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China Utilities & Renewables Blog

Solar glass/polysilicon prices up, ESS momentum builds, policy tailwinds emerge for data-center renewables

APAC Utilities & Renewables | Sustainable Investing

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Solar glass prices are rising as producers lift early-September quotes and begin cold-maintenance shutdowns, tightening supply, lowering industry inventory days, and prompting module makers to accelerate purchasing – with additional demand potentially pulled into the later settlement period if prices continue to climb. Polysilicon prices also edged higher in late August, though transactions remain thin and inventories are still building; producer discussions have reinforced expectations for 4Q26 polysilicon production cuts (link). We maintain our OW ratings on **XYS** and **Flat** on attractive valuations and an expected turnaround into 2027/28. We also prefer **Daqo** and **GCL Tech** given scope for a medium-term polysilicon price recovery to lift earnings and ROE, despite near-term downstream inventory overhang.

We published a report (link) on key learnings from China ESS integrators' 1H26 results and briefings. We expect global ESS installations to remain on a strong growth trajectory through 2026-27, with Europe emerging as the key incremental growth market into 2027. This should be partly offset by margin pressure in 2H26 and 2027 as elevated input costs (notably LFP cells) and the export tax rebate step-down constrain gross margins, with cost pass-through varying by region and product type. Rising geopolitical and policy uncertainty remains an overhang for US market access – an incremental negative for **Sungrow**. We like **Deye** on Europe and EM C&I ESS growth; for Sungrow, we believe the ~40% since 1 July (vs the SHCOMP Index) largely reflects geopolitical risks.

China's CAC and six other agencies issued a 2026-2030 plan to align computing-power expansion with clean-energy goals, including higher renewable usage at computing facilities (toward provincial quotas by 2030), shifting compute toward wind/solar/hydro-rich regions, and promoting coordinated power/compute dispatch, direct green-power connections, green power/certificate trading, long-duration storage, and efficiency retrofits (link). We view **Longyuan's** first 'DG renewables for data centers' project in Shanghai (3.15MW DG solar paired with two modular data centers) as a positive proof point for a scalable model amid rapidly rising data-center power demand, and we maintain **OW** on Longyuan on valuation and improving curtailment into 2027 (link).

While operating trends for China gas utilities remain lackluster, we were encouraged by 1H26 NDR meeting commentary indicating declining city-gas capex and reduced appetite for acquisitions – supportive of free cash flow and dividend capacity. Several companies also signaled stronger shareholder-return discipline: **Kunlun** highlighted buybacks as a recurring market-cap management tool, while **China Resources Gas** is considering a longer-term dividend framework and potential additional buybacks; however, 2H trends remain soft and winter margin risks persist. We prefer names with upstream exposure/strong resource access for more stable margins and dividends, and see attractive valuations at ~5–6% yields: **ENN Energy** and **Kunlun Energy** are top picks, followed by **HK & China Gas** (link).

See page 7 for analyst certification and important disclosures, including non-US analyst disclosures.

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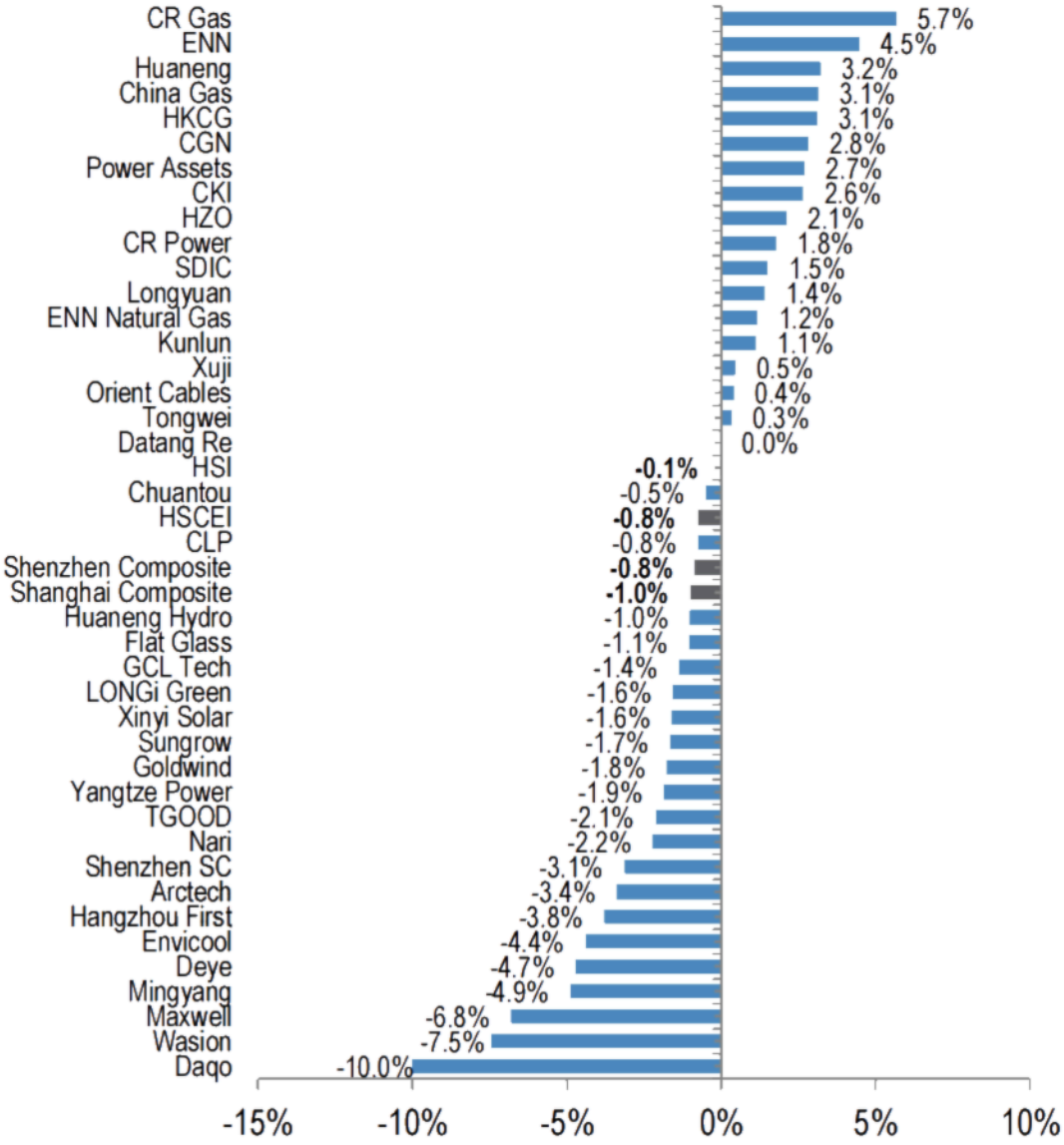
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Table 1: Top stock ideas

Company	Ticker	Rating	Current price	PT(LC)	Upside/ (Downside)	Investment thesis/ Key Catalysts
Top Long						
Deye	605117 CH	OW	81.2	154.0	90%	(1) Riding the strong DG ESS growth in EM, (2) Beneficiary of disruption and tailwinds from energy resilience, (3) First mover in EM + cost leadership
Flat Glass	6865 HK	OW	6.515	8.80	35%	Current valuation is attractive and we see turnaround potential into 2027/28
Orient Cables	603606 CH	OW	34.0	61.0	79%	Benefitting from China's offshore wind demand pickup, as well as submarine cable's (1) high entry barriers, (2) stable competitive landscape, (3) strong profitability
Goldwind-H	2208 HK	OW	9.2	19.4	111%	WTG business may continue to improve, on the back of rising export sales and stronger-than-expected GPM
ENN Energy	2688 HK	OW	51.4	57.0	11%	>6% dividend yield with at least stable DPS. ENN's LNG contracts and help protect its dollar margin amid rising LNG and piped gas prices
Wasion	3393 HK	OW	14.2	27.0	90%	China smart meter leader with strong earnings growth driven by overseas expansion, new productsd, grid tender recovery, and AIDC orders
Top Avoid						
Tongwei	600438 CH	UW	11.9	8.8	(26%)	Multi-year polysilicon downcycle, loss-making in 2025, and unattractive valuation
Maxwell	300751 CH	UW	193.6	120.0	(38%)	Declining HJT cell equipment order intakes in the last two years, unclarities on future order outlook, and unattractive valuation

Source: Bloomberg Finance L.P., J.P. Morgan estimates. All prices as of 8 September 2026 market close.

Figure 1: HK/CH utilities' one-week performance



Source: Bloomberg Finance L.P. All prices as of 8 September 2026 market close, except for DQ US, priced as of 4 September 2026. Note: Past performance is not an indicator of future results.

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Polysilicon and solar glass extend price recovery into late-Aug/early-Sept

Per SMM, 2.0mm solar glass prices rose from RMB 9.5/sqm on 26 August to RMB 10.1/sqm on 2 September, as solar glass makers lifted price quotes in the early-September monthly pricing cycle. Last week, major solar glass producers began cold maintenance shutdowns, with some second-tier players following suit. This has reduced supply and lowered industry inventory days. SMM also noted that module manufacturers have increased purchasing activity; with prices expected to continue rising, procurement volumes during this month's later settlement period may increase further.

Per PVInfoLink, polysilicon prices increased from RMB 31.5/kg to RMB 40.0/kg in late August. Transaction volumes remain limited and inventories have continued to build. Separately, SMM noted that polysilicon producers held a meeting in recent days, which has strengthened market expectations for production cuts in 4Q26 (link).

J.P. Morgan view: We upgraded solar glass makers XYS and Flat to OW in late-July, as we believe current valuations are attractive and we see turnaround potential into 2027/28 (link). We have witnessed improving supply-demand dynamics – supported by recent cold repairs and a better 2H26 demand backdrop – which should drive a recovery in solar glass prices and support a gradual earnings improvement (link). As for polysilicon producers, despite limited transaction volume due to excessive inventory sitting in the downstream, we see potential for a polysilicon price recovery, which may improve earnings and ROE in the medium term (link). We maintain OW ratings on Daqo and GCL Tech.

China ESS Integrators: Europe-led ESS installation growth through 2027; offset by margin pressure

We have published a report on key learnings from China ESS integrators' 1H26 results and briefings. Global ESS installations should remain on a strong growth trajectory through 2026-27. Commentary from major ESS manufacturers points to robust multi-region momentum, with Europe emerging as the key incremental growth market into 2027. That said, such would be offset by some margin pressure in 2H26 and 2027. Elevated input costs (notably LFP cells) and the export tax rebate step-down are likely to constrain gross margins, as cost pass-through should vary by region and product type. Separately, rising geopolitical and policy uncertainty remains an overhang for US market access – an incremental negative for Sungrow. We like Deye, on the back of its riding Europe and EM C&I ESS growth. For Sungrow, we believe the ~40% since 1 July (vs the SHCOMP Index) has largely priced in geopolitical risks. We maintain our OW rating on Sungrow, supported by its strong ESS integration capabilities and robust ex-US ESS installation growth outlook. For details, please refer to our report (link).

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China pushes for renewables-linked data centers; early proof point at Longyuan

On 4 September 2026, China's Cyberspace Administration (CAC) and six other agencies issued an "Implementation Plan for Promoting the Coordinated Digital and Green Transformation (2026–2030)" that targets aligning growth in computing power with clean-energy goals: by 2030, renewable electricity use in key areas such as computing-power facilities should rise to meet provincial renewable consumption quotas, with computing demand coordinated to help absorb new renewables and compute resources guided toward regions rich in wind, solar, and hydropower. The plan calls for advances in coordinated dispatch of computing and electricity, direct green-power connections, and high-efficiency long-duration energy storage; expansion of green certificate and green electricity trading to raise the share of green power used by computing facilities; and accelerated retrofits of "old, outdated, small, and scattered" facilities via energy-efficiency inspections, diagnostics, and upgrades (link).

J.P. Morgan view: During Longyuan's 1H26 briefing, management disclosed that it has secured its first "DG renewables for data centers" project in Shanghai, where 3.15MW of DG solar will be directly coupled with two small, modularized data centers. While the project is immaterial in the context of Longyuan's overall scale, we believe investors should view this as a positive proof point that could pave the way for similar projects over time. According to CEC forecasts, China's data center power consumption is expected to reach 800bn kWh by 2030 (vs 190bn kWh in 2025). Regulators are also promoting this "DG renewables for data centers" model. We maintain our OW rating on Longyuan, supported by attractive valuation and our expectation of improving curtailment into 2027 (link).

China Gas Utilities: Key takeaways from 1H26 NDR meetings – Dividend policy is the key share driver

Although operating trends for China gas utilities remain lackluster, we were encouraged by management commentary on capital allocation and dividend policies during the 1H26 NDR meetings. All of the companies have indicated that capex on city-gas projects will decline going forward, and they appear less inclined to pursue acquisitions of new projects – both of which we believe should support higher free cash flow and create room for increased dividends. In addition, some companies seem more willing to execute buybacks and/or adhere to more explicit payout policies: for example, Kunlun's management noted that it views share repurchases as a 'tool for long-term market capitalization management', suggesting buybacks could become a recurring lever to enhance shareholder returns, while China Resources Gas's management is evaluating a long-term framework for dividends and may consider additional buybacks over time. While 2H operating trends remain soft and winter margin risks persist, we believe companies with upstream exposure or abundant gas resources can maintain more stable margins and sustain dividend payments. Valuations also look attractive for selected names at ~5-6% yield, with ENN Energy and Kunlun Energy as our top picks, followed by HK & China Gas. For details, please refer to our report (link).

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Table 2: Weekly solar component price update

Product	20260902	Change
Polysilicon Price - Prime for Mono (RMB/kg) - quoted PVInfolink	40.00	0.0%
Polysilicon Futures Active Contract Closing Price (RMB/kg) - quoted Guangzhou Futures Exchange	36.90	-2.0%
Granular Polysilicon Price (Rmb/kg) - quoted PVInfolink	40.00	0.0%
Polysilicon Price - Ex-China (Usd/kg) - quoted PVInfolink	18.50	0.0%
Mono N-type Wafer - 182*210mm (Rmb/pc) - 130um	1.10	-2.7%
TOPCon Cell - 182-210mm 25.0%+ (RMB)	0.31	-3.1%
182*182-210mm/210mm single TOPCon Module - China Utility projects (RMB)	0.71	0.0%
182*182-210mm/210mm single TOPCon Module - China DG projects (RMB)	0.74	0.0%
182*182-210mmm BC Module - China Utility projects (Rmb/W)	0.77	0.0%
182*182-210mmm BC Module - China DG projects (Rmb/W)	0.81	0.0%
182mm bi-facial TOPCon Module (RMB)	0.72	0.0%
210mm bi-facial HJT Module (RMB)	0.75	0.0%
Solar glass - 3.2mm (RMB / m2)	16.30	1.6%
Solar glass - 2.0mm (RMB / m2)	10.10	4.7%
General EVA film (RMB / m2)	5.98	0.0%
White EVA film (RMB / m2)	6.48	0.0%
POE film (RMB / m2)	8.63	0.0%
PV grade EVA resin (Rmb/ton)	10,225	0.0%
Soda ash (Rmb/ton)	1,150	0.0%
Silicon metal (Rmb/ton)	9,580	0.9%
Steel scrap (Rmb/ton)	2,420	0.0%
Cast iron (Rmb/ton)	3,040	0.7%

Source: PVInfoLink, SMM, WIND, Bloomberg Finance L.P. Note: For EVA resin, soda ash, silicon metal, steel scrap, cast iron, data are as of last working Wednesday.



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Table 3: J.P. Morgan HK/China utilities valuation comparison

Company	Ticker	JPM Rating	JPM PT (Local)	Last price (Local)	Upside (%)	Mkt cap (US$mn)	Avg daily liquidity (US$mn)	P/E (x)		P/B (x)		Yield (%)		Net debt/equity (%)		ROE (%)		EV/EBITDA (x)	
								FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Hong Kong Utilities																			
CLP	2 HK	N	73.50	77.3	(4.9)	24,889	32.5	16.8	16.3	1.8	1.7	4.2	4.3	50.4	49.2	10.6	10.6	10.9	10.3
HKCG	3 HK	OW	7.75	7.3	6.2	17,371	28.4	21.6	21.2	2.3	2.3	4.8	4.8	74.8	75.1	12.6	12.8	17.1	16.9
PAH	6 HK	OW	62.00	60.7	2.2	16,483	21.1	7.7	20.1	1.3	1.3	4.6	4.6	(42.4)	(41.6)	17.5	6.3	4.9	12.5
CKI	1038 HK	OW	66.00	65.9	0.2	21,175	12.7	6.9	19.6	1.1	1.1	4.0	4.1	(24.1)	(23.6)	17.7	5.8	5.5	13.6
Average								***13.2***	***19.3***	***1.6***	***1.6***	***4.4***	***4.4***	***14.7***	***14.8***	***14.6***	***8.9***	***9.6***	***13.3***
China Gas Utilities																			
Kunlun	135 HK	OW	7.60	7.7	(1.0)	8,454	9.8	10.5	10.1	0.8	0.8	4.8	4.9	(28.0)	(30.6)	7.8	7.8	3.6	3.5
China Gas*	384 HK	N	5.70	5.7	(0.8)	3,991	10.7	10.8	10.6	0.5	0.5	6.1	6.1	79.2	75.0	5.0	5.0	9.7	9.6
CR Gas	1193 HK	N	16.50	17.5	(5.8)	5,167	8.9	11.3	10.9	0.9	0.9	5.4	5.4	19.3	13.8	7.9	7.9	6.9	6.7
ENN Energy	2688 HK	OW	57.00	51.4	10.9	7,419	28.3	8.6	8.5	1.0	0.9	5.9	5.9	18.3	15.7	11.5	11.1	5.9	5.8
ENN Natural Gas	600803 CH	OW	21.00	19.0	10.8	8,745	24.0	11.3	9.3	2.2	2.0	5.1	5.4	17.8	11.6	20.2	22.2	7.4	6.4
Average								***10.5***	***9.9***	***1.1***	***1.0***	***5.5***	***5.5***	***21.3***	***17.1***	***10.5***	***10.8***	***6.7***	***6.4***
China Power Utilities																			
Huaneng Power	902 HK	UW	4.80	5.8	(16.7)	14,763	23.4	6.8	7.2	1.0	0.9	6.0	5.6	114.5	95.7	4.5	3.7	10.6	10.3
CR Power	836 HK	N	17.00	18.9	(10.1)	12,478	38.3	7.1	7.3	0.8	0.8	5.6	5.5	164.3	155.8	9.8	8.9	8.0	8.0
Average								***7.0***	***7.2***	***0.9***	***0.9***	***5.8***	***5.5***	***139.4***	***125.7***	***7.1***	***6.3***	***9.3***	***9.2***
China Wind Power																			
China wind farms																			
Datang Renewable	1798 HK	N	1.40	1.1	27.3	1,020	1.3	24.6	10.3	0.3	0.3	1.5	3.5	304.2	290.6	1.4	3.2	10.5	14.6
Longyuan	916 HK	OW	7.00	5.4	28.9	13,696	15.6	11.0	9.9	0.5	0.5	3.2	3.7	179.6	168.0	5.6	6.2	9.0	8.1
H-share - Average								**17.8**	**10.1**	**0.4**	**0.4**	**2.3**	**3.6**	**241.9**	**229.3**	**3.5**	**4.7**	**9.7**	**11.4**
China wind equipment makers																			
Goldwind - H	2208 HK	OW	19.40	9.2	111.7	10,026	33.7	9.0	7.0	0.7	0.7	3.5	4.4	74.9	78.1	8.2	9.8	15.6	13.3
H-share - Average								**9.0**	**7.0**	**0.7**	**0.7**	**3.5**	**4.4**	**74.9**	**78.1**	**8.2**	**9.8**	**15.6**	**13.3**
Goldwind - A	002202 CH	N	26.10	17.8	47.0	10,026	437.3	20.3	15.9	1.6	1.5	1.5	2.0	74.9	78.1	8.2	9.8	15.6	13.3
Orient Cables	603606 CH	OW	61.00	34.0	79.5	4,178	104.4	15.2	12.6	2.9	2.5	2.0	2.4	16.8	16.8	22.5	23.1	12.2	10.1
Mingyang	601615 CH	UW	13.00	9.7	33.7	3,276	108.6	31.5	23.3	0.8	0.8	1.6	2.1	10.0	10.0	4.1	5.0	13.2	12.2
A-share - Average								**22.3**	**17.3**	**1.8**	**1.6**	**1.7**	**2.2**	**33.9**	**34.9**	**11.6**	**12.6**	**13.7**	**11.9**
China Hydro Power																			
Chuantou	600674 CH	N	16.00	15.7	2.0	11,397	79.8	15.6	15.2	1.6	1.5	2.8	2.8	24.9	20.1	10.5	10.2	34.9	31.9
SDIC	600886 CH	N	15.00	14.1	6.2	16,855	78.9	15.5	15.4	1.5	1.5	3.7	3.7	129.1	120.8	10.2	9.8	10.8	10.5
Yangtze Power	600900 CH	OW	32.40	27.9	16.3	101,621	515.7	18.9	18.4	2.9	2.8	3.7	3.8	105.6	89.5	15.9	15.6	12.7	12.0
Huaneng Hydro	600025 CH	N	9.00	9.6	(6.3)	26,681	46.5	21.7	21.3	2.4	2.3	2.1	2.2	114.3	105.9	9.8	9.5	14.5	14.4
Average								**17.9**	**17.6**	**2.1**	**2.0**	**3.1**	**3.1**	**93.5**	**84.1**	**11.6**	**11.3**	**18.2**	**17.2**
China Nuclear Power																			
CGN	1816 HK	OW	4.50	3.1	45.6	29,663	16.0	14.0	12.6	1.0	1.0	3.0	3.3	159.3	158.5	8.3	8.8	13.5	12.8
China Solar																			
Xinyi Solar	968 HK	OW	2.8	2.2	30.2	2,508	19.7	41.8	9.9	0.7	0.6	1.2	5.0	19.2	8.8	1.3	5.6	9.6	5.8
Flat Glass	6865 HK	OW	8.8	6.6	34.4	3,189	4.1	NA	11.0	0.6	0.6	0.0	2.7	11.2	5.1	(0.7)	5.2	6.1	6.8
GCL Tech	3800 HK	OW	1.1	0.7	53.8	2,932	32.8	NA	16.5	0.5	0.5	0.0	1.2	20.7	12.5	(1.8)	3.2	8.0	4.1
Daqo	DQ US	OW	22.0	12.3	78.7	833	14.0	NA	62.6	0.1	0.1	0.0	0.0	(15.6)	(17.9)	(3.0)	0.3	66.5	4.7
ADR & H-share - Average								**41.8**	**25.0**	**0.5**	**0.5**	**0.3**	**2.2**	**8.9**	**2.1**	**(1.0)**	**3.6**	**22.5**	**5.4**
Tongwei	600438 CH	UW	8.8	11.9	(25.8)	7,957	111.1	NA	NA	1.8	1.9	0.0	0.0	139.6	128.4	(25.2)	(6.5)	30.9	9.2
LONGi Green	601012 CH	N	11.6	11.9	(2.4)	13,416	225.8	NA	NA	1.7	1.7	0.0	0.2	(33.1)	(36.8)	(2.1)	1.8	5.8	6.0
Hangzhou First	603806 CH	N	15.0	14.5	3.8	5,618	82.5	30.1	24.8	2.2	2.1	1.7	2.1	0.1	(2.0)	7.5	8.7	19.4	15.8
Sungrow	300274 CH	OW	140.0	87.9	59.4	27,141	1,167.9	12.7	12.6	3.2	2.7	2.0	2.0	(48.6)	(53.2)	27.6	23.1	9.6	9.5
Deye	605117 CH	OW	154.0	81.3	89.4	15,431	237.2	18.7	14.7	7.9	6.2	2.7	3.4	(18.6)	(27.7)	47.3	47.4	22.8	17.6
Maxwell	300751 CH	UW	120.0	193.0	(37.8)	8,021	306.7	83.1	42.4	6.5	5.8	0.2	0.5	(24.2)	(1.4)	8.0	14.5	40.5	27.0
Shenzhen SC	300724 CH	N	53.0	53.7	(1.2)	2,785	105.1	18.4	19.9	1.3	1.2	0.9	0.8	(78.7)	(87.2)	7.4	6.4	7.3	7.0
Arctech	688408 CH	OW	40.0	23.7	69.1	772	20.7	33.0	10.2	1.2	1.1	0.8	2.7	28.0	47.5	10.7	15.3	9.6	7.6
Envicool	002837 CH	UW	40.0	63.0	(36.5)	11,990	584.6	107.1	76.6	20.2	17.0	0.3	0.4	(12.8)	(11.2)	20.2	24.1	75.3	59.0
A-share - Average								**41.1**	**24.3**	**2.5**	**2.3**	**0.6**	**1.0**	**5.3**	**8.1**	**1.0**	**6.7**	**18.9**	**12.1**
China Power Grid																			
Xuji Electric	000400 CH	OW	28.00	21.6	29.7	3,277	63.0	18.8	14.5	1.5	1.4	2.1	2.8	(56.6)	(59.0)	9.4	11.4	11.4	9.2
TGOOD Electric	300001 CH	OW	42.00	33.4	25.7	5,256	145.9	22.5	17.9	3.6	3.1	0.8	1.0	(7.3)	(19.1)	15.3	16.8	15.9	13.1
Nari Technology	600406 CH	OW	27.50	22.4	22.7	26,821	206.3	19.5	17.6	3.2	3.0	3.1	3.4	(17.7)	(24.0)	16.8	17.4	14.3	13.0
Wasion Holdings	3393 HK	OW	27.00	14.3	89.3	1,888	14.4	10.8	9.0	1.8	1.6	3.7	4.4	(10.7)	(17.6)	17.7	19.2	6.0	4.8
Average								***17.9***	***14.7***	***2.5***	***2.3***	***2.4***	***2.9***	***(23.1)***	***(29.9)***	***14.8***	***16.2***	***11.9***	***10.0***
Korea Power Equipment																			
LS Electric	010120 KS	N	200,000	200,000	0.0	22,365	295.2	59.0	42.5	12.0	9.8	0.5	0.7	23.9	13.8	22.2	25.4	35.2	26.1
HD Hyundai Electric	267260 KS	OW	1,375,000	730,000	88.4	19,569	150.0	26.3	19.6	9.8	7.4	1.3	1.8	(42.2)	(49.4)	42.4	43.1	18.0	13.9
Hyosung Heavy	298040 KS	OW	4,100,000	2,844,000	44.2	19,721	175.1	31.7	23.3	8.5	6.4	0.4	0.6	16.3	(7.1)	30.5	31.4	22.7	16.8
Average								***39.0***	***28.5***	***10.1***	***7.9***	***0.8***	***1.0***	***(0.7)***	***(14.2)***	***31.7***	***33.3***	***25.3***	***18.9***

Source: Bloomberg Finance L.P., J.P. Morgan estimates. * FY26E/27E used for China Gas, fiscal year-end 31 March. All prices as of 8 September 2026 market close, except for DQ US, priced as of 4 September 2026.