

SoloPower Goes To Norse Investors For 2nd Round

By Yuliya Chernova

7/11/2007 - Alf Bjorseth, founder of one of the world's largest solar companies, Renewable Energy Corp., has invested in a new round of venture capital for thin-film solar module developer SoloPower Inc., said Chief Executive Homayoun Talieh.

The financing, worth "tens of millions of dollars," will go toward building SoloPower's first production facility with a 20-megawatt capacity, he said. The company recently secured funding of up to \$2.4 million for the same project from the U.S. Department of Energy, which said that the total cost of the planned factory development is \$29.3 million.

SoloPower talked to several U.S. venture firms about leading the new round, and even had a term sheet with "a very reputable" one, but decided instead to go with a Norwegian investor, Convexa Capital, as the lead, said Talieh.

Both the valuation of the company for this round and other terms were better with Convexa than with the U.S. investor, said Talieh, adding that the current valuation is up significantly from the time of the company's \$10 million first round, raised in the middle of last year.

"Some VC firms in the U.S. have a tendency on pushing very hard on reducing risk terms," said Talieh. The terms SoloPower signed allowed the "management to function under a little bit of a better environment," he said, declining to provide further details.

All prior investors returned in the round, said Talieh, including multi-stage venture capital and hedge fund investor Crosslink Capital, fund manager Firsthand Capital Management Inc. and individual investors. Convexa Partner Jon Frode Vaksvik is joining SoloPower's board.

Bjorseth, whom Talieh first met over drinks in California, pulled together new investors for SoloPower, including Spencer Energy AS. That company is controlled by Arne Blystad, a Norwegian investor in shipping, oil services and other energy plays. Spencer on Monday announced buying a 7% stake in public oil-and-gas company Blue Dolphin Energy, of Houston.

Bjorseth invested in SoloPower through a company he now heads called Scatec AS. Scatec spins off technology start-ups focused on advanced materials and energy applications. Scatec backed U.S. solar company Innovalight Inc. Another Scatec company, NorSun AS, also counts Convexa as an investor.

SoloPower has brought in Bjorseth as an adviser, said Talieh, who described him as one of the "most knowledgeable people I know in the area of solar and energy as a whole." Bjorseth left the post of president and chief executive of Renewable Energy in 2005 to pursue entrepreneurial ventures.

SoloPower's cells are fabricated on copper-indium-gallium-selenide, or CIGS, using electroplating, an uncommon technology among solar technologies. The company has a pilot manufacturing project that yielded 100 kilowatts of power so far, said Talieh.

The company is evaluating production sites in the San Francisco Bay Area, having looked as far as Europe and Asia. It decided to build the factory close to its Milpitas, Calif., headquarters, to have a faster turnaround and better communication between the development and production groups, said Talieh. SoloPower hopes to have the production line up and running by the third quarter of 2008.

The company's chemical deposition method of electroplating results in using all of the material it has. SoloPower is targeting 10% efficiency for its thin-film solar modules, slightly less than average silicon modules and about average compared with other thin film technologies.

Many thin-film start-ups are looking to the success of First Solar Inc., which launched on the Nasdaq last year at \$20 per share and is now trading well above \$100. That company is using cadmium telluride as the chemical to convert sun rays into electricity. Talieh said that SoloPower's CIGS material has a higher efficiency potential than cadmium. The National Renewable Energy Laboratory says that under laboratory conditions, CIGS technology reaches 19.8% percent maximum efficiency, compared to the other technology's 16%.

SoloPower secured enough raw material for its production line already, said Talieh, and is talking to potential customers. "Some of the largest distributors are very interested," said Talieh, adding that these are both in Europe and the U.S.

The company's financing future depends on the success of the current manufacturing project, said Talieh. "That would define the price of the next round of financing," he said.

<http://www.convexa.no>

<http://www.solopower.com>