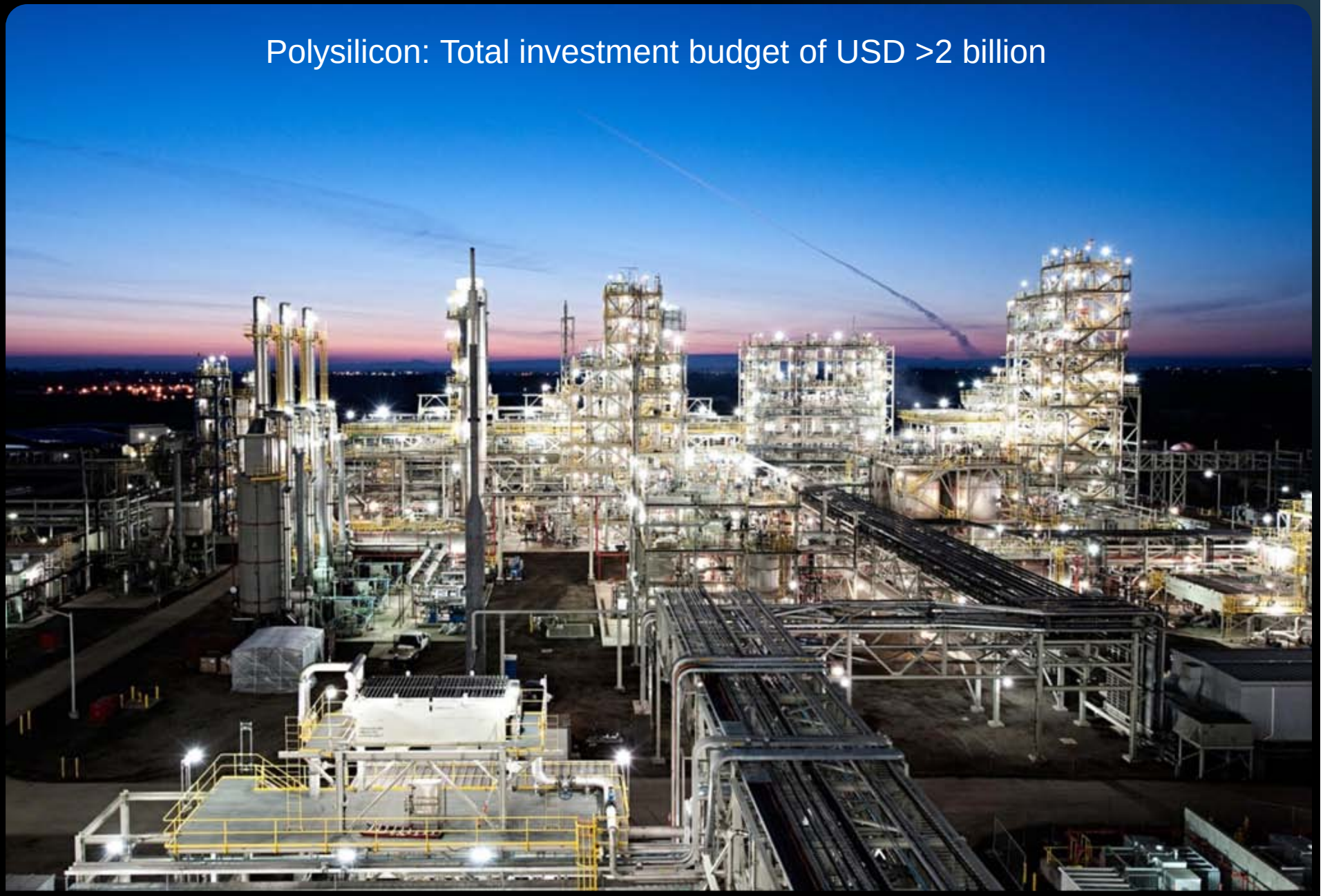

Photo: Moses Lake Silane Gas factory, Moses Lake, Washington, USA

Two alternative production technologies

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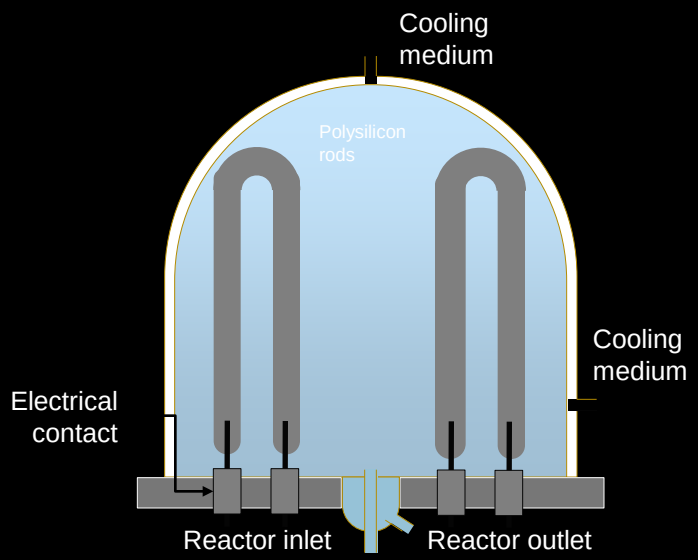
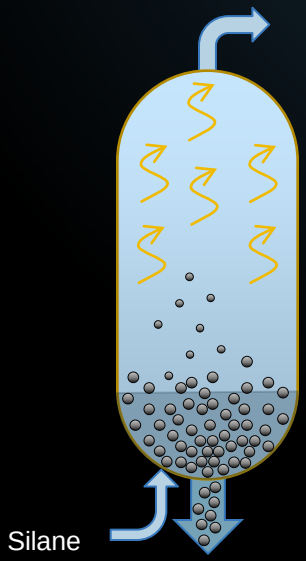
Siemens Reactor Schematic



FBR Reactor Schematic



Siemens Reactors:

- \+ Silane based proven technology
- \+ Produces ultra-pure polysilicon
- \+ Meets a specific set of market needs
- \- Higher energy consumption
- \- Batch process
- \- Needs additional product finishing to be usable

FBR Technology:

- \+ Proprietary REC technology
- \+ Energy efficient
- \+ Continuous production
- \+ Lower cost
- \+ Granular poly is easy to handle
- \- Ramping to commercial scale

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Singapore: Total investment budget of USD >2 billion

Photo: Singapore plant under construction

REC ENVIRONMENTAL FOOTPRINT

RIGHT HERE IN ITALY

Winery with 228 REC solar panels installed in Barbaresco, Italy. Annual capacity 54 000 kWh
26 tons of CO_2 saved annually

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The CO_2 emission from solar energy is very low

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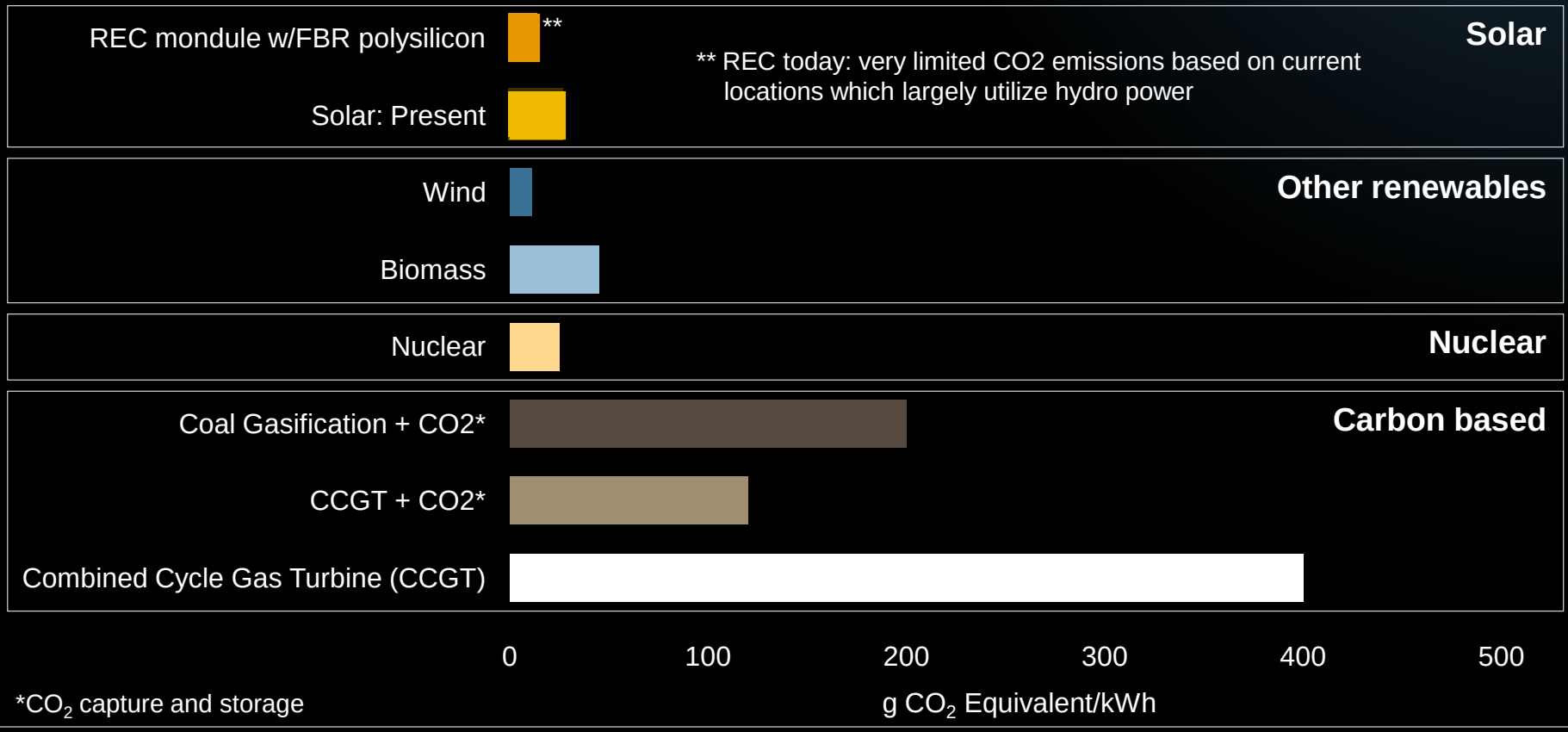
Life-cycle greenhouse gas emissions



Source: Annual Energy Review, U.S. Energy Information Administration

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Solar energy payback time

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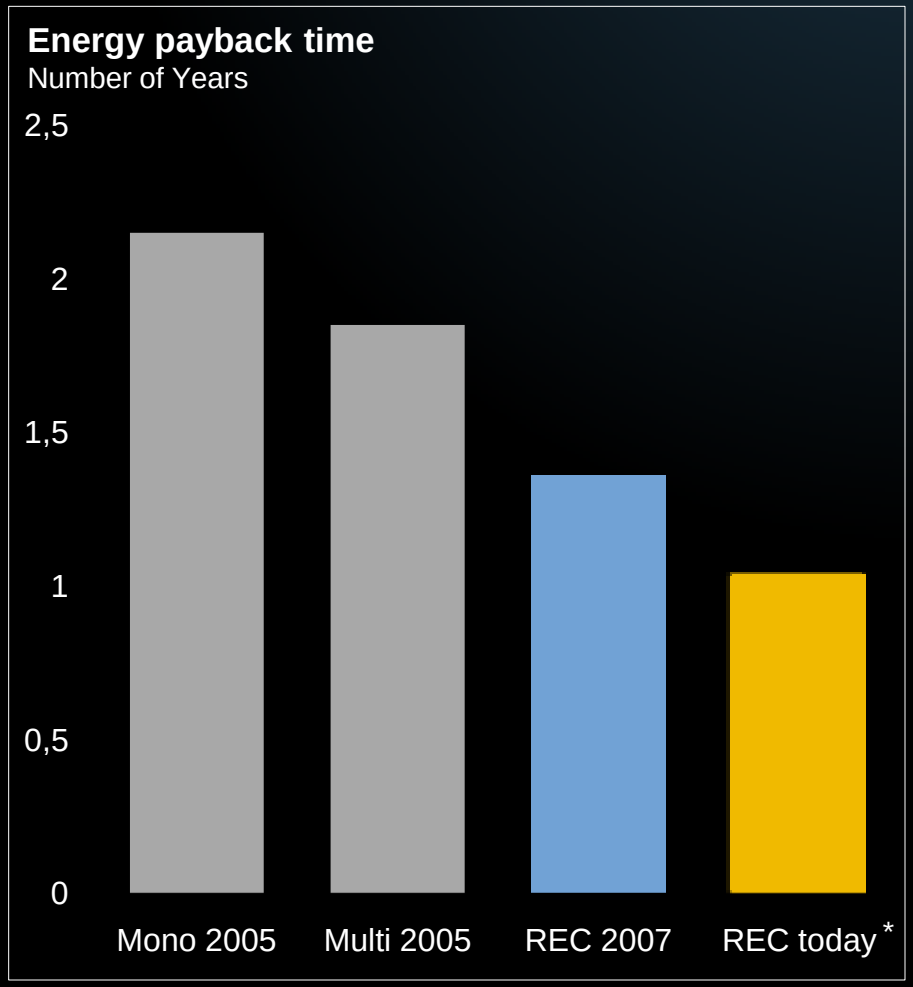
- Payback time of around one year
  - Energy payback is the time it takes a solar panel to generate the same amount of energy that was used to produce it
- For the remaining 24 years of its guaranteed lifetime, a solar panel will be 'energy positive'



* With REC's FBR polysilicon technology

Source: Alsema et al. (EU Crystal Clear project), 21st European PV Conference, Dresden, 2006

REC

MAIN FOCUS AREAS OF THE REC GROUP

RIGHT HERE IN HAMBURG

Residential home with 32 REC solar panels installed in Hamburg, Germany. Annual capacity: 6 200 kWh
4 tons of CO_2 saved annually

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A fast growing company like REC require significant efforts in building: competence and systems…

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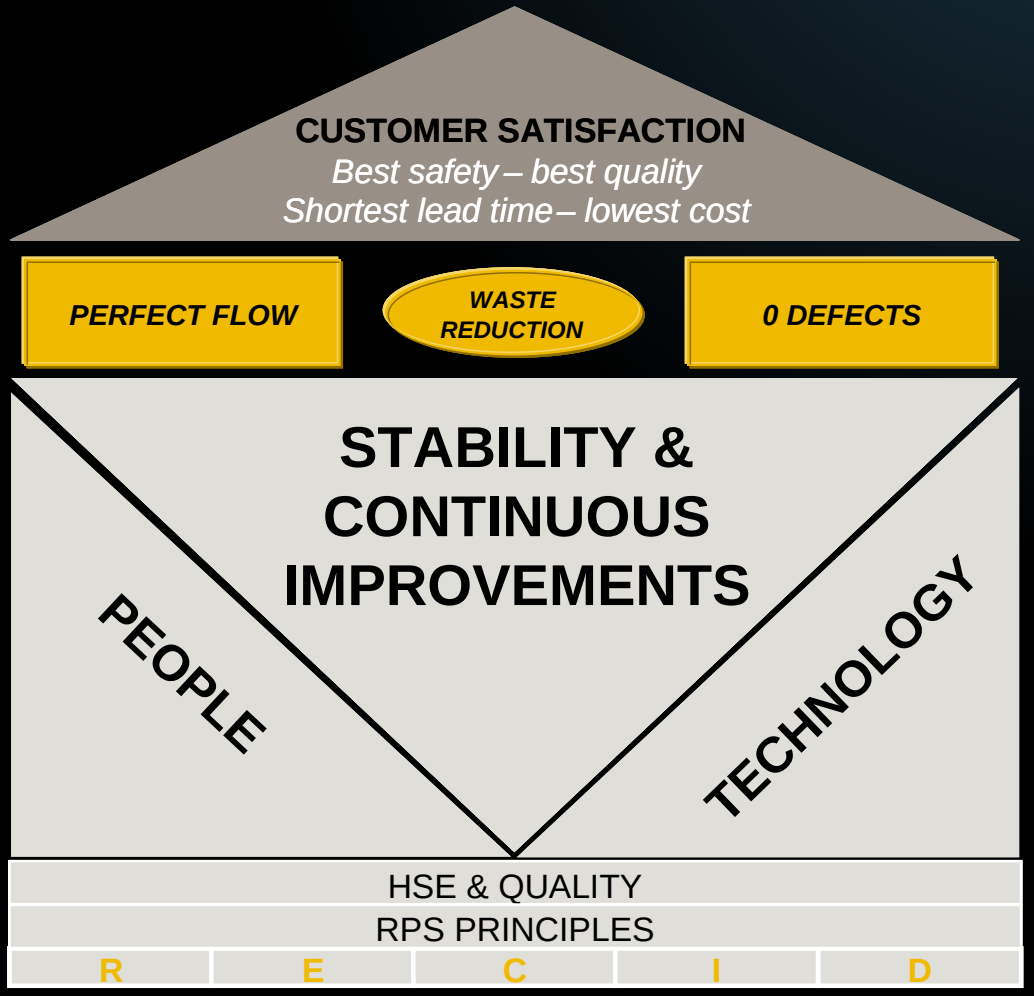
...this should over time enable operational excellence to get the maximum cost potential out of our plants



Cutting costs with technology

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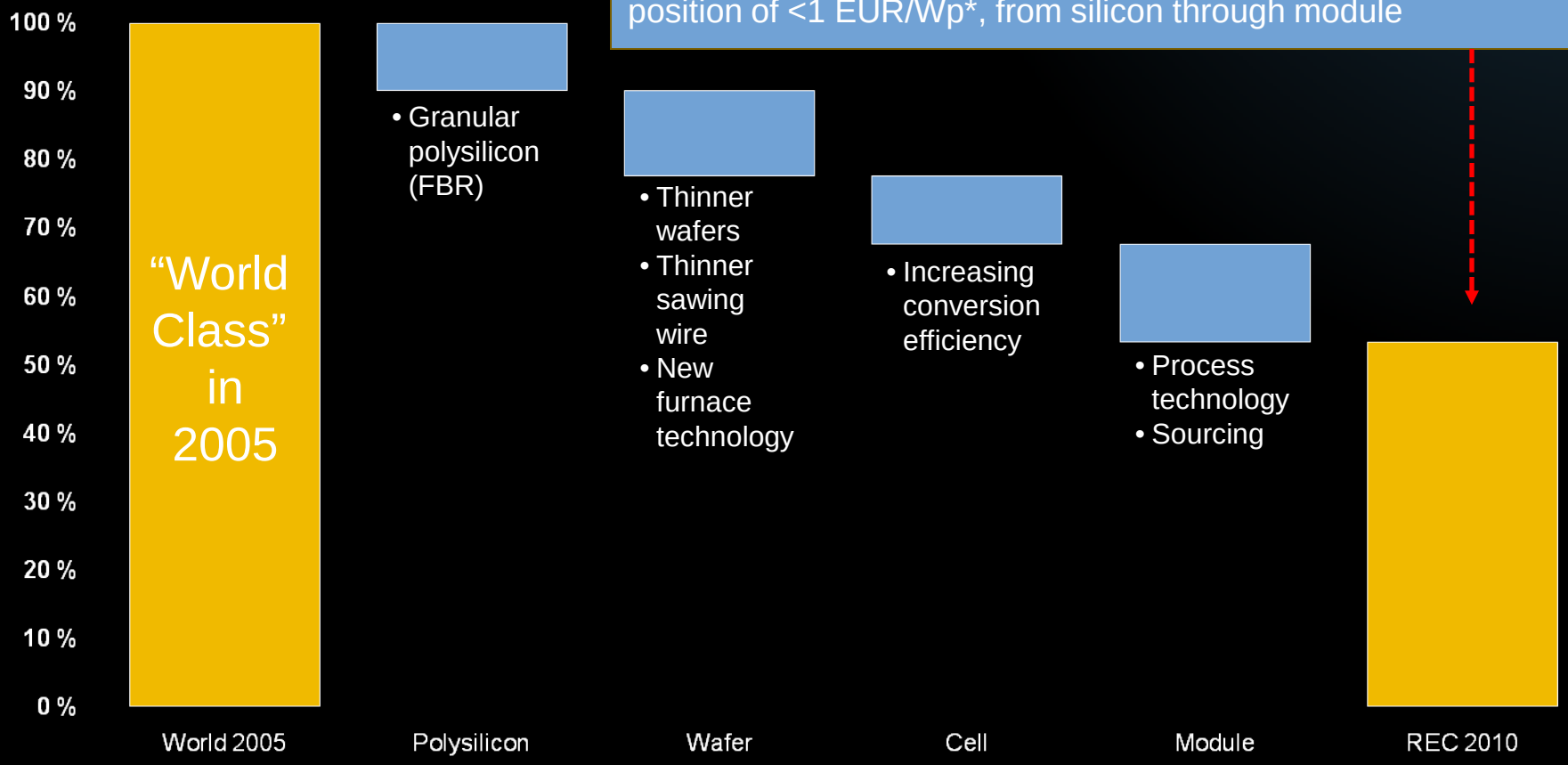
Cost cutting targets in REC

Singapore and FBR is expected to establish a value chain cost position of <1 EUR/Wp*, from silicon through module



* Definition: Watt-peak (Wp) is a measure of power output, most often used in relation to photovoltaic solar energy devices

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Cutting cost through scale and technology (growth in year-end capacity)

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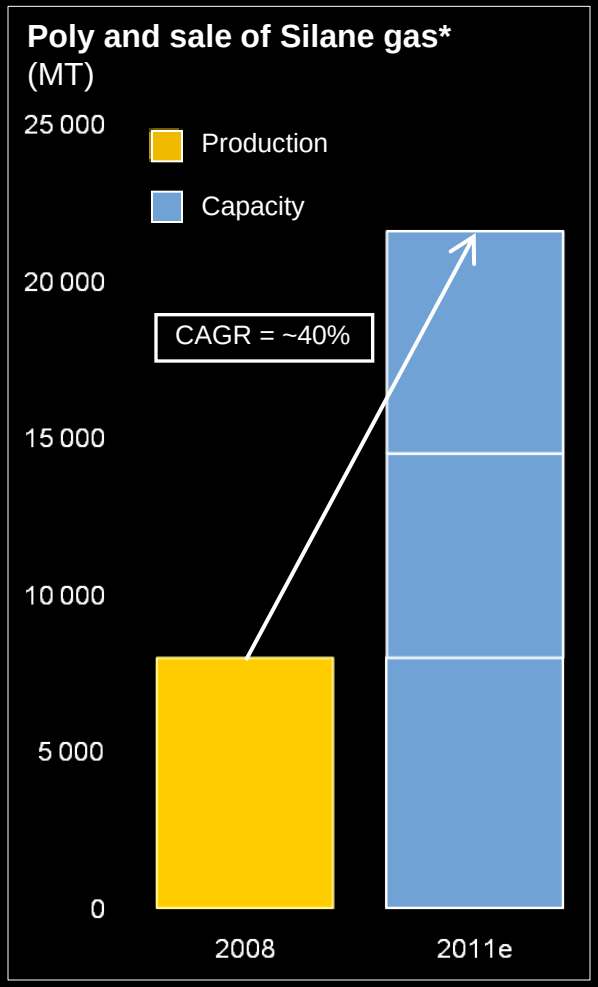

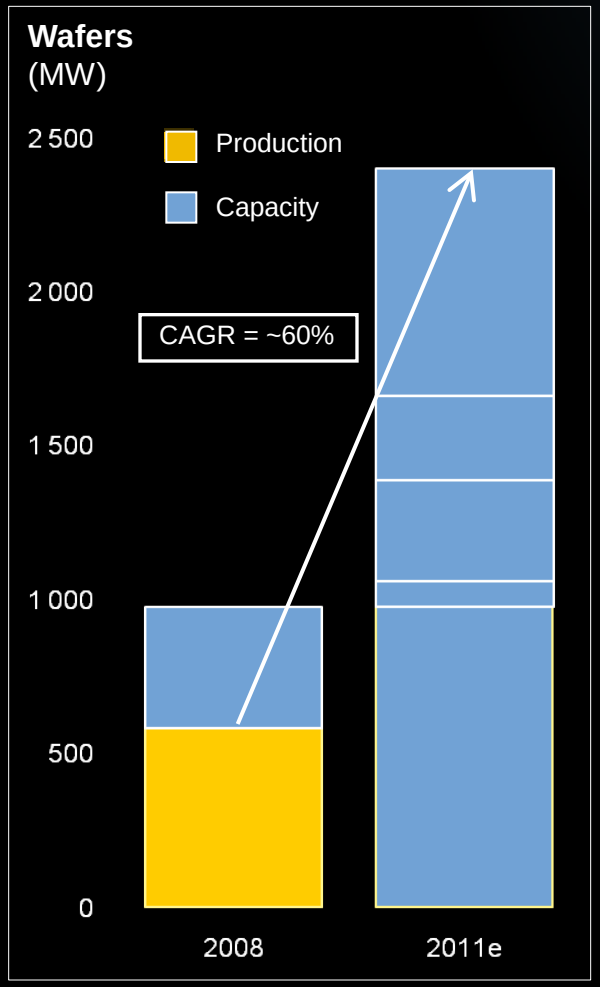

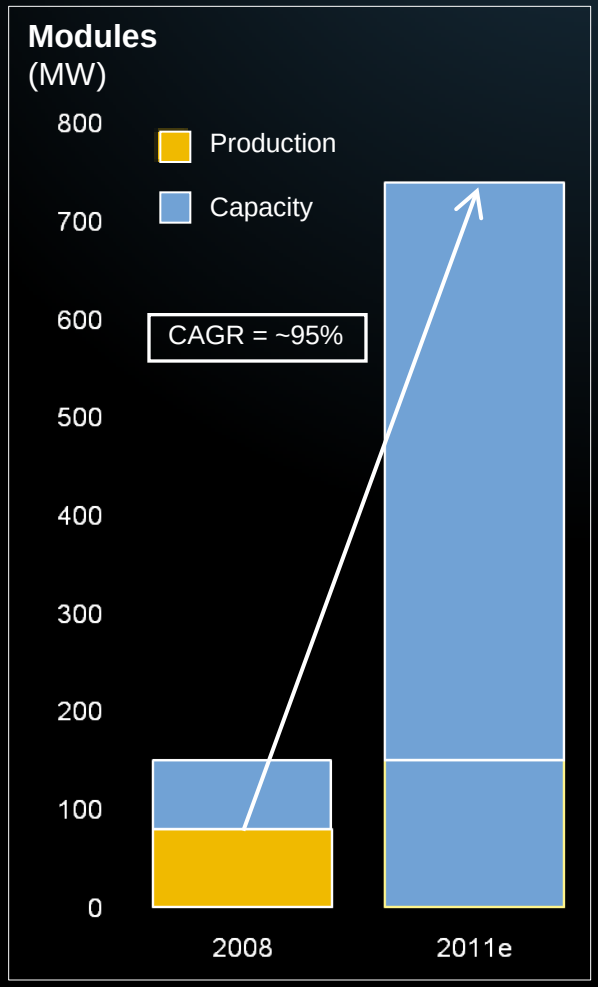

* Silane gas allocated for sale in the merchant market

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OUTLOOK

RIGHT HERE IN GADENDORF

Pig farm with 434 REC panels installed in Gadendorf, Germany. Annual capacity 78 000 kWh
51 tons of CO_2 saved annually

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Over capacity and continued price pressure in 2010

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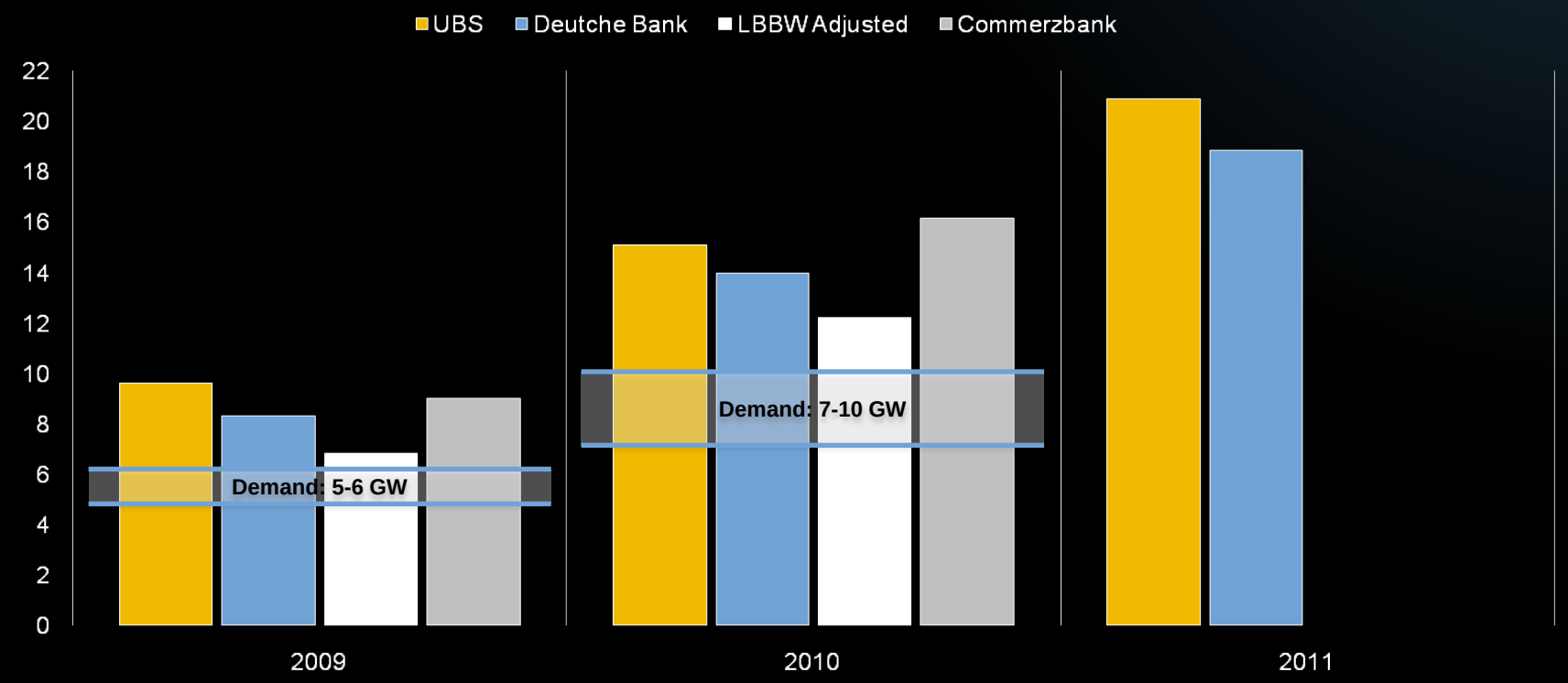
Possible module supply based on Si-availability including thin-film

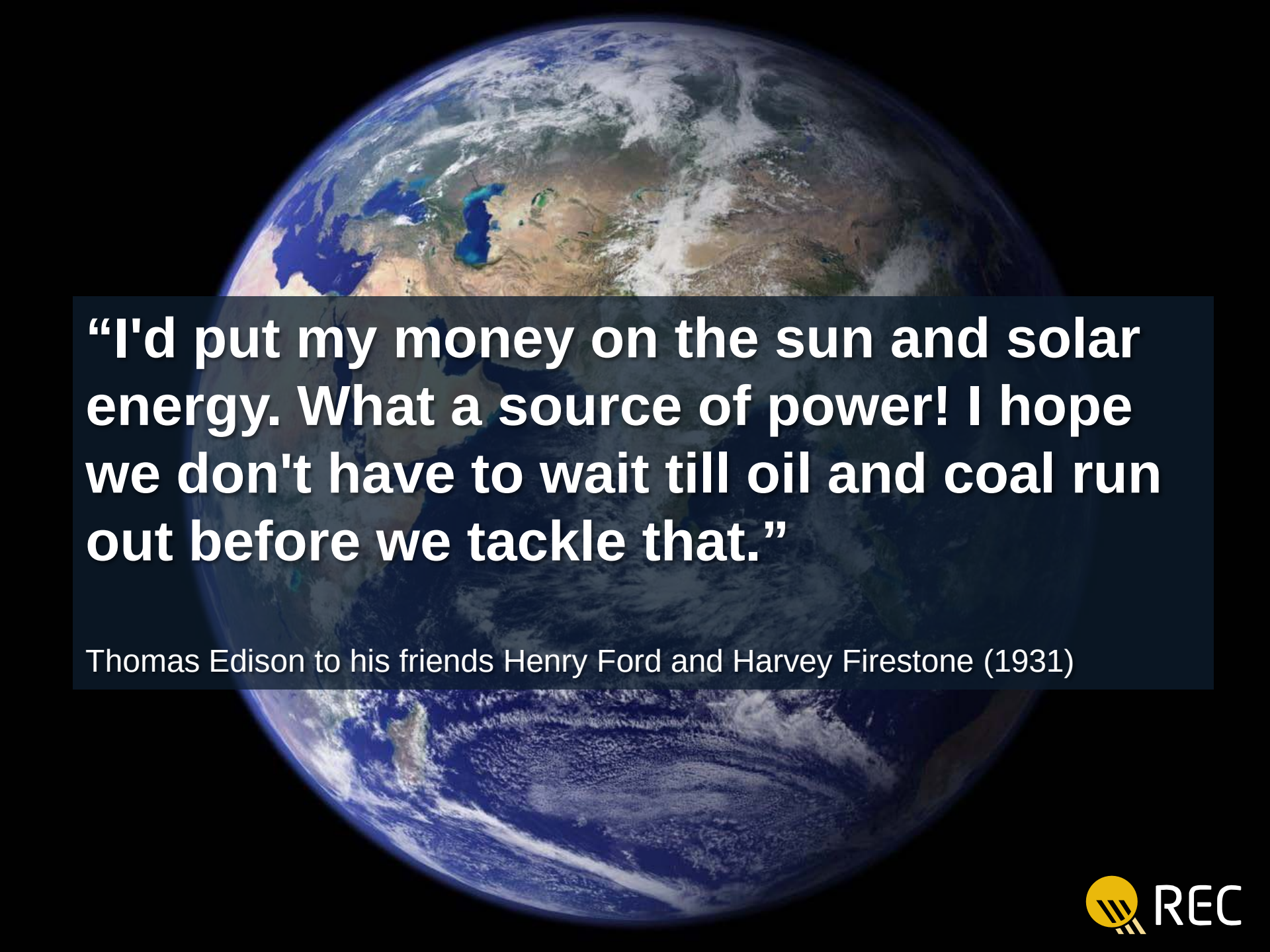
GW



MW	6.8 – 9.6	12.2 – 16.2	18.8 – 20.9

* LBBW adjusted implies supply estimates adjusted for inventory requirements in value chain

REC



“I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait till oil and coal run out before we tackle that.”

Thomas Edison to his friends Henry Ford and Harvey Firestone (1931)

REC