



Exclusive: ConEd, Panda to build solar farm

October 18, 2010

(Reuters) - Consolidated Edison Inc and Panda Energy International Inc will spend about \$85-\$90 million to build a 20 megawatt (MW) solar farm in New Jersey, two top executives said.

The project, in Pilesgrove, New Jersey, which will use about 71,000 Suntech Power solar panels and go live in 2011, will be connected directly to the utility grid, said Mark Noyes, vice president of Con Edison Development.

"The plant can actually provide energy not just for the local utility, but for all of the Pennsylvania, New Jersey, Maryland (PJM) territory," Noyes said. "It is the largest solar installation in the North East."

ConEd, which serves about 3.2 million homes and businesses in New York City and Westchester County, and Dallas-based Panda, which has developed thousands of megawatts of primarily natural gas-fired generation, had first announced the project in April, without disclosing specific details.

At \$85-\$90 million, the project will cost about \$4.25-\$4.50 million per MW, well below the average cost of similar projects. Photovoltaic projects normally cost about \$6.1 million per MW to build, according to industry estimates.

One MW, or a million watts, can power 800 homes.

CAPACITY BOOST

New Jersey is among 29 U.S. states that have set a minimum amount of electric generation from renewable sources such as wind, solar and biomass.

These so-called Renewable Power Standards (RPS) will drive growth, Noyes said.

"New Jersey is looking to hit 22.5 percent of power generation from renewables by 2021," he said. "The standards started kicking in last year. A lot of renewables have not been developed, so there is more demand than supply."

ConEd Development is looking to build about 30-35 MW in the ground in 2011 and 60 MW in 2012, Noyes said.

"We are looking to address about \$400 million in the renewable space over the next three years."

Some of these projects might well be with Panda.

Ralph Killian, managing director of Panda Power Funds, a unit of Panda Energy, said the two companies would continue doing business together.

"Both Panda and Con Edison have several projects in their stable," Killian said. "As soon as we get underway this week, we will sit down and see which projects to develop."

Noyes said Con Edison will continue to focus on the Northeast for the next three to five years, at least.

While most wind and solar resources are in the middle and western half of the United States, many eastern utilities are developing renewable resources closer home.

"We are working very closely with SunPower on a 1.2 MW solar project in the Murray Hill area," Noyes said. "We are also working with Gloria Solar in Massachusetts."

SOLAR SHINES, WIND VOLATILE

Noyes said Con Edison's focus would largely be on solar, than on other forms of renewable generation like wind.

"The difficulty with wind is that it can vary (plus or minus) 30 percent in terms of its ability to deliver energy year-on-year," he said. "That volatility affects project economics, and makes financing tremendously difficult."

"In solar, the variability is plus or minus 5 percent... We will focus a lot more on solar right now, but as storage technology becomes more readily available in the wind space, that will reduce some of the volatility and make wind more feasible for us."

ConEd's Noyes also expects costs for solar technology to continue to fall rapidly, by about 20 percent in 2011.

He said while solar power comes at a premium of about 20-35 percent to power generated by conventional means, depending upon the region, grid parity, the point at which renewables cost the same as fossil fuel-based power could come as soon as 2013.

Last week, Norwegian solar group Renewable Energy Corp said it would take at least 3-5 years for solar energy generally to become cost competitive -- or have parity with -- with fossil fuel-based electricity.

"But this project (with Panda) is competitive from the standpoint of other sources of energy because of the volume," Noyes said.

(Reporting by Adveith Nair and Krishna N. Das; Editing by Gopakumar Warriar)