

Solar Millennium, MAN Ferrostaal venture targets US STEG

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Solar Trust of America, newly formed by subsidiaries of Germany's Solar Millennium AG and MAN Ferrostaal AG, has absorbed Solar Millennium's US operations to offer turnkey solar thermal electricity generation development in the US Southwest.

Solar Trust of America said in a statement that it will develop, build and finance large-scale concentrated solar power utilising Solar Millennium AG's Flagsol parabolic trough technology and engineering, procurement and construction experience of plant constructor and engineering firm MAN Ferrostaal.

Solar Millennium AG's Berkeley, California-based subsidiary Solar Millennium LLC will be consolidated under STA and will serve as the company's STEG plant development arm. Solar Millennium AG will hold 70% of STA while Cleveland, Ohio-based MAN Ferrostaal Inc will hold the remaining 30%.

Already boasting a strong project pipeline, Solar Millennium has plans to build 734MW of STEG plants in the US: two 242MW plants in Ridgecrest and Desert Center, California and one 250MW plant in Nye County, Nevada. In addition, Solar Millennium may also build an additional 242MW plant near Blythe, California. The company expects the projects to be built by 2013 to 2014.

STA chairman and CEO and current president and CEO MAN Ferrostaal Inc Uwe Schmidt said in a statement that STA is "the only CSP company providing a completely integrated solar solution using proven technology for utility size plants currently generating electricity for the grid." Schmidt said that with the "thousands of fully-funded and completed industrial projects in the combined portfolios of business partners, the company expects to become the industry leader in the development and construction of solar thermal power plants in the US."

Schmidt told New Energy Finance in an interview that the company is very well capitalised and is "very much at home in the steel industry." Schmidt said that this background helps when working with amount of steel that goes behind the troughs of a STEG plant.

STA will carry out its project development using a multi-location approach with headquarters in Cleveland, a large EPC team in Houston and a development arm in Berkeley, California. Schmidt said that Solar Trust of America and its partners are familiar with the "longstanding manufacturing culture in the Midwest" and plan to leverage this expertise at STA.

The rationale behind the creation of STA came from its parent companies' desire to start a "fresh brand" in the US, bringing expertise together and build projects in the US with US suppliers and contractors to meet "staggering" demand, according to Schmidt. STA sees itself as the best integrator: a project developer with in-house capabilities, extensive SCM and distribution skills. At STA "we want to build plants," said Schmidt, "We plan to develop as much as possible in house and then sell equity stakes while maintaining a small stake over the long haul" for carbon offsetting.

Schmidt said that the company has a total project pipeline of 15 plants, eight of which are very advanced, and expects its plants to cost between USD 1.2bn and 3bn per plant.

Schmidt is bullish on electricity demand from the population boom of the US Southwest. He said that the company is even considering other solar thermal technologies to meet different region's needs and technological advances such as solar chimney projects. Asked about water issues with STEG plants, Schmidt said that most plants will be dry cooled, requiring less water. Schmidt said that the disadvantages of using dry cooling could be offset, in part, by using energy storage technologies such as molten salt storage, agricultural waste water and extending the capacity of the plant.

STA claims to have "ready access to large scale project financing and equity participation on each solar thermal power plant project," according its website. With MAN Ferrostaal's deep-pocketed parent Abu Dhabi International Petroleum Investment Company (IPIC) and experience working on capital intensive-project with large international banks, the venture appears to be seriously scaling up its development activities in the US.

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