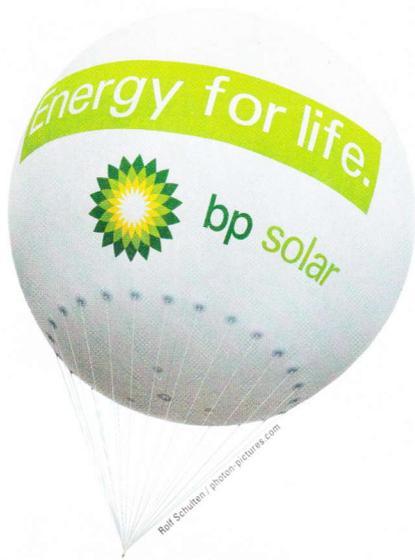


# Persuasive guarantee

BP Solar wins bid for supplying modules to Germany's second largest PV system.

The reason was not so much the module sales price but rather an electricity yield guarantee



▲ On a roll: BP Solar, which hasn't been on the forefront of building utility-scale PV systems as of recently, has landed a module supply contract that could lead to as much as 81 MW.

## Highlights

- BP will supply the modules for a 46 MW project currently in the planning stages in Germany
- The module supply contract might even increase to as much as 81 MW
- BP Solar didn't win the module bid on price. While First Solar panels are much cheaper, the oil giant's subsidiary offered an electricity yield guarantee
- BP Solar guarantees a minimum annual yield and obligates itself to compensate the difference if the specified minimum isn't achieved

We build a lot of systems with First Solar modules.« Elias Issa, chairman of RGE Energy AG, can credibly prove that he doesn't have an aversion on principle to cadmium-telluride modules. After all, his company has installed around 20 MW of PV power using this technology. That's why the expert community is even more shocked by the fact that First Solar Inc. – which offers unbeatable prices in Germany, and therefore has been awarded contracts to supply almost every large-scale PV project – went home empty-handed in the tendering process for a 46 MW PV park in Köthen, Germany. The system, one of the world's largest PV power plants, and after the 53 MW project in Lieberose, Brandenburg, currently the second largest in Germany, will be equipped with BP Solar modules. The approval process is under way, and construction is scheduled to begin in the third quarter and be completed before the end of the year.

Rumors that BP opened a breakneck price war with First Solar don't reveal the whole picture. Neither of the parties will divulge any euro per kW prices, but the investment sum alone proves that BP isn't selling crystalline modules at a loss by matching the same price as First Solar's thin-film modules. The project is estimated to cost around €140 million (\$198.2 million), which corresponds to a system cost of around €3,000 (\$4,200) per kW of installed power. With this in mind, the parties would have had to agree on solar module prices of around €2 (\$2.83) – actually, slightly above that. Certainly, a number of other manufacturers could have offered even lower prices. And the deal between RGE Energy and BP Solar is miles away from the typical price of €1.30 (\$1.84) per W for which First Solar sells its modules in megawatt-scale projects.

The project encompasses a considerable total volume: in addition to the 46 MW for the PV park in Köthen (210,000 modules at 220 W each), there is also an agreement to purchase an additional 15 MW for a project likely to be built in Eberswalde, Germany, and another 5 MW for other, smaller unspecified systems. Moreover, the contract contains an option for another 15 MW, which brings this

contract to a total of 81 MW, if everything goes as planned.

According to Issa, there are other technical reasons behind the selection of BP. With crystalline modules, the total costs for the land, mounting systems, cabling and inverters are apparently lower than with thin films. Moreover, he states, framed modules – like the ones from BP Solar – are less susceptible to damage than First Solar's frameless glass-glass modules, and in light of the volume involved, these are very relevant factors. And, last but not least, the company felt there were general reasons why it was »not such a bad idea« to have more than one large module manufacturer in its portfolio.

But there was another decisive factor. BP Solar offers its customers an energy guarantee. Until now, this only applied to turnkey projects that BP developed itself. In this case, BP Solar guarantees a minimum annual yield and obligates itself to compensate the difference if the specified minimum isn't achieved. Details on this policy are considered »competition sensitive« and are therefore not open to the public, says the Hamburg, Germany-based headquarters of BP Solar Deutschland GmbH. According to reports, the sum of the guarantee is around 900 kWh per kW of installed power annually. With proper planning and execution, this project should easily produce this yield, and BP Solar would benefit from any surplus energy production.

This kind of yield guarantee, says Issa, is a very good argument to be made in discussions with potential investors and banks, and is ultimately the reason why BP Solar won the contract. The yield of a system of this size over a more than 20-year period of operation amounts to nearly €250 million (\$353.9 million). Especially in these days, the financial world doesn't necessarily trust ambitious but young PV companies when it comes to providing a crisis-proof guarantee for such large amounts of money: »This is something,« says RGE Energy's CEO, »that you can only trust a large company to deliver.«

Text Jochen Siemer