

## **BNEF says Auxin misinterpreted its research in calling for solar tariffs**

Researchers from BloombergNEF say Auxin Solar used data inaccurately in petitioning the Commerce Department to consider new tariffs on imported solar panels.

18 May 2022



**Julian Spector**

The tariff circumvention inquiry that has brought U.S. solar installations to a shuddering halt is predicated at least in part on a misinterpretation of data, Canary Media has learned.

U.S. solar-panel manufacturer Auxin Solar relied heavily on research by BloombergNEF, a respected clean energy analysis firm, when it successfully petitioned the U.S. Commerce Department earlier this year to investigate potential circumvention of tariffs on solar cells and modules. Auxin cited BNEF solar-manufacturing research as it attempted to build a case that Chinese manufacturers are funneling components through factories in four Southeast Asian countries to get around U.S. solar import tariffs. It mentioned BNEF 38 times in its petition.

And the Commerce Department, in its March memo initiating the inquiry, repeatedly noted Auxin's use of BNEF research to build the case for the inquiry. The memo mentions BNEF 19 times.

---

**Subscribe to receive Canary's latest news**

The problem: The authors of that research say Auxin misinterpreted it.

“We do not think Auxin's use of our data accurately reflects our research and certainly does not reflect our house view,” BNEF solar analysts Jenny Chase and Pol Lezcano told Canary Media in an email Tuesday.

The Commerce Department states in its memo, “Auxin notes that it does not have access to the confidential data of producers of solar cells and modules in the third [party] countries under consideration,” meaning Cambodia, Malaysia, Thailand and Vietnam. In lieu of direct evidence to support its claims, Auxin provided “industry publications” to demonstrate that the solar-cell manufacturing underway in those four countries is minor relative to the production of precursor materials in China.

Many of those “industry publications” were authored by BNEF.

Chase and Lezcano highlighted one example of their research being misused. From the Commerce Department’s memo (brackets are in the original):

Auxin also points to a statement in the BloombergNEF Report that “the majority of goods the U.S. imports {i.e., solar panels} arrive from Southeast Asia post assembly,” but “70% of the actual value of that equipment {solar panels} accrues to China where key, pre-assembly steps in the making of the equipment take place, including production of solar-grade silicon, ingots, wafers and cells.”

The BNEF researchers told Canary Media that the 70% data point refers to the “cash cost” of the components making up finished solar panels. It does not include the investment in and depreciation of factories that produce solar cells and modules in the four countries in question, not to mention the general and administrative expenses of operating them.

“It still costs a lot of upfront capex to build a new factory, regardless of where you site it,” Chase and Lezcano noted.

In other words, the value of raw ingredients and components produced in China does not change the fact that manufacturers invested significant capital to build factories in the four other Asian countries. Those factories take materials that are incapable of turning sunlight into electricity and transform them into finished products that are capable of doing so.

In order for the Commerce Department to determine that circumvention of tariffs is happening, it must find, among other things, that work taking place in a third-party country be only “minor or insignificant.” Auxin used BNEF’s research to try to make that point. But with BNEF stating that its research does not support that conclusion, Auxin’s case looks weaker. Still, Auxin did succeed in kicking off the inquiry, and now it’s up to the Commerce Department to decide if it finds the company’s theory persuasive.

\*\*\*

*Read more of Canary Media’s [coverage of the Auxin solar tariff case](#).*

Solar

Clean energy

Policy & regulation

---

[Julian Spector](#) is senior reporter at Canary Media.

**Hide Comments**