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FDI Case Study : PCC SE Facility in Iceland

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Landsvirkjun

Landsvirkjun, the National Power Company of Iceland, is Iceland's largest electricity generator and one of the ten largest producers of renewable energy in Europe.

Landsvirkjun operates 17 power plants in Iceland concentrated on five main areas of operation.

Landsvirkjun produces 73% of all of Iceland's electricity.

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PCC SE is a privately owned international chemicals, logistics and energy corporation. Headquartered in Duisburg, Germany.

The PCC Group has more than 3,000 employees worldwide. It comprises 70 subsidiaries located at 39 sites in 17 countries, with production facilities in Europe, Asia and the USA.

The sole shareholder of the group's parent and holding company PCC SE is Waldemar Preussner, chairman of the administrative board.



2016

PCC SE formed and Icelandic holding, PCC Bakki Silicon hf and signed a Power Purchase Agreement with Landsvirkjun.

Under the agreement, Landsvirkjun will provide electricity to power a metallurgic grade silicon metal production plant near Husavik, on Iceland's north-east coast.



2017

The facility will produce 36,000 metric tons of silicon metal, using 58 megawatts (MW) of power generated entirely from renewable sources. Both hydro and geothermal power will be used.



2018

Construction of the plant created 400 temporary jobs, with 120 permanent jobs for ongoing operations. Indirect jobs are still being calculated, as is the economic impact to Iceland.



This metallurgic plant will be one of the world's most advanced silicon metal production plants.



One of the major uses for Silicon is in the manufacturing of solar cells for the production of solar energy.



This metallurgic plant will be one of the world's most advanced silicon metal production plants.

The raw material for silicon metal production is quartzite.

For this plant, the quartzite will come from a PCC-owned quarry in Poland.



German companies are the primary customers, so the material will be shipped back to Germany.

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Where did the project “originate”,
how did Landsvirkjun identify the
initial lead?

Landsvirkjun targets high-energy use industries such as:

- Data Centers
- Aluminum Smelters
- Metallurgic Plants

They targeted these industries and came across the consulting firm that was doing the location due diligence for PCC.



Germany consultancy, Viridis.iQ GmbH, which specializes in the silicon metal and photovoltaic industry.

They looked at Poland, Romania, Germany, Hungary and Iceland.

Iceland / Landsvirkjun made the short list of locations.



Interview with Peter Wenzel, Board Member of PCC Bakki Silicon.



Rationale for the Project/Investment

- Predictability of the electricity, both in price and reliability
- 100 % renewably sourced electricity
- Strong commitment and support from the Icelandic authorities

Rationale for the Project/Investment

- The Icelandic government developed a new industrial park around the site in Husavik – the plant would not be remote and isolated



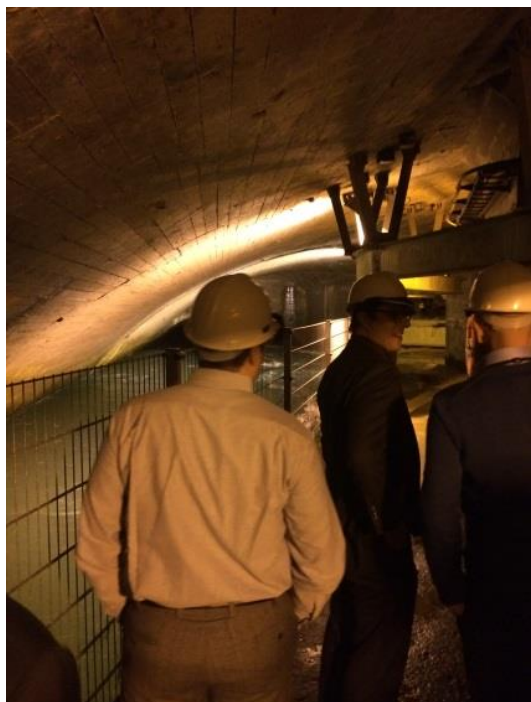
Soft Factors

- “Landsvirkjun was professional and trustworthy”
- “Our lawyers were saying the same thing as the Icelandic authorities”
- Pride of place and work – a winning attitude about work in the Icelandic culture

Soft Factors

- Pride of place and work – a winning attitude about work in the Icelandic culture
- Friendly, hospitable and warm people...everywhere

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Landsvirkjun



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What are the lessons learned ?

- Play to your strengths
- Get all the relevant players to the table
- Build a relationship with the company
- Do what you say you will do – TRUST
- Don't rule yourself out because logistics don't appear to be practical
- Your utilities are multipliers, assets, and your partners



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SHIRAR O'CONNOR
shirar@conway.com
+1 646-496-7668

THANK YOU !