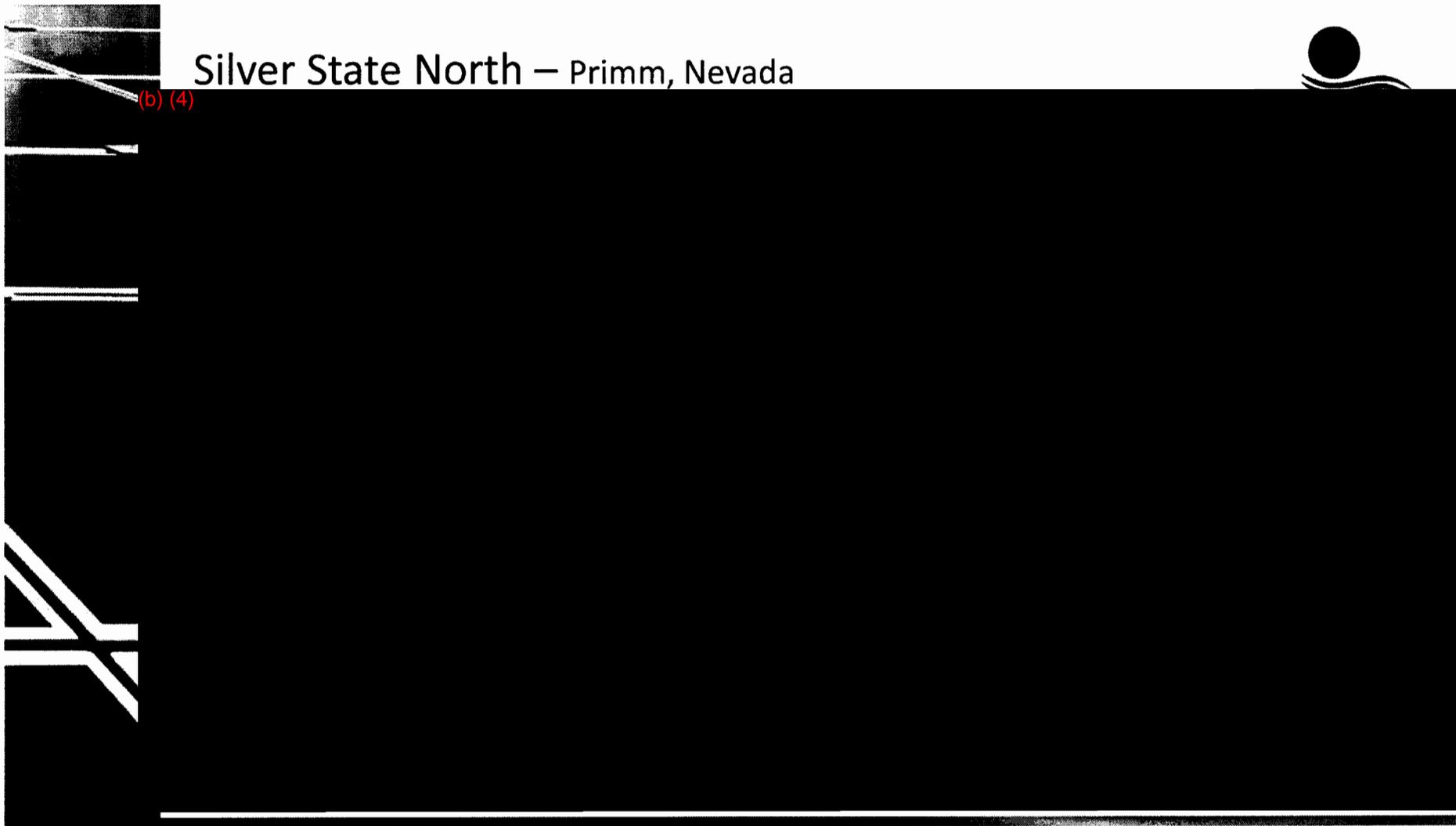


# Silver State North – Primm, Nevada



(b) (4)



Derek Sands	Platts Inside Energy
P. Rama	CNN
Tom Doggett	Reuters
Alex Wong	Getty Images
Corina Rivera-Linares	SNL Energy
Thomas Burr	Salt Lake Tribune
Matthew Daly	Associated Press
Torao Kono	Japan Broadcasting
Ryan Tracy	Dow Jones Newswires
Ari Natter	BNA News
Jerome Vorus Jr.	CNS News
Phil Taylor	E & E Publishing
Christopher Goins	CNS News
Worth Kinlew	CNN
Simon Lomax	Bloomberg News
Mitra Taj	Living on Earth
Patrick Reis	Politico
Ben Geman	The Hill
Toshi Katsuda	Asahi News



An EDISON INTERNATIONAL® Company

2244 Walnut Grove Ave., Rosemead, Calif., 91770

# NEWS

[www.edison.com/pressroom](http://www.edison.com/pressroom)

**FOR IMMEDIATE RELEASE**

**SCE Media Contact: Vanessa McGrady, (626) 302-2255**  
**Edison International Investor Relations: Scott Cunningham, (626) 302-2540**

**First Solar Media Contact: Alan Bernheimer, (602) 414-9361**  
**First Solar Investor Relations: Larry Polizzotto, (602) 414-9315**

## **First Solar, Southern California Edison Sign Contract for 250 Megawatts of Solar Photovoltaic Power**

ROSEMead, Calif., Feb. 9, 2011 — Southern California Edison (SCE) has signed a power purchase agreement with First Solar for 250 megawatts AC of electricity to be generated with solar photovoltaic panels. This emission-free power source is the equivalent, in greenhouse gas terms, of removing 30,000 cars from the road annually.

The solar panels will be ground-mounted on about 2,500 acres of public land near Primm, Nev. First Solar is developing the project, named Silver State South, which will interconnect with SCE's proposed Eldorado-Ivanpah 220-kilovolt transmission line. The project is expected to begin producing electricity as early as 2014 and be fully operational by May 2017. It will create about 300 construction jobs, and the solar panels will be recycled after their useful lifespan.

"First Solar's industry-leading technology makes solar PV an excellent option for clean, emission-free power we can deliver to our customers," said Marc Ulrich, SCE vice president, Renewable and Alternative Power. "When we get projects of this magnitude, we make great progress toward our renewable energy goals."

This contract is subject to California Public Utilities Commission approval.

"This agreement represents another important milestone toward our goal of grid parity," said Frank De Rosa, First Solar senior vice president of North American Project Development. "First Solar applauds SCE's commitment to renewable energy and looks forward to bringing this project to completion."

-more-

**First Solar, Southern California Edison Sign Deal for 250 Megawatts of Solar Photovoltaic Power**  
**Page 2**

Southern California Edison is the nation's leading utility for renewables. In 2009, SCE delivered 13.6 billion kilowatt hours of renewable power to its customers, about 17 percent of its total power portfolio.

**About Southern California Edison**

An Edison International (NYSE:EIX) company, [Southern California Edison](#) is one of the nation's largest electric utilities, serving a population of nearly 14 million via 4.9 million customer accounts in a 50,000-square-mile service area within Central, Coastal and Southern California. Follow us at [www.twitter.com/socaedison](http://www.twitter.com/socaedison).

**About First Solar**

First Solar manufactures solar modules with an advanced semiconductor technology and provides comprehensive photovoltaic system solutions. By continually driving down manufacturing costs, First Solar is delivering an economically viable alternative to fossil-fuel generation today. From raw material sourcing through end-of-life collection and recycling, First Solar is focused on creating cost-effective, renewable energy solutions that protect and enhance the environment. For more information about First Solar, please visit [www.firstsolar.com](http://www.firstsolar.com).

**For First Solar Investors**

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this release do not constitute guarantees of future performance. Those statements involve a number of factors that could cause actual results to differ materially, including risks associated with the company's business involving the company's products, their development and distribution, economic and competitive factors and the company's key strategic relationships and other risks detailed in the company's filings with the Securities and Exchange Commission. First Solar assumes no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

-###-

## Black, Steve

---

**From:** Kathleen Weiss [kweiss@FIRSTSOLAR.COM]  
**Sent:** Tuesday, February 08, 2011 9:09 PM  
**To:** Kelly, Kate P  
**Cc:** Black, Steve  
**Subject:** RE: tomorrow's press conference  
**Attachments:** SSS SCE PPA PR Final.pdf

Kate, I will be sending an update, likely in the am, with increased updated jobs numbers. Attached is the PPA announcement which is scheduled for 8 am pre market release.

---

**From:** Kelly, Kate P [mailto:Kate\_Kelly@ios.doi.gov]  
**Sent:** Tuesday, February 08, 2011 7:48 PM  
**To:** Kathleen Weiss  
**Cc:** Black, Steve  
**Subject:** RE: tomorrow's press conference

Great. Good number ☺

---

**From:** Kathleen Weiss [mailto:kweiss@FIRSTSOLAR.COM]  
**Sent:** Tuesday, February 08, 2011 7:47 PM  
**To:** Kelly, Kate P  
**Cc:** Black, Steve  
**Subject:** RE: tomorrow's press conference

See below.

---

**From:** Kelly, Kate P [mailto:Kate\_Kelly@ios.doi.gov]  
**Sent:** Tuesday, February 08, 2011 7:36 PM  
**To:** Kathleen Weiss  
**Cc:** Black, Steve  
**Subject:** RE: tomorrow's press conference

Gotcha. Thanks, Kathy.

Two items below for your review. Looking to play up jobs and federal funding so please let me know if either merit edits or additions. Would need any proposed changes by 8am EST tomorrow.

- 1) The paragraph we intend to include in the handout to press tomorrow on the six companies.

**First Solar** is the world's largest manufacturer of thin film photovoltaic (PV) solar modules, and the industry cost leader. Over the past two years, in part because of the Treasury Grant Program and the DOE loan guarantee program, First Solar has invested approximately \$750 million in the U.S. to develop North America's largest solar project development portfolio. The company's 2,200 MW pipeline of advanced stage, utility-scale solar projects will drive infrastructure investments in excess of \$6 billion over the next few years. This translates to approximately 1,600 new jobs. Earlier today, First Solar added to this figure when the company announced a new power purchase agreement signed with Southern California Edison (SCE) for a 250 megawatt project on public land near Primm, Nevada. By helping to create a market in the U.S., these policies are also driving investment in manufacturing. At the end of last year, First Solar

announced plans to build a second U.S. manufacturing facility—a four line factory that will add over 500 new associates and manufacture solar modules that will be used in many of these energy generation projects.

2) The mention about First Solar in the Secretary's remarks.

We're talking about **First Solar**, the largest project developer in North America, who employs **1,200 people at their campus** in Ohio manufacturing PV (photovoltaic) panels. First Solar is building numerous projects on public and private lands in the desert southwest. **Jens Meyerhoff**, the President of Utility Systems is here today.

Thanks!

---

**From:** Kathleen Weiss [mailto:kweiss@FIRSTSOLAR.COM]  
**Sent:** Tuesday, February 08, 2011 7:20 PM  
**To:** Kelly, Kate P  
**Cc:** Black, Steve  
**Subject:** RE: tomorrow's press conference

It's supposed to be market open, but I haven't received final release as details are still being worked out. I'll keep you posted.

---

**From:** Kelly, Kate P [mailto:Kate\_Kelly@ios.doi.gov]  
**Sent:** Tuesday, February 08, 2011 6:38 PM  
**To:** Kathleen Weiss  
**Cc:** Black, Steve  
**Subject:** RE: tomorrow's press conference

So great. Thanks, Kathy. What time is your SCE announcement?

---

**From:** Kathleen Weiss [mailto:kweiss@FIRSTSOLAR.COM]  
**Sent:** Tuesday, February 08, 2011 6:11 PM  
**To:** Kelly, Kate P  
**Subject:** RE: tomorrow's press conference

Kate, for your consideration. Please do not share with others as the SCE announcement is CONFIDENTIAL/EMBARGOED until release tomorrow.

Jens Meyerhoff, President of the Utilities Systems Business, First Solar

First Solar is the world's largest manufacturer of thin film photovoltaic (PV) solar modules, and the industry cost leader. Over the past two years, in part because of the Treasury Grant Program and the DOE loan guarantee program, First Solar has invested approximately \$750 million in the U.S. to develop North America's

largest solar project development portfolio. The company's 2,200 MW pipeline of advanced stage, utility-scale solar projects will drive infrastructure investments in excess of \$6 billion over the next few years. This translates to approximately 1,600 new jobs.

Earlier today, First Solar added to this figure when the company announced a new power purchase agreement signed with Southern California Edison (SCE) for a 250 megawatt project on public land near Primm, Nevada.

By helping to create a market in the U.S., these policies are also driving investment in manufacturing. At the end of last year, First Solar announced plans to build a second U.S. manufacturing facility—a four line factory that will add over 500 new associates and manufacture solar modules that will be used in many of these energy generation projects.

---

**From:** Kelly, Kate P [mailto:Kate\_Kelly@ios.doi.gov]

**Sent:** Tuesday, February 08, 2011 5:46 PM

**To:** Fred Morse; 'Arthur Haubenstein'; David Leiter (DJLeiter@mlstrategies.com); rothse@podesta.com; Kathleen Weiss; peterweiner@paulhastings.com; natalie.wymer@sunpowercorp.com; Keely Wachs; bstockton@mintz.com; andi.plocek@solarreserve.com

**Cc:** Kemkar, Neal; Scott, Janea; Black, Steve; Barkoff, Kendra; Wills, Nicholas J

**Subject:** tomorrow's press conference

Hi folks –

Thanks very much for agreeing to participate in the renewable energy conference and press conference. We're very excited about the events.

I've attached two items to this email:

- 1) A fact sheet on Interior's recent activities on renewable energy
- 2) A brief memo on the press conference

A few additional notes about the press conference:

- 1) We will have a photographer at the press conference and will be able to share those pictures with you in the days following.
- 2) The Secretary will be encouraging reporters to stick around after the Q & A to talk directly to the companies. This will be an opportunity to pitch any messages or ideas, or pass out any materials about your company.
- 3) We will be distributing a short document at the press conference about the six companies. The Secretary will also likely acknowledge each company during his remarks. I will be sending around draft materials late tonight and thank you in advance for your quick review for accuracy's sake.

Please let me know if you have any questions.

Kate

Kate Kelly  
Deputy Director of Communications  
Department of the Interior  
(202) 208 2409 - direct  
(202) 306 3888 - cell

**FOR IMMEDIATE RELEASE**

**SCE Media Contact: Vanessa McGrady, (626) 302-2255**  
**Edison International Investor Relations: Scott Cunningham, (626) 302-2540**

**First Solar Media Contact: Alan Bernheimer, (602) 414-9361**  
**First Solar Investor Relations: Larry Polizzotto, (602) 414-9315**

## **First Solar, Southern California Edison Sign Contract for 250 Megawatts of Solar Photovoltaic Power**

ROSEMead, Calif., Feb. 9, 2011 — Southern California Edison (SCE) has signed a power purchase agreement with First Solar for 250 megawatts AC of electricity to be generated with solar photovoltaic panels. This emission-free power source is the equivalent, in greenhouse gas terms, of removing 30,000 cars from the road annually.

The solar panels will be ground-mounted on about 2,500 acres of public land near Primm, Nev. First Solar is developing the project, named Silver State South, which will interconnect with SCE's proposed Eldorado-Ivanpah 220-kilovolt transmission line. The project is expected to begin producing electricity as early as 2014 and be fully operational by May 2017. It will create about 300 construction jobs, and the solar panels will be recycled after their useful lifespan.

"First Solar's industry-leading technology makes solar PV an excellent option for clean, emission-free power we can deliver to our customers," said Marc Ulrich, SCE vice president, Renewable and Alternative Power. "When we get projects of this magnitude, we make great progress toward our renewable energy goals."

This contract is subject to California Public Utilities Commission approval.

"This agreement represents another important milestone toward our goal of grid parity," said Frank De Rosa, First Solar senior vice president of North American Project Development. "First Solar applauds SCE's commitment to renewable energy and looks forward to bringing this project to completion."

**First Solar, Southern California Edison Sign Deal for 250 Megawatts of Solar Photovoltaic Power**  
**Page 2**

Southern California Edison is the nation's leading utility for renewables. In 2009, SCE delivered 13.6 billion kilowatt hours of renewable power to its customers, about 17 percent of its total power portfolio.

**About Southern California Edison**

An Edison International (NYSE:EIX) company, [Southern California Edison](#) is one of the nation's largest electric utilities, serving a population of nearly 14 million via 4.9 million customer accounts in a 50,000-square-mile service area within Central, Coastal and Southern California. Follow us at [www.twitter.com/socal Edison](http://www.twitter.com/socal Edison).

**About First Solar**

First Solar manufactures solar modules with an advanced semiconductor technology and provides comprehensive photovoltaic system solutions. By continually driving down manufacturing costs, First Solar is delivering an economically viable alternative to fossil-fuel generation today. From raw material sourcing through end-of-life collection and recycling, First Solar is focused on creating cost-effective, renewable energy solutions that protect and enhance the environment. For more information about First Solar, please visit [www.firstsolar.com](http://www.firstsolar.com).

**For First Solar Investors**

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this release do not constitute guarantees of future performance. Those statements involve a number of factors that could cause actual results to differ materially, including risks associated with the company's business involving the company's products, their development and distribution, economic and competitive factors and the company's key strategic relationships and other risks detailed in the company's filings with the Securities and Exchange Commission. First Solar assumes no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

-###-

STATEMENT OF  
JENS MEYERHOFF  
PRESIDENT-UTILITY SYSTEMS BUSINESS  
FIRST SOLAR  
BEFORE THE  
COMMITTEE ON ENERGY AND NATURAL RESOURCES  
U.S. SENATE  
SEPTEMBER 23, 2010

Chairman Bingaman and members of the committee, thank you for the opportunity to appear today before the Committee to offer my perspective on the U.S. Department of Energy's Loan Guarantee Program. Before I begin, however, Mr. Chairman, please let me acknowledge and thank you for your leadership in bringing federal resources to bear in helping develop solar power in the U.S.

## **Introduction**

I am Jens Meyerhoff, President of the Utilities Systems Business group and CFO of First Solar. First Solar is the world's largest manufacturer of thin film photovoltaic (PV) solar modules. In addition, First Solar is North America's largest developer of utility-scale PV solar power plants. First Solar's mission is to deliver clean, affordable and sustainable energy by continuously improving efficiency and lowering costs.

First Solar welcomes the opportunity to discuss the importance of the Department of Energy (DOE) loan guarantee program in enabling deployment of renewable energy, as it provides:

- Liquidity to an emerging infrastructure asset class, enabling early stage large-scale solar deployment;
- Financing terms commensurate with the long lived nature of a solar PV power plant;
- Cost advantages that allow renewable energy sources to scale faster towards grid parity; and
- An important bridge vehicle to open institutional capital markets not yet available to solar PV generation assets through both the Section 1703 and 1705 Loan Programs.

I'll begin by offering a brief background on First Solar. I will then discuss the pivotal role that loan guarantees can play in financing renewable energy projects, followed by First Solar's experience with the DOE loan guarantee program. Finally, I will offer a few suggestions for further enhancing the programs going forward.

## **First Solar Background**

First Solar is traded on the Nasdaq exchange and is today the only renewable energy company included in the S&P 500 Index. First Solar's net sales grew from \$48 million in 2005 to \$2.1 billion in 2009. Our company is headquartered in Tempe, Arizona, and manufactures PV modules in Perrysburg Ohio, as well as Germany and Malaysia. With 5,500 employees worldwide, First Solar employs and some 1,500 associates in the U.S.

Between 2005 and 2009, First Solar scaled its annual solar module production capacity from 20 to over 1,100 megawatts. First Solar has invested in excess of \$1 billion in its proprietary thin-film technology and manufacturing capacity. This has afforded us a highly differentiated market position as the lowest cost producer in the industry. As a result, First Solar is capable of providing solar electricity at a cost between \$0.12 and \$0.16 per kilowatt-hour.

First Solar recently passed a milestone of 2,500 MW of installed generating capacity worldwide, representing infrastructure investments of over \$8 billion. Most of this generating capacity is located in Europe, due in large part, to progressive policies favoring the deployment of renewable energy technologies, including government-backed financing programs and long-term price subsidies. In 2009, over 90 percent of First Solar's modules were sold outside of the United States. However, over the past two years, First Solar has been aggressively turning its attention to U.S. markets for renewable energy. First Solar has invested approximately \$750 million in the U.S. to acquire multiple solar project development portfolios. First Solar now has a 2,200 MW pipeline of advanced stage, utility-scale solar projects in North America, driving infrastructure investments in excess of \$6 billion.

These are advanced projects, with long-term Power Purchase Agreements (PPAs) with creditworthy investor owned utilities. Most are in the late stages of permitting, or have already received their environmental permits. For example, First Solar's 290 MW Agua Caliente project, located in Yuma County, Arizona, has already started early stages of construction. Most projects in the portfolio will start construction between late 2010 and 2012. A list of First Solar U.S. projects is attached as Appendix A.

These projects are beneficial to the environment, to their utility power purchasers, and to the local economy. To offer an example, once completed, the 230 MW Antelope Valley Solar Ranch One project, located in northern Los Angeles County, will produce enough clean energy to meet the annual consumption needs of approximately 75,000 local homes. A project of this scale will offset approximately 3.5 million metric tons of CO<sub>2</sub> over the 25 year term of the PPA with Pacific Gas & Electric Company, the equivalent of taking 750,000 cars off the road over 25 years.

Each of First Solar's large advanced stage projects in development will employ between 250 and 450 construction workers over a period of about 2-3 years. That's more than 1,500 jobs over the next four years associated with our advanced stage project pipeline. These projects will also create local tax revenues and substantial secondary economic benefits, providing a much needed boost for the communities in which they are located.

### **Role of the Loan Guarantee Program in Transitioning to Sustainable Solar Financing**

The Department of Energy Loan Guarantee Program can play a key role in supporting industry growth by reducing financing costs, providing liquidity and longer debt terms and fostering the development of robust private capital markets to finance large solar projects, the same way that similar programs have shown effectiveness in Germany and Europe through debt programs guaranteed or directly financed by their development banks.

The DOE Loan Guarantee Program provides some important benefits to allow the solar PV industry to migrate towards institutional capital markets:

- The innovative 1703 program allows the deployment of new technologies with less operating history. Such technologies usually are unable to obtain investment grade ratings and therefore are subject to higher debt cost, limited liquidity and shorter debt tenures.

The 1703 program effectively offsets these shortfalls through direct lending by the Federal Finance Bank. Since the 1703 program still requires a rating, it fosters the early engagement and learning by the rating agencies and independent technical advisors.

- The 1705 program provides the next step in the migration process as it creates a hybrid of government guaranteed debt and a commercially underwritten loans. It requires the applicant to raise capital in the public markets, but in a controlled and supported way. The two tranches of capital allow for broad market access and liquidity, the lower cost of the government guaranteed tranche allows for enhancement of the overall credit through more conservative leverage ratios at the total project level, providing access to the institutional bond market. The program incubates the dialog and marketing of solar PV bonds to the classical infrastructure investor and lender, creating important cycles of learning around a new asset class.

As multiple projects and technologies have passed through this stepped approach, capital markets will be opening up and allowing for liquidity flow to solar PV generation assets similar to the way traditional generation assets are being financed today.

### **Observations and Opportunities for Improvement**

We are pleased to inform you that we are working with the DOE to finance an unprecedented construction volume of utility-scale PV projects. To date, we have submitted applications for four U.S. projects to the DOE's Loan Guarantee Programs for innovative and commercial technologies, amounting to over 1,600 MW. These are very large projects located in the U.S. Southwest. Each one in itself is larger than any other solar PV project that exists in the world today.

Although the projects are economically and environmentally viable, we believe that these DOE programs are a necessary financing bridge until the financial markets in the U.S. are prepared to fund solar projects at this scale without risk-sharing with the DOE. First Solar has financed over \$8 billion in projects worldwide, and we have found that markets in Europe have been similarly enabled by government programs.

This is a global industry in which technologies are evolving rapidly. First Solar is trying to utilize the DOE's innovative program to enable combinations of innovative solar technologies to better integrate solar power into the utility grid.

While our experience in working with the DOE Loan Guarantee Program staff has been positive, we are concerned about the following:

- Despite significant efforts of DOE staff and decision makers, the program has been slow to start. The alignment process between the DOE and commercial underwriters was lengthy and created a great deal of confusion.
- The time consuming process required to conduct environmental reviews under NEPA in connection with DOE's loan guarantee commitments has slowed the projects, especially those being developed on private land, and threatens to delay the construction start for many projects beyond the September 30, 2011 qualification deadline.

- Commercial negotiations with the DOE appear lengthy and the DOE takes at times positions that are frankly more conservative than what we are used to seeing from commercial lenders. We recognize that some of this is due to a learning curve and, based on recent trends, we are hopeful of further improvement and an ultimate standardization of terms.
- The roles and responsibilities of all participants in the application process seem to be undefined and not transparent to applicants.
- Industry confidence was shaken a few weeks ago when \$1.5 billion was rescinded from the program raising questions about whether there will be adequate funding for existing applications and future solicitations. In fact, in a letter dated August 26, 2010, to Senate Majority Leader Reid and Appropriations Committee Chairman Senator Inouye, Senators Feinstein and Boxer noted that an additional 81 applications are in the pipeline for processing requesting approximately \$27 billion in loans. The Senators expressed their concern that DOE's loan authority will likely be exhausted by February 2011. We support legislation introduced by Senator Baucus as part of the so-called "Tax Extenders" effort. The Baucus provision would restore credit subsidy funding of \$1.5 billion to the Section 1703 program.
- Under the 1705 program, projects that cannot close loans before September 2011 are not eligible. This time-based approach controls eligibility at the back end of the application process after time and money have been spent rather than at the front end.

Based on our experience the predictability, efficiency and value of these programs could be further improved by:

- Considering an extension of the 1705 program, so it has time to fulfill its potential for opening long-term scalable capital markets of large scale solar PV. The current expiration date of September 2011, when combined with the lengthy implementation period creates significant realization risk to projects.
- The cost of a DOE application under both 1703 and 1705 programs range between \$2.0 and \$5.0 million. These are significant commitments, especially for smaller emerging companies. Revise the concept of a funding deadline to an application deadline, so projects in the application process are grandfathered and the application cost are not at risk due to timing, but only subject to project substance.
- Continue to strive for commercially acceptable terms as they relate to credit risk and cash flow usage.
- Establish clear accountability through the application process for all participants in terms of execution timelines during the process and measure compliance. Senator Bingaman has introduced legislation (S. 3759) to limit OMB's time to comment on any application the Secretary of Energy submits for review to 30 days. Such firm timelines throughout the entire process would greatly enhance predictability of the program.
- Restore the full funding of the program.
- Integration of the treasury grant program and the DOE loan programs in terms of availability and economics.

To summarize, based on our experience: (1) the predictability, efficiency and value of these programs could be significantly improved by grandfathering projects in the application queue

and/or extending the program so that it has time to fulfill its potential; (2) continue to strive for commercially acceptable terms; establish clear accountability throughout the application process; (3) restore full program funding; and (4) align the Treasury Grant Program and the DOE Loan Program in terms of availability and economics.

### **Extend Expiring Treasury Grant Program**

While it is not part of the DOE Loan Guarantee Program, we want to take this opportunity to highlight our industry's need for extension of the Treasury's important 1603 Cash Grant program.

The Section 1603 Treasury Grant Program represents the equity side of our industry's liquidity challenge. The current tax code makes it impossible for certain investors to participate, and the securitization of equity is impossible. The Treasury Grant Program reduces these constraints enough to significantly broaden the capital base for large scale solar PV programs. However, enabling large scale financial investors such as mutual funds, insurance companies and pension funds to participate requires a certain lead time. In our mind the DOE Loan Guarantee Program and the Treasury Grant Program are synergistic and rely to a certain degree on each other.

The importance of the Treasury Grant Program can be summarized in three key points:

- Liquidity in the equity markets is increased, which makes projects like ours viable.
- The cost of capital is reduced and--therefore cost of renewable energy--by creating competing capital classes with differing return requirements.
- The program provides the equity component of project finance on a cash return basis.

A recently published white paper produced by US PREF analyzed the state of the tax equity markets and determined that tax equity remains severely constrained. A copy of the white paper is attached as Appendix B.

First Solar joins others in our industry, small and large, to extend our thanks to Congress for establishing this program. However, the Treasury Grant Program will expire at the end of this year, just as it is critically needed to bring projects on line and attract investors for new development projects. It is vital that this important program be extended though December 31, 2012.

### **Conclusion**

The benefits of the DOE loan program can be summarized as follows:

- Significant increase in debt liquidity.
- Important financing bridge, until the U.S. financing markets fully develop for utility-scale solar projects.
- Encourages development of innovative renewable technologies, including those which help utilities to integrate solar power projects into their grids.
- Reduces the cost of capital, which indirectly reduces the cost of renewable power.

A strong US solar industry is critical to our energy security and economic recovery. The Federal government should provide transitional incentives of sufficient duration and impact to ensure that those jobs are created in the United States.

We encourage Congress to act now to extend vital programs scheduled to expire and to remain committed to longer-term programs necessary to attract the global capital and investment required to sustain a growing renewable energy sector.

We look forward to working with Congress to craft solutions to create jobs and reestablish America's leadership in solar manufacturing and deployment.

**From** Kathleen Weiss  
**To** Kathleen Weiss  
**Cc**  
**Subject** First Solar News

**Date** Thursday, October 14, 2010 8:32:32 AM

 [image001.jpg](#) (6 KB [HTML](#))  [Press Release FirstSolar-NewManufacturingPlants.pdf](#) (76 KB [HTML](#))

I'm pleased to share today's announcement that First Solar plans to build two new manufacturing plants, one of these plants in the U.S. Each manufacturing plant will create approximately 600 new jobs and have annual production capacity of about 250 MW. Negotiations and site assessments are ongoing and will be finalized and announced at a later day. In addition to the increase in manufacturing employment, First Solar expects to generate over 1,000 construction jobs through the installation of solar power plants from the company's 2.2 GW North American project pipeline.

The new factories will extend First Solar's global manufacturing platform. Earlier this year the company also completed an expansion of its Perrysburg, Ohio, manufacturing plant which serves as First Solar's primary hub for engineering, research and development, and employs more than 1,100 of First Solar's 1,500+ U.S.-based associates. The new plants announced today, combined with these previously announced expansions, will nearly double our production capacity from 1.4 GW in 2010 to more than 2.7 GW in 2012.

Domestic market demand, enabled by supportive Federal and state policies and declining costs, paved the way for siting a second U.S. factory. Another milestone for First Solar was achieved yesterday. Secretary Salazar approved the company's Silver State North project, the first large-scale (50 MW AC) solar energy project on U.S. public lands in Nevada.

Thank you for your continued interest in First Solar.

**Kathy Weiss**  
**Vice President - Federal Government Affairs | First Solar, Inc.**  
202-341-9927 | 575 7th Street, NW, #400, Washington, DC 20004





**First Solar Announces Plans for Two New Manufacturing Facilities  
New Plants in the U.S. & Vietnam to Increase Capacity by nearly 500 MW/Year  
Current capacity nearly doubles to over 2.7 GW by 2012**

TEMPE, Ariz. – Oct. 14, 2010 - First Solar, Inc. (Nasdaq: FSLR) today announced plans to build two new four-line manufacturing plants that will boost the company's annual manufacturing capacity by nearly 500 MW to help meet strong demand for its advanced thin-film photovoltaic modules. The plants are expected to be built in the United States and Vietnam and completed in 2012. Each new plant will create approximately 600 green jobs and will be designed to accommodate additional production capacity. Negotiations and site assessments are ongoing in both countries and will be finalized and announced at a later date.

The new factories will further extend First Solar's previously announced capacity additions, including eight lines at its Kulim, Malaysia facility, four lines in Frankfurt an der Oder, Germany, and two lines in Blanquefort, France. Earlier this year the company also completed an expansion of its Perrysburg, Ohio, manufacturing plant which serves as First Solar's primary hub for engineering, research and development, and employs more than 1,100 of First Solar's 1,500+ U.S.-based associates. The new plants announced today, combined with these previously announced expansions, will nearly double production capacity from 1.4 GW in 2010 to more than 2.7 GW in 2012.

"These expansions provide proximity to growing U.S. demand while supporting our roadmap to drive down the cost of clean, sustainable solar electricity," said First Solar CEO Rob Gillette. "Effective government policies provide long-term visibility and enable sustainable markets."

In addition to the increase in manufacturing employment, First Solar expects to generate over 1,000 construction jobs through the installation of solar power plants from the company's 2.2 GW North American project pipeline.

**For further information please contact:**

**Media:**

First Solar - (North America)  
Ted Meyer or Alan Bernheimer  
+1 (602) 414-9361  
media@firstsolar.com  
or

First Solar - (Europe)  
Brandon Mitchener  
+49 (0) 6131 1443-399  
media-emea@firstsolar.com

**Investors:**

Larry Polizzotto  
Vice President, Investor Relations  
(602) 414 – 9315  
lpolizzotto@firstsolar.com

**About First Solar, Inc.**

First Solar manufactures solar modules with an advanced semiconductor technology and provides comprehensive photovoltaic (PV) system solutions. The company is delivering an economically viable alternative to fossil-fuel generation today. From raw material sourcing through end-of-life collection and recycling, First Solar is focused on creating cost-effective, renewable energy solutions that protect and enhance the environment. For more information about First Solar, please visit [www.firstsolar.com](http://www.firstsolar.com).

**For First Solar Investors:**

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this release do not constitute guarantees of future performance. Those statements involve a number of factors that could cause actual results to differ materially, including risks associated with the company's business involving the company's products, their development and distribution, economic and competitive factors and the company's key strategic relationships and other risks detailed in the company's filings with the Securities and Exchange Commission. First Solar assumes no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

###

# United States Senate

WASHINGTON, DC 20510

September 30, 2010

The Honorable Steven Chu  
Secretary  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

The Honorable Jeffrey Zients  
Acting Director  
White House Office of Management and Budget  
Eisenhower Executive Office Building  
1650 Pennsylvania Avenue, NW  
Washington, DC 20503

Dear Secretary Chu and Acting Director Zients:

We are writing about the Department of Energy's (DOE) Loan Guarantee Program. We seek your assistance in ensuring that the loan guarantee review process is expeditious and productive, in order to assure that DOE is able to process loan guarantee requests at its pledged rate of four to five per month this fall.

Congress and the Administration addressed frozen credit markets by establishing an emergency loan guarantee program for renewable energy projects in the 2009 American Recovery and Reinvestment Act (ARRA). The temporary program (Section 1705 of the Energy Policy Act of 2005) has resulted in a tremendous private industry response. DOE has received proposals to invest billions of dollars in energy infrastructure. As of August, DOE had 81 separate renewable energy infrastructure and transmission projects either in its final "due diligence" phase of review or its second-to-last review phase (Part II).

In California, the DOE's emergency loan guarantee program is helping to drive an unprecedented interest in private sector energy infrastructure development. Firms now propose to break ground on more than 9,000 megawatts of new wind and solar infrastructure projects by the end of this year. This would quadruple California's production capacity from these renewable sources. Of 26 loan guarantee applications in DOE's final "due diligence" review seeking \$12

billion in guaranteed loans, nine propose infrastructure in California. If these projects are financed this fall, they will be able to break ground in time to take advantage of the successful Renewable Energy Treasury Grants Program (established in Section 1603 of ARRA), which expires at the end of 2010.

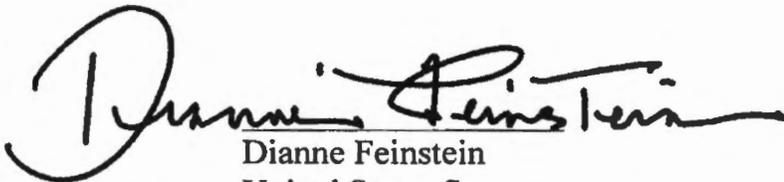
Unfortunately, the loan guarantee application review process conducted by both DOE and the Office of Management and Budget (OMB) takes too long, and we are increasingly concerned that worthy projects will not receive financing in time to take advantage of the Treasury Grants Program. In contrast, expeditious review of applications could drive private investment in energy infrastructure projects during this economic downturn, advancing both our economic and environmental goals.

We strongly support a thorough review of each application for a Federal loan guarantee. However, we are confident that applications could be evaluated more expeditiously, and just as effectively. Private investors proposing to put Americans to work building energy infrastructure projects should be turned away on the merits of their applications, not because the Federal government failed to give their application due consideration under a reasonable timeline.

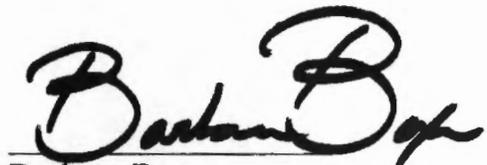
We call on you to act expeditiously to process four to five loan guarantee applications per month this fall, as the Department of Energy pledged in a recent letter to California Governor Schwarzenegger. Furthermore, we ask you to prioritize review of applications that propose to build projects that will qualify for Renewable Energy Treasury Grants if they break ground by the end of 2010.

We are committed to the success of the DOE Loan Guarantee Program for renewable energy projects, and we look forward to working with DOE and OMB to ensure the program realizes its full potential.

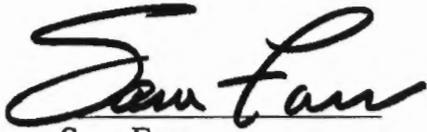
Sincerely,



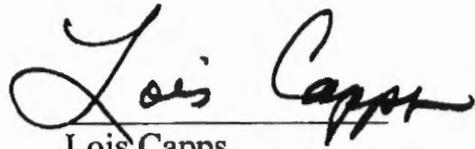
Dianne Feinstein  
United States Senator



Barbara Boxer  
United States Senator



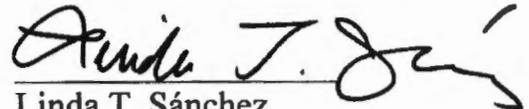
Sam Farr  
Member of Congress



Lois Capps  
Member of Congress



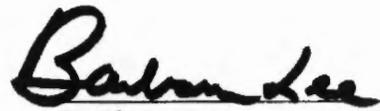
Lucille Roybal-Allard  
Member of Congress



Linda T. Sánchez  
Member of Congress



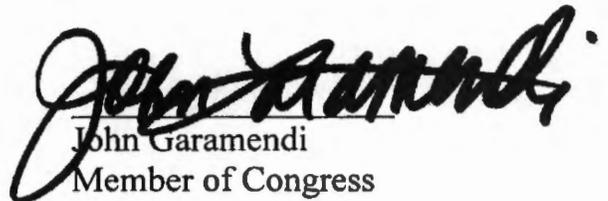
Mike Thompson  
Member of Congress



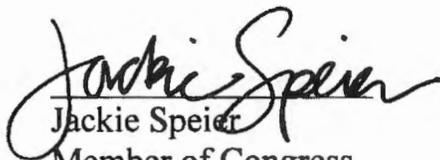
Barbara Lee  
Member of Congress



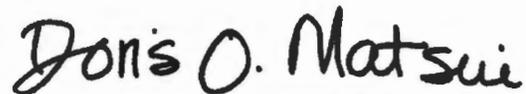
Zoe Lofgren  
Member of Congress



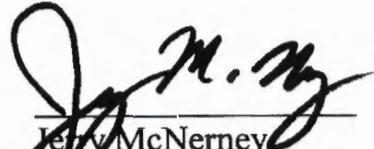
John Garamendi  
Member of Congress

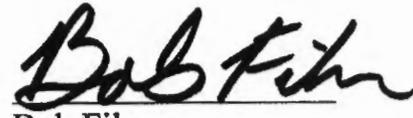


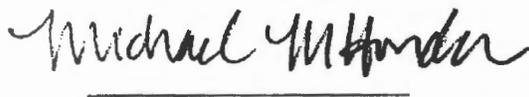
Jackie Speier  
Member of Congress

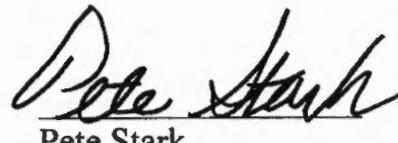


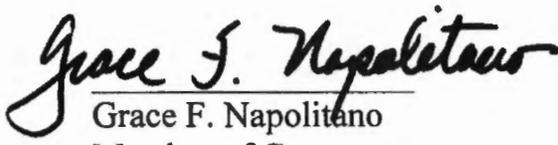
Doris Matsui  
Member of Congress

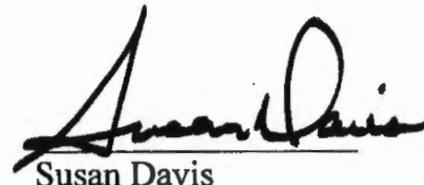
  
Jerry McNerney  
Member of Congress

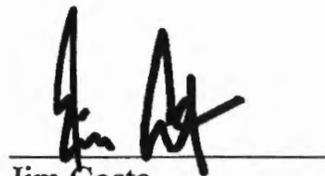
  
Bob Filner  
Member of Congress

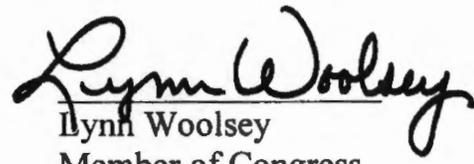
  
Mike Honda  
Member of Congress

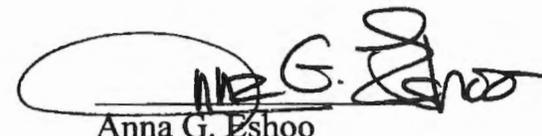
  
Pete Stark  
Member of Congress

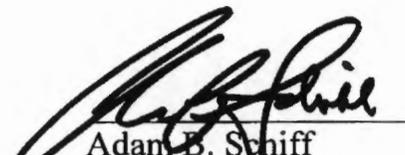
  
Grace F. Napolitano  
Member of Congress

  
Susan Davis  
Member of Congress

  
Jim Costa  
Member of Congress

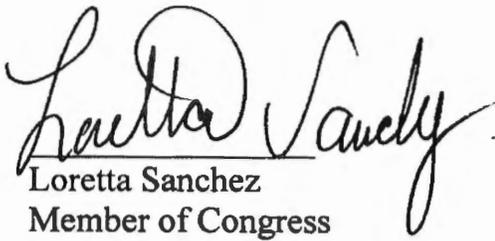
  
Lynn Woolsey  
Member of Congress

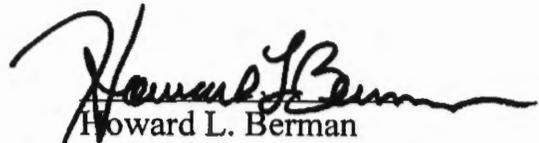
  
Anna G. Eshoo  
Member of Congress

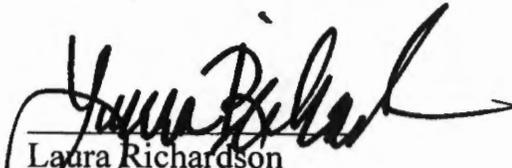
  
Adam B. Schiff  
Member of Congress

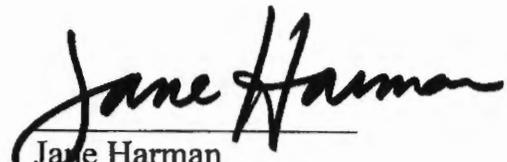
September 30, 2010

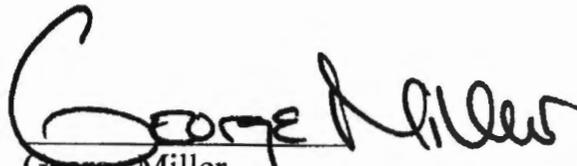
Page 5

  
Loretta Sanchez  
Member of Congress

  
Howard L. Berman  
Member of Congress

  
Laura Richardson  
Member of Congress

  
Jane Harman  
Member of Congress

  
George Miller  
Member of Congress

STATEMENT OF  
JENS MEYERHOFF  
PRESIDENT-UTILITY SYSTEMS BUSINESS  
FIRST SOLAR  
BEFORE THE  
COMMITTEE ON ENERGY AND NATURAL RESOURCES  
U.S. SENATE  
SEPTEMBER 23, 2010

Chairman Bingaman and members of the committee, thank you for the opportunity to appear today before the Committee to offer my perspective on the U.S. Department of Energy's Loan Guarantee Program. Before I begin, however, Mr. Chairman, please let me acknowledge and thank you for your leadership in bringing federal resources to bear in helping develop solar power in the U.S.

## **Introduction**

I am Jens Meyerhoff, President of the Utilities Systems Business group and CFO of First Solar. First Solar is the world's largest manufacturer of thin film photovoltaic (PV) solar modules. In addition, First Solar is North America's largest developer of utility-scale PV solar power plants. First Solar's mission is to deliver clean, affordable and sustainable energy by continuously improving efficiency and lowering costs.

First Solar welcomes the opportunity to discuss the importance of the Department of Energy (DOE) loan guarantee program in enabling deployment of renewable energy, as it provides:

- Liquidity to an emerging infrastructure asset class, enabling early stage large-scale solar deployment;
- Financing terms commensurate with the long lived nature of a solar PV power plant;
- Cost advantages that allow renewable energy sources to scale faster towards grid parity; and
- An important bridge vehicle to open institutional capital markets not yet available to solar PV generation assets through both the Section 1703 and 1705 Loan Programs.

I'll begin by offering a brief background on First Solar. I will then discuss the pivotal role that loan guarantees can play in financing renewable energy projects, followed by First Solar's experience with the DOE loan guarantee program. Finally, I will offer a few suggestions for further enhancing the programs going forward.

## **First Solar Background**

First Solar is traded on the Nasdaq exchange and is today the only renewable energy company included in the S&P 500 Index. First Solar's net sales grew from \$48 million in 2005 to \$2.1 billion in 2009. Our company is headquartered in Tempe, Arizona, and manufactures PV modules in Perrysburg Ohio, as well as Germany and Malaysia. With 5,500 employees worldwide, First Solar employs and some 1,500 associates in the U.S.

Between 2005 and 2009, First Solar scaled its annual solar module production capacity from 20 to over 1,100 megawatts. First Solar has invested in excess of \$1 billion in its proprietary thin-film technology and manufacturing capacity. This has afforded us a highly differentiated market position as the lowest cost producer in the industry. As a result, First Solar is capable of providing solar electricity at a cost between \$0.12 and \$0.16 per kilowatt-hour.

First Solar recently passed a milestone of 2,500 MW of installed generating capacity worldwide, representing infrastructure investments of over \$8 billion. Most of this generating capacity is located in Europe, due in large part, to progressive policies favoring the deployment of renewable energy technologies, including government-backed financing programs and long-term price subsidies. In 2009, over 90 percent of First Solar's modules were sold outside of the United States. However, over the past two years, First Solar has been aggressively turning its attention to U.S. markets for renewable energy. First Solar has invested approximately \$750 million in the U.S. to acquire multiple solar project development portfolios. First Solar now has a 2,200 MW pipeline of advanced stage, utility-scale solar projects in North America, driving infrastructure investments in excess of \$6 billion.

These are advanced projects, with long-term Power Purchase Agreements (PPAs) with creditworthy investor owned utilities. Most are in the late stages of permitting, or have already received their environmental permits. For example, First Solar's 290 MW Agua Caliente project, located in Yuma County, Arizona, has already started early stages of construction. Most projects in the portfolio will start construction between late 2010 and 2012. A list of First Solar U.S. projects is attached as Appendix A.

These projects are beneficial to the environment, to their utility power purchasers, and to the local economy. To offer an example, once completed, the 230 MW Antelope Valley Solar Ranch One project, located in northern Los Angeles County, will produce enough clean energy to meet the annual consumption needs of approximately 75,000 local homes. A project of this scale will offset approximately 3.5 million metric tons of CO<sub>2</sub> over the 25 year term of the PPA with Pacific Gas & Electric Company, the equivalent of taking 750,000 cars off the road over 25 years.

Each of First Solar's large advanced stage projects in development will employ between 250 and 450 construction workers over a period of about 2-3 years. That's more than 1,500 jobs over the next four years associated with our advanced stage project pipeline. These projects will also create local tax revenues and substantial secondary economic benefits, providing a much needed boost for the communities in which they are located.

### **Role of the Loan Guarantee Program in Transitioning to Sustainable Solar Financing**

The Department of Energy Loan Guarantee Program can play a key role in supporting industry growth by reducing financing costs, providing liquidity and longer debt terms and fostering the development of robust private capital markets to finance large solar projects, the same way that similar programs have shown effectiveness in Germany and Europe through debt programs guaranteed or directly financed by their development banks.

The DOE Loan Guarantee Program provides some important benefits to allow the solar PV industry to migrate towards institutional capital markets:

- The innovative 1703 program allows the deployment of new technologies with less operating history. Such technologies usually are unable to obtain investment grade ratings and therefore are subject to higher debt cost, limited liquidity and shorter debt tenures.

The 1703 program effectively offsets these shortfalls through direct lending by the Federal Finance Bank. Since the 1703 program still requires a rating, it fosters the early engagement and learning by the rating agencies and independent technical advisors.

- The 1705 program provides the next step in the migration process as it creates a hybrid of government guaranteed debt and a commercially underwritten loans. It requires the applicant to raise capital in the public markets, but in a controlled and supported way. The two tranches of capital allow for broad market access and liquidity, the lower cost of the government guaranteed tranche allows for enhancement of the overall credit through more conservative leverage ratios at the total project level, providing access to the institutional bond market. The program incubates the dialog and marketing of solar PV bonds to the classical infrastructure investor and lender, creating important cycles of learning around a new asset class.

As multiple projects and technologies have passed through this stepped approach, capital markets will be opening up and allowing for liquidity flow to solar PV generation assets similar to the way traditional generation assets are being financed today.

### **Observations and Opportunities for Improvement**

We are pleased to inform you that we are working with the DOE to finance an unprecedented construction volume of utility-scale PV projects. To date, we have submitted applications for four U.S. projects to the DOE's Loan Guarantee Programs for innovative and commercial technologies, amounting to over 1,600 MW. These are very large projects located in the U.S. Southwest. Each one in itself is larger than any other solar PV project that exists in the world today.

Although the projects are economically and environmentally viable, we believe that these DOE programs are a necessary financing bridge until the financial markets in the U.S. are prepared to fund solar projects at this scale without risk-sharing with the DOE. First Solar has financed over \$8 billion in projects worldwide, and we have found that markets in Europe have been similarly enabled by government programs.

This is a global industry in which technologies are evolving rapidly. First Solar is trying to utilize the DOE's innovative program to enable combinations of innovative solar technologies to better integrate solar power into the utility grid.

While our experience in working with the DOE Loan Guarantee Program staff has been positive, we are concerned about the following:

- Despite significant efforts of DOE staff and decision makers, the program has been slow to start. The alignment process between the DOE and commercial underwriters was lengthy and created a great deal of confusion.
- The time consuming process required to conduct environmental reviews under NEPA in connection with DOE's loan guarantee commitments has slowed the projects, especially those being developed on private land, and threatens to delay the construction start for many projects beyond the September 30, 2011 qualification deadline.

- Commercial negotiations with the DOE appear lengthy and the DOE takes at times positions that are frankly more conservative than what we are used to seeing from commercial lenders. We recognize that some of this is due to a learning curve and, based on recent trends, we are hopeful of further improvement and an ultimate standardization of terms.
- The roles and responsibilities of all participants in the application process seem to be undefined and are not transparent to applicants.
- Industry confidence was shaken a few weeks ago when \$1.5 billion was rescinded from the program raising questions about whether there will be adequate funding for existing applications and future solicitations. In fact, in a letter dated August 26, 2010, to Senate Majority Leader Reid and Appropriations Committee Chairman Senator Inouye, Senators Feinstein and Boxer noted that an additional 81 applications are in the pipeline for processing requesting approximately \$27 billion in loans. The Senators expressed their concern that DOE's loan authority will likely be exhausted by February 2011. We support legislation introduced by Senator Baucus as part of the so-called "Tax Extenders" effort. The Baucus provision would restore credit subsidy funding of \$1.5 billion to the Section 1703 program.
- Under the 1705 program, projects that cannot close loans before September 2011 are not eligible. This time-based approach controls eligibility at the back end of the application process after time and money have been spent rather than at the front end.

Based on our experience the predictability, efficiency and value of these programs could be further improved by:

- Considering an extension of the 1705 program, so it has time to fulfill its potential for opening long-term scalable capital markets of large scale solar PV. The current expiration date of September 2011, when combined with the lengthy implementation period creates significant realization risk to projects.
- The cost of a DOE application under both 1703 and 1705 programs range between \$2.0 and \$5.0 million. These are significant commitments, especially for smaller emerging companies. Revise the concept of a funding deadline to an application deadline, so projects in the application process are grandfathered and the application cost are not at risk due to timing, but only subject to project substance.
- Continue to strive for commercially acceptable terms as they relate to credit risk and cash flow usage.
- Establish clear accountability through the application process for all participants in terms of execution timelines during the process and measure compliance. Senator Bingaman has introduced legislation (S. 3759) to limit OMB's time to comment on any application the Secretary of Energy submits for review to 30 days. Such firm timelines throughout the entire process would greatly enhance predictability of the program.
- Restore the full funding of the program.
- Integration of the treasury grant program and the DOE loan programs in terms of availability and economics.

To summarize, based on our experience: (1) the predictability, efficiency and value of these programs could be significantly improved by grandfathering projects in the application queue

and/or extending the program so that it has time to fulfill its potential; (2) continue to strive for commercially acceptable terms; establish clear accountability throughout the application process; (3) restore full program funding; and (4) align the Treasury Grant Program and the DOE Loan Program in terms of availability and economics.

### **Extend Expiring Treasury Grant Program**

While it is not part of the DOE Loan Guarantee Program, we want to take this opportunity to highlight our industry's need for extension of the Treasury's important 1603 Cash Grant program.

The Section 1603 Treasury Grant Program represents the equity side of our industry's liquidity challenge. The current tax code makes it impossible for certain investors to participate, and the securitization of equity is impossible. The Treasury Grant Program reduces these constraints enough to significantly broaden the capital base for large scale solar PV programs. However, enabling large scale financial investors such as mutual funds, insurance companies and pension funds to participate requires a certain lead time. In our mind the DOE Loan Guarantee Program and the Treasury Grant Program are synergistic and rely to a certain degree on each other.

The importance of the Treasury Grant Program can be summarized in three key points:

- Liquidity in the equity markets is increased, which makes projects like ours viable.
- The cost of capital is reduced and--therefore cost of renewable energy--by creating competing capital classes with differing return requirements.
- The program provides the equity component of project finance on a cash return basis.

A recently published white paper produced by US PREF analyzed the state of the tax equity markets and determined that tax equity remains severely constrained. A copy of the white paper is attached as Appendix B.

First Solar joins others in our industry, small and large, to extend our thanks to Congress for establishing this program. However, the Treasury Grant Program will expire at the end of this year, just as it is critically needed to bring projects on line and attract investors for new development projects. It is vital that this important program be extended though December 31, 2012.

### **Conclusion**

The benefits of the DOE loan program can be summarized as follows:

- Significant increase in debt liquidity.
- Important financing bridge, until the U.S. financing markets fully develop for utility-scale solar projects.
- Encourages development of innovative renewable technologies, including those which help utilities to integrate solar power projects into their grids.
- Reduces the cost of capital, which indirectly reduces the cost of renewable power.

A strong US solar industry is critical to our energy security and economic recovery. The Federal government should provide transitional incentives of sufficient duration and impact to ensure that those jobs are created in the United States.

We encourage Congress to act now to extend vital programs scheduled to expire and to remain committed to longer-term programs necessary to attract the global capital and investment required to sustain a growing renewable energy sector.

We look forward to working with Congress to craft solutions to create jobs and reestablish America's leadership in solar manufacturing and deployment.

**From** Kathleen Weiss **Date** Wednesday, September 22, 2010 11:04:45 AM  
**To** Scheduling SIO  
**Cc** Marsters, Lizzie; Black, Steve  
**Subject** Meeting request on behalf of Jens Meyerhoff, President -- Utility Systems Business, First Solar for September 23

 [image001.jpg](#) (6 KB [HTML](#) )

Hello:

I realize this is impossibly last minute, so please don't take offense as I won't if you cannot get back to me or the request is denied!

Jens Meyerhoff, President—Utility Systems Business, will be in DC tomorrow in connection with testifying before the Senate Energy Committee. If there is a possibility to bring him by for a brief introduction to Secretary Salazar, please let me know. If not, we will look forward to a future opportunity as I know Jens, in his new role as head of this important new business segment, would very much like to get acquainted with the Secretary as well as the many folks at DOI and BLM who have been so pivotal in advancing our projects through the fast track process.

Regards,

Kathy

**Kathy Weiss**

**Vice President - Government Affairs | First Solar, Inc.**

202-341-9927 | 575 7th Street, NW, #400, Washington, DC 20004



## Clean Energy Ministerial

July 19, 2010

Rich Hossfeld

I am honored to be here today at the Clean Energy Ministerial Stakeholder Meeting to discuss the enormous potential for solar energy, as well as the challenges we face as policy makers and industry participants. The Clean Energy Ministerial continues the progress this Administration has made towards building a low carbon economy and addressing global climate change. I would like to thank Secretary Chu and Assistant Secretary Sandalow for organizing this week's Ministerial, as well as their counterparts around the world for being here to share ideas and best practices.

Let me start by telling you a little bit about First Solar, and then segue into what our global experience has taught us about the building blocks of a sustainable renewable energy industry.

### [FS Intro Slide]

- First Solar is the largest solar panel manufacturer in the world and not coincidentally we are also the industry cost leader.
- Since the end of 2004,
  - we have grown our manufacturing capacity more than 70-fold, from 20 MW per year to over 1400 MW per year