With prospects of continued losses, Renewable Energy Corporation ASA (REC) has decided to close down the remaining 650 MW multicrystalline wafer plant at Herøya, Norway. Production at the plant is expected to discontinue in the second quarter, and about 460 employees will be affected by the close down. REC will over the next few months explore alternatives for the facility.

"The solar market has changed dramatically over the last few years. Despite solid demand growth, overcapacity continues to negatively affect the wafer prices. Our organization at Herøya has worked very hard to reduce cost and improve quality. Over the last two years annual cost reductions have exceeded 25 percent, even though the cost position was held back by long term contracts with uncompetitive suppliers. However, with extreme competition, especially from China, and market prices down to one third of the prices one year ago, these cost reductions have unfortunately not been sufficient. Significant continued losses were to be expected from the wafer operations at Herøya going forward. We therefore have no choice but to discontinue our operations in Norway", says Ole Enger, President & CEO.

Three of four employee representatives in the REC Board of Directors voted against the closedown decision.

The fixed assets of the wafer plant were written down to zero in 2011.

Earlier this year REC discontinued production at its plants in Glomfjord, i Nordland county, with the loss of 200 jobs.

(Press Release)