

INSIGHTS

PG&E Announces Plans to Buy 800 MW of Solar Power

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One of the largest utilities in California, Pacific Gas and Electric Company ("PG&E"), has [signed two contracts](#) to purchase up to 800 MW of power from two new solar plants that will be constructed by photovoltaic (PV) systems manufacturers, OptiSolar, Inc. and SunPower Corp., on the Carrizo Plain in San Luis Obispo County, California. Once completed, the new plants will dwarf existing solar plants' generating capacity. The deal has been heralded by industry observers as a momentous step forward for the development of large-scale solar projects. However, both agreements are contingent upon renewal of the federal investment tax credit, which is currently stalled in Congress.

Under the agreements, PG&E will purchase 550 MW of solar power from Topaz Solar Farms LLC (owned by OptiSolar), and another 250 MW of solar power from High Plains Ranch II LLC (owned by SunPower). The OptiSolar plant is expected to come on-line in 2012, and the SunPower plant expects to begin delivering power in 2010 and to be fully operational by 2012. While the companies will use different PV technology, both plan to deliver solar power to PG&E at prices comparable to other forms of renewable energy, although the exact prices were not disclosed publicly. PG&E will use the solar power to satisfy [California's substantial renewable portfolio standard](#), which requires the state's utilities to obtain 20% of their power from renewable energy by 2010.