

Memorandum

To: Melissa Jones
Executive Director

Date : December 8, 2010

Telephone: CALNET (916) 654-4628

From : California Energy Commission - PAT PEREZ, Deputy Director,
1516 Ninth Street
Sacramento CA 95814-5512
FUELS AND TRANSPORTATION

Subject: RECOMMENDATION TO AMMEND A LOAN WITH AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDS TO SOLARIA CORPORATION THROUGH THE CLEAN ENERGY BUSINESS FINANCING PROGRAM (CEBFP) TO INCREASE ALLOATION TO \$2,768,122 TO BE CONSIDERED AT THE DECEMBER 29, 2010 BUSINESS MEETING

Summary of Item

Solaria Corporation submitted an application for \$2,768,122 through the CEBFP. On September 15, 2010, Solaria Corporation was approved for a \$753,992 loan at a Business Meeting. In October 2010, Solar Power, Inc. withdrew from consideration. The \$5,000,000 allocated to Solar Power, Inc. must now be reallocated. Staff recommends amending the Solaria Corporation loan to increase funding to the full requested amount of \$2,768,122 for the purchase of fixed-asset manufacturing equipment and eligible installation costs at their manufacturing facility in Fremont, CA.

Justification for Action Requested

Staff reviewed 44 applications for funding through the CEBFP. The four program areas evaluated included job creation/retention, energy saved, leveraged financing, and an economic adjustment for manufacturing job loss. Applications were then submitted to the financial development corporations (FDCs) through the Business, Transportation, and Housing Agency (BTH) where they underwent rigorous business credit analysis. CEBFP awardees that scored high in these categories were deemed eligible for funding depending on available CEBFP loan funds.

Solaria Corporation's application ranked number 9 with a final score of 70. The project will have a production capacity of 6 megawatts (MW) annually. The project will create and/or retain an estimated 79 full-time equivalent jobs. The estimated annual production of photovoltaic solar modules at the facility using CEBFP funding will offset 3,914 tons of carbon dioxide (CO₂) per year.

The total project cost is \$3,512,013 of which Solaria Corporation will be providing \$743,891 in leveraged financing. Upon signing of loan documents, the loan will be repaid in 84 monthly payments.

Staff recommends amending the CEBFP loan, increasing the amount to \$2,768,122.

Project Manager

Jacob Orenberg, Special Projects Office

Oral Presentation

Staff will be prepared to discuss this recommendation and to respond to questions at the Business Meeting.

Business Meeting Participants

Marcia Smith, Special Projects Office
Jacob Orenberg, Special Projects Office

Commission Action Requested

Amend the CEBFP loan and authorize the Executive Director to execute the loan documents.

PAT PEREZ, Deputy Director
FUELS AND TRANSPORTATION DIVISION

Pros:

- Will create an estimated 79 full-time equivalent jobs, costing \$9,416 of federal funds per job, enabling California and the United States to meet the goals of the American Recovery and Reinvestment Act.
- Will grow in-state clean energy manufacturing products that would be used in Energy Commission programs for energy efficiency and renewable energy.
- Annual production will produce an estimated 11,343,491 kWh per year of renewable energy, promoting the Energy Commission's Loading Order.
- Annual production will offset carbon dioxide emissions by an estimated 3,914 tons per year, enabling California to meet the goals of AB 32.
- Increasing allocation improves likelihood of success for the Solaria Corporation

Cons:

- None

What Happens Next: After loan package signing, staff will conduct a kick-off meeting at Solaria Corporation's manufacturing facility. Elements will include site verification, a review of ARRA reporting procedures, and an assessment of field, business, and financing conditions.