

Solar Trust of America Looking For Strategic Industrial Investors

By Yuliya Chernova

August 21, 2009

Newly formed solar-thermal development company Solar Trust of America LLC is looking for additional strategic industrial investors, Uwe T. Schmidt, chairman and chief executive of the company, told *Clean Technology Insight*.

The company is also interested in acquiring solar-thermal technologies, he said.

The company is 70% owned by Solar Millennium AG, a German company that has been operating in the U.S. for several years, and 30% by MAN Ferrostaal AG, a general contractor for power plants globally that also has other businesses. Both are publicly listed in Germany, with the majority of MAN's shares held by the International Petroleum Investment Company from Abu Dhabi.

The companies created Solar Trust of America to combine Solar Millennium's solar technology and project development with MAN's experience in engineering, procurement and construction, as well as supply chain management, according to Schmidt. The deal was signed over the weekend, he said, and announced Monday. "We are not looking at private equity" for additional finance, Schmidt said. "I'm thinking of companies that play a fundamental role in getting the plants built." "We'd like to invite companies," he said, like steel and logistics providers, "to have a vested stake in the company."

Schmidt declined to discuss how much Solar Millennium and MAN Ferrostaal invested in Solar Trust of America, nor to say how much of a stake the company would be interested in selling to a third party.

Solar Trust of America, with headquarters in Cleveland, has taken over Solar Millennium's U.S. business, including a power-purchase agreement with Southern California Edison that was assigned earlier this year. "Our goal is to have a 20% market share of this utility sized solar thermal power opportunity in the U.S.," said Schmidt. The total market could represent between 15,000 and 20,000 megawatts of power plants, he said.

The company now has about 15 solar-thermal power plants under development in the U.S., with eight in late-stage development, said the CEO. "We've identified and are in the process of securing ideal sites, which will allow us to build up to 5,000 MW," he said.

The PPA with Southern California Edison includes two solar thermal power plants and an option for a third plant. The company has also signed a memorandum of understanding with NV Energy Inc. for

one plant with an option for a second. The cheapest plant in development would cost about \$1.2 billion, said Schmidt, with the most expensive around \$3 billion.

Solar Trust of America plans to find outside financiers to provide funding for projects, but will also invest its own money to control about 20% to 25% of each project, he said.

The company secured exclusive North American rights to a parabolic trough solar-thermal technology called Flagsol. It is also interested in investing in others. "There is great technology out there that we are looking at, that we have no issue in acquiring or investing in, be it power tower or others," said Schmidt. Companies that have a power-tower technology include Brightsource Inc. and Abengoa Solar. Ferrostaal is also a 42% shareholder in Solar Power Group GmbH, which develops solar-thermal plants around the world, including in the U.S., using Fresnel solar-thermal technology.

Solar Millennium has used its Flagsol technology to build two power plants in Spain, Andasol 1 and 2. Andasol 3 is now under construction. These plants have "large scale thermal storage technology capable of extending power production for up to 7.5 hours per day after the sun sets," according to a statement from the companies. Utilities are interested in using solar thermal with storage. Xcel Energy Inc., for example, has plans to buy power from about 280 MW of solar-thermal plants, with some of that including storage.

Solar Trust of America has roughly 10 people employed in Cleveland; 10 in Houston where it handles engineering, procurement and construction; and 15 in Berkeley, Calif., where its project development team is based. The company is hiring. "I'd venture Solar Trust of America will employ between 50 and 60 people," said Schmidt. The company also plans to hire between 800 and 1,000 people for construction of each power plant and about 100 people for operating each facility.

The company hopes to start building projects in the U.S. in 2010 to take advantage of the cash grants that are offered by the Treasury instead of the traditional tax credits, said Schmidt.

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