

Silicon Price Hike

Solar Panel Production Increases By Around \$34 Per Panel.

What you should know

Ninety-eight percent of the world's solar cells are made from silicon. This is thanks to suitability as a PV material and its low cost compared to alternatives. While the price of solar silicon has its ups and downs, the overall trend has been downwards. It reached a record low in June 2020. After taking inflation into account, it was around one-thirteenth of its 2007 price.

But the record low didn't last, and over the past 12 months it has gone from under \$7 US per kilogram to over \$28 US. In relative terms, this has been the largest solar silicon price increase in history.

Prices were low last year because massive new solar silicon production capacity had been built but demand was weak due to the pandemic-related worldwide economic slowdown. As demand has increased, so have silicon prices.

A large range of commodities including timber, iron ore, and copper have surged in price recently. This is a side-effect of the world's current economic state. While supply and demand don't always work in our favour, they are reliable and should work itself out given time.

Effect Of The Price Spike

After including GST but without any other adjustments, the \$37 Australian dollar increase in the cost of silicon per panel will increase a solar system's cost by the following amounts:

- 18 panel 6.6 kilowatt system: +\$666
- 27 panel 10 kilowatt system: +\$999

Obviously, this is not good. The good news is this kind of price increase is not going to be enough to stop solar making sense in Australia.

However, even if the price does increase, customers will continue to enjoy savings with significantly lower energy bills. This is even more so for customers with solar batteries, as they can use solar power at night when energy usage is at its peak.

If you have any queries, do not hesitate to ask us any questions. Thank you, the team at Westsun Solar.

