

(AMM) Solar Trust plant alive after escaping federal chopping block

Scott Robertson

14 April 2011 18:16

Metal Bulletin News Alert Service

METBNA

English

© 2011 Metal Bulletin Limited. All Rights Reserved.



'I view solar power like the space race—it's the solar race.'

— Uwe T. Schmidt

Solar Trust of America Chairman and CEO

After weeks of wrangling, Uwe T. Schmidt has helped his latest venture, **Solar Trust of America LLC**, escape the government chopping block and remain in line for some \$2.1 billion in federal loan guarantees.

The funding under the Department of Energy's Loan Guarantee Program was threatened with elimination less than a week ago, when the government faced a shutdown in the absence of a budget agreement.

Schmidt, the former chief executive of steel trader Ferrostaal Inc., was among those battling-and ultimately succeeding-to help maintain the program, and the loan guarantee. The loan guarantee is the largest in the program's six-year history, as well as a critical component of Solar Trust's plans to build nine solar energy power plants in the United States.

The deal will promote U.S. jobs and considerable steel consumption, Schmidt told AMM in an interview.

The money comes as an Energy Department loan, and the federal government stands to earn a \$700-million profit when the money is repaid, Schmidt said.

"We had a very good series of meetings, and we are optimistic that things are going to move forward now. It was a difficult battle, but it is one we have to win. These projects are too important to the future of this country," he said.

"I view solar power like the space race-it's the solar race. Back in the 1960s, we spent \$1 billion to put a man on the moon. People wondered then what benefit there would be from that and were we wasting our money? Now, the benefits of that investment are clear in research and development, technological advancements, cell phones, computers, telecommunications, etc. I think that we are on the verge of the same kind of opportunity here with renewable energy sources," Schmidt said.

"Solar power is much more than just panels on roofs. These are large power plants that are environmentally friendly and will be of great benefit to the nation and its energy independence," he said. "They provide energy independence and energy safety, and they will use American steel, American workers and American goods to do it."

The United States has the opportunity to emerge as the global leader in renewable energy, as it did in space and related technologies, but Congress' threat to cut funding for such projects "under the guise of balancing the budget" would have been a fateful blow, he said.

Cutting such funding would have put 78 major clean energy projects at risk, jeopardizing some 58,000 new construction jobs and 25,000 permanent jobs nationwide, Schmidt said. Included in that equation would have been 7,500 jobs to be created by Solar Trust's Blythe Solar Power Project in Riverside County, Calif.

The Blythe Project has received approval from the California Energy Commission and the Bureau of Land Management to build and operate four 250-megawatt solar plants with a combined 1,000 megawatts of total generating capacity, making it the largest solar thermal power facility in the world. Once operational, the Blythe facility will generate enough electricity to power more than 300,000 homes a year.

The project is valued at more than \$5 billion. Construction on the first two plants is set to begin in the fourth quarter, with commercial operation of the first plant scheduled for the second quarter of 2013.

Solar Trust also has other projects in development, including its Palen Solar Power Project in Riverside County and its Amargosa Farm Road Solar Power Project in Nye County, Nev.

The construction of the plants serves as a potential boon to the U.S. steel industry, as company executives estimate that about one-third of Solar Trust's engineering, procurement and construction costs for each plant are in steel. With each project a multibillion dollar effort, the implications to steel construction and consumption are considerable.

Schmidt said each solar plant will indirectly create thousands of additional jobs as Solar Trust procures materials, goods and services for each facility regionally.

Solar Trust has roots that run deep into the steel business, with Man Ferrostaal Inc. part of a turnkey deal to build two of the power plants with an option to build a third. Man Ferrostaal also was an early investor in U.S. service center operator Esmark Inc., and Esmark executives served as advisers in the creation of Solar