Chinese Buyer Says Solar Firm MiaSole Will Expand

Joe McDonald, AP Business Writer

BEIJING (AP) — The Chinese company that bought MiaSole, a California producer of thin-film solar panels, says it can make the emerging technology successful where others have suffered huge losses.

Hanergy Group's strong finances will help MiaSole invest in research and ride out a downturn in the global solar market, while its links to customers in China and abroad will help build sales, chairman Li Hejun said Wednesday. Hanergy says it is China's biggest privately owned renewable energy company, with interests in hydro, wind and solar power.

"We firmly believe in the prospects of this company and this industry," Li said at a news conference.

MiaSole, in Santa Clara, California, was one of several well-funded U.S. startups that invested in thin film, which is more efficient than traditional silicon cells. But they struggled after a plunge in prices of silicon cells due to a glut of supply from China hurt sales of the new technology. Producers including Solyndra, Beacon Power and Abound Solar filed for bankruptcy.

Hanergy bought MiaSole late last year from venture capital firms that financed it. The sale formally closed Wednesday.

The acquisition reflects a growing trend for Chinese companies, flush with cash from the country's boom, to speed their development by acquiring foreign technology and brands in industries from computers to cars to tourism.

Hanergy has pledged to retain MiaSole's U.S. workforce of about 100 people. Li said the Chinese owner will invest in research and hire additional American staff.

Last June, Hanergy also bought a German thin-film producer, Solibro, a unit of bankrupt solar panel maker Q-Cells.

Li, who founded Hanergy in 1994 to build and operate hydroelectric dams, declined to specify how much it paid for MiaSole but said it was about one-tenth of the initial $1.2 billion asking price. News reports last year put the price at $30 million, but Li said that was only what Hanergy agreed to repay to MiaSole's creditors as part of the purchase.

MiaSole's backers invested more than $550 million in the company.

Producers of solar equipment were battered by a collapse in prices in 2009-10 after

Chinese government grants and other support encouraged hundreds of small producers to flood into the market over the past decade.

China's biggest producers of silicon cells have reported hundreds of millions of dollars in losses. Smaller producers have closed and industry analysts expect more mergers and bankruptcies as Beijing tries to reduce overcapacity.

Communist leaders see solar power as a way to help curb surging demand for fossil fuels and create better-paid technology jobs.

The government plans to add 10 gigawatts of solar generating capacity this year, the director of the National Energy Administration, Liu Tienan, said at a conference this week, according to a text of his remarks released Wednesday.

The government said in October it wants to generate 30 percent of China's power from solar, wind and other renewable sources, as well as from nuclear energy, by the end of 2015. That was an increase over an earlier target of 15 percent from renewables plus 5 percent from nuclear by 2020.

Beijing's support for manufacturers of traditional silicon solar cells has prompted complaints by the United States and Europe that it is violating free-trade rules.

Li acknowledged his company is "going against the tide" of a market that favors silicon. But he said the renewable energy market should rebound late this year or in early 2014, boosting demand for thin film. He said the more advanced technology required to make it means small suppliers cannot rush in as they did with silicon, which was easier to make.

Hanergy began as a dam operator and says it now has 6 gigawatts of hydro generating capacity. It later added wind farms and launched a business in 2009 to build and operate solar power facilities.

Li said the MiaSole acquisition was paid for out of cash flow from Hanergy's hydro and wind energy businesses of several billion yuan (several hundred million dollars) a year.

"We don't have to worry about money," he said.

MiaSole and Solibro make thin film of a compound called CIGS, for the metals copper, indium, gallium and selenide. It can be sandwiched between sheets of glass that can be used as tinted windows on a building or integrated into flexible material for use on rooftops.

MiaSole shipped thin-film glass panels with a total generating capacity of 50 megawatts last year and plans to start selling the flexible product this year, said John Carrington, the company's CEO. He said it sees the United States, India, Japan and the Middle East as promising markets.

The company expects to reduce prices to below 50 cents per watt of generating

capacity by next year, cheaper than even the current depressed price of silicon cells, Carrington said. He said it eventually wants to cut that to 33 cents.

MiaSole's owners concluded last year it needed a partner that could supply financing and line up generation projects, Carrington said. He said that while prices of solar cells are depressed, developers that can supply completed projects are very profitable.

"The opportunity for us to have a broader offering is very compelling," Carrington said.

Hanergy announced an agreement in September to outfit IKEA stores in Britain with thin-film solar panels. Li said the company is pursuing possible similar deals with retailers in the United States.

As for whether the tie-up with Hanergy might make MiaSole eligible for Chinese research grants or other aid, Carrington said, "It's hard to tell. We're not sure yet."

Source URL (retrieved on *11/24/2014 - 8:02pm*):
http://www.impomag.com/news/2013/01/chinese-buyer-says-solar-firm-miasole-will-expand?qt-digital_editions=0