

Google, KKR invest in California solar project

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Online search and advertising giant Google is teaming with investment firm Kohlberg Kravis Roberts & Co. to develop four solar energy farms serving the Sacramento Municipal Utility District in California.

Google, Inc. said Tuesday on its Green Blog that it will spend \$94 million on the projects. They also will receive equity from SunTap Energy RE LLC, a venture formed by KKR to invest in U.S. solar projects.

The projects are expected to provide electricity to power more than 13,000 average U.S. homes. Electricity produced by three of the projects is contracted for 20 years with the utility district, Google said.

Construction on three of the four projects will be complete early next year, and the fourth will come on line later in the year.

KKR said SunTap represents its first U.S. renewable energy investment. It also has invested in a French wind farm operator and a Spanish solar energy company.

Google said it has invested more than \$915 million in clean energy projects, including \$800 million this year.

Google has invested in wind farms in North Dakota, California and Oregon, solar projects in California and Germany, and a project off the East coast of the U.S. meant to help make offshore wind farms possible.

Google has said it is disappointed that it can't buy renewable electricity for its power-hungry data centers so it is investing to help renewable power expand in scale.

Reducing the environmental impact of its business has long been a focus of co-founder and CEO Larry Page. The company says that since 2007, it has completely offset its emissions of greenhouse gases by paying for projects that remove those gases from the atmosphere.

In September, Google announced it would set up a \$75 million fund to help local installers offer special financing deals to homeowners who want to put solar panels on their roofs. In June, the company announced a \$280 million deal with installer SolarCity to help it offer similar deals.

Google's Sacramento deal represents its first U.S. investment in a large-scale solar project that generates energy for a grid, rather than individual rooftops

Prices of solar panels have fallen dramatically over the last year as more solar

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manufacturing plants have been built, raw material costs have fallen, and renewable energy subsidies in Europe, solar's biggest market, have dried up.

This has been a boon for installers, utilities and homeowners. Solar installations are on pace to double in the U.S. this year for the second year in a row. MidAmerican Energy, the Iowa utility owned by Berkshire Hathaway, announced investments in two enormous solar farms this month, one in Arizona and one in California.

But the low panel prices have eroded the profits of panel makers.

First Solar, the nation's largest solar company, has cut earnings and revenue estimates for 2011. The company, based in Tempe, Ariz., expects to report charges of 85 cents per share related to a series of cost-cutting moves this year, including layoffs of about 100 people.

In September, California solar panel maker Solyndra LLC, which received a \$528 million federal loan and was touted by the Obama administration as a "green jobs" creator, filed for bankruptcy court protection, citing low panel prices.

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