

Solar Power Partners Raising Up To \$150M For Project Fund

By Yuliya Chernova

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Solar project developer Solar Power Partners Inc. is raising its third project finance fund, that it expects to total between \$100 million and \$150 million, the company's Chief Executive Alexander V. Welczeck told Clean Technology Insight.

"We are in the process of taking commitments and investments for it," said Welczeck. Solar Power Partners will act as the general partner and manager of the fund. It will put in some of its own capital.

The Mill Valley, Calif.-based company just closed on \$47 million in Series B equity and debt funds, said Welczeck. This capital is part of the \$160 million in equity and debt that the company announced as the total it raised through September of last year. At the time it said that \$100 million was received, but \$60 million only committed. "This \$47 million is basically those commitments coming to fruition," said the CEO.

New investor Energy Investors Funds led the Series B, in which existing investors Globespan Capital Partners and Silicon Valley Technology Group participated. The valuation was up from the Series A round, said the CEO, but he declined to specify the figure.

The company owns solar installations and sells power from them under long-term power-purchase agreements to clients. It hires various solar installers to construct the projects, who, in turn, buy the necessary solar panels.

It is actively looking to acquire pipelines of projects, according to the CEO. "We are speaking with a couple of groups at the moment to help out and see how a project can get done, as opposed to dying on the vine," said Welczeck. He said that Solar Power Partners already acquired projects from others who have struggled under the credit crunch.

The company had completed 19 projects totaling 7.7 megawatts in capacity through its latest solar fund by mid-January. That fund drew on Bank of America for tax equity and was also backed by Energy Investors Funds through its United States Power Fund III LP. It totaled about \$80 million, said Welczeck.

Now the company is drawing investments for the next fund, which will differ from the second fund in a number of ways. The company is shifting toward bigger solar projects, said the CEO. While the average size was 600 kilowatts in the second fund, Welczeck expects the solar projects to average 800 kilowatts in the third fund. "A year ago a 500 kilowatt project was considered as relatively large. Now we are seeing a typical inquiry at a megawatt or so," said Welczeck.

The company is also shifting to doing more business with municipalities and other government clients over commercial, he said. Government deals will represent about 75% of the third fund, compared with the 60% proportion in the second fund, he said. "Arguably, [this type of clients is] the most stable," the CEO said. The company's PPAs are for 20 years or so and it's easier to sign long-term deals with universities and airports than with stores, he noted.

The company is also expanding its geographic reach. While all of the 37 projects that it has completed thus far were in California, except one in Hawaii, the company now has four projects in its pipeline that are in New Jersey and Connecticut. The CEO said that he expects about a quarter of the projects in the third fund to be outside of California.

Its main competitors are SunEdison LLC and MMA Renewable Ventures. Welczech noted that while SunEdison has a focus on utility-scale projects, his company is more focused on distributed energy. At the same time SunEdison constructs the projects on its own, while Solar Power Partners gets others to do that part of the work. MMA, meanwhile, has many different renewable energy projects that it works on, beside solar. MMA is also in the midst of raising a solar project finance fund that it expects to be greater than \$200 million.

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