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# **Bloomberg New Energy Finance PV Module Maker Tiering System**

Bloomberg New Energy Finance has developed a tiering system for PV module makers based on bankability, to create a transparent differentiation between the hundreds of manufacturers of solar modules on the market. Since this basic categorisation has been used as an advertisement by certain manufacturers, but should never replace a proper due diligence process in product selection, this document explains the tiering criteria and its limitations.

## **1. WHY DIVIDE THE PV MARKET INTO TIERS?**

Bloomberg New Energy Finance is frequently requested by clients for a list of 'major' or 'bankable' suppliers - in common industry parlance, tier 1 and tier 2 suppliers - for use in manufacturing forecasts, preliminary competitor analysis, and other internal comparisons. It is very common for industry players to refer to 'tier 1' or 'tier 2' players, but these terms are seldom defined or described, which is unhelpful for firms outside the solar industry trying to get a basic overview.

Outsourced manufacturing is becoming increasingly common in the solar industry as of 2014, which means that a branded module may not have been made in the brand's own factories. We strongly recommend that module purchasers and banks do not use this list as a measure of quality, but instead consult a technical due diligence firm such as Sgurr Energy, Black & Veatch, TÜV, E3 and OST Energy. These would usually consider what factory the module comes from, as well as the brand, and give an informed opinion on whether the modules will perform as expected.

## **2. DEFINITIONS**

'Bankability' - whether projects using the solar products are likely to be offered non-recourse debt financing by banks - is the key criterion for tiering. Banks, and their technical due diligence providers, are extremely unwilling to disclose their whitelists of acceptable products. Bloomberg New Energy Finance therefore bases its criteria in what deals have been closed in the past, as tracked by our database, which includes 9,400 solar financings worldwide as of July 2014.

Since the market is evolving, we reserve the right to change these criteria at any time - particularly by requiring more information to consider a manufacturer tier 1. These tiers will be reviewed every quarter based on information added to Bloomberg New Energy Finance's database. Only project financings for over 1.5MW of capacity are included in the database (although regional teams may decide to add projects down to 1MW). Portfolio financings count for tiering only if the debt is secured on all the assets together, ie, if one project in the portfolio underperforms the bank has a claim on the rest of the portfolio.

We only tier manufacturers which actually own production facilities and sell under their own brands. Companies which outsource production under brand names are not tiered.

## **3. TIER 1**

Tier 1 module manufacturers are those which have provided own-brand, own-manufacture products to **five** different projects, which have been financed non-recourse by **five** different (non-

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development) banks, in the past two years. (This is an increase from three projects and three banks in Q1 2014).

These 1.5MW+ deals must be tracked by our database, ie the project location, size, developer, bank and module maker must be in the public domain. One exception is manufacturers which have filed for bankruptcy or a form of insolvency protection; these are moved to tier 3 until further notice. Major defaults on bond payments by the parent company will also cause the firm to be moved to tier 2 or 3 regardless of the number of bank financed projects.

This classification is purely a measure of industry acceptance, and there are many documented examples of quality issues or bankruptcy of tier 1 manufacturers.

### **3.1. Tier 2**

Module makers which have supplied product to some projects with bank financing, and have some industry reputation, are considered tier 2.

### **3.2. Tier 3**

Module makers where there is little data on the deployment of their products, or which have filed for insolvency protection, are considered tier 3. Suppliers exiting insolvency protection must meet the normal tier 1 and 2 criteria in their new incarnation.

## **4. HOW DO I ACCESS THE TIER LIST?**

A list of module makers in each tier is available to Bloomberg New Energy Finance's Solar Insight subscribers as part of the quarterly Bloomberg New Energy Finance PV Market Outlook. Note that a tier 1 or 2 categorisation is not a recommendation for the company or its products. A company may be removed from the Tier 1 list at any time, so only the list for the most recent quarter should be considered valid. Press releases, and claims from the company, do not constitute evidence that a firm meets BNEF's tier 1 criteria.

To get a quote for a Solar Insight subscription, please contact [sales.bnef@bloomberg.net](mailto:sales.bnef@bloomberg.net).

## **5. HOW CAN MANUFACTURERS IMPROVE THEIR RANKING?**

Since a tier 1 ranking is not a recommendation, we advise manufacturers against spending much energy pursuing it. On the other hand, one of the characteristics of a tier 1 manufacturer is transparency and good data availability.

A manufacturer can help us tier them accurately by sending us data on the projects they have provided modules for, and the financing used to support these projects. This data must include enough information to identify the project - project size, location, developer name, bank which provided financing, type of financing, construction and financing dates. This information will be published by Bloomberg New Energy Finance in its subscription database.

We cannot use confidential information for any tiering decision, as we must maintain complete transparency. We strongly prefer information in the form of a formal document with company branding, which can be cited as a source in the case of a data dispute.

## **6. APPEALS**

The Bloomberg Solar Insight team's ruling on tiering for each quarter is final and will not be influenced by taking an Insight subscription, buying us lunch, pleading, or sending us specification sheets, testimonials, or confidential information. The only thing that will influence the decision is on-the-record data about financed projects.

**Please do not send us confidential information for tiering purposes.**

**Subscription details**

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