

## **San Jose selected as site of major solar plant**

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COMMERCIAL REAL ESTATE S.J. selected as site of major solar plant MOVE BY NANOSOLAR ESTABLISHES VALLEY AS 'CRADLE FOR CLEAN TECHNOLOGY' IN U.S.

By Katherine Conrad

Mercury News

Nanosolar will open one of the world's largest solar cell manufacturing facilities in South San Jose by spring, placing the city at the forefront of an emerging technology.

Wooed by the mayors of San Francisco, Oakland and Santa Clara -- all of whom coveted Nanosolar's potential 200 to 300 jobs -- Chief Executive Martin Roscheisen said he was attracted to San Jose by its educated workforce, the city's experience in working with high-tech companies and its ability to streamline the permit process.

"It's clear San Jose knows how to deal with the Ciscos and eBays.

They understand the issues, the logistics, the transportation needs," said Roscheisen, who founded the company in 2001 with Brian Sager. "And we can get a permit within a matter of days. Other regions would take several months."

The selection of San Jose, according to Rhone Resch, president of the Solar Energy Industries Association in Washington, D.C., establishes Silicon Valley as the "cradle for clean technology development in the United States." Two other solar companies, Miasolé of Santa Clara and SunPower of San Jose, also are located in the valley.

"If they manufacture all 400 megawatts on site, it will be the largest solar manufacturing facility in the world," Resch said.

"They are establishing a new benchmark with respect to the size of the facility."

Nanosolar is currently located in two sites in Palo Alto, where engineers work behind plastic partitions to develop the technology that promises to reduce the cost of solar panels. Resch called the development of thin film a "breakthrough technology."

"Because they have lower material costs, and potentially higher volume production, Nanosolar may be able to produce solar cells at levels not seen in the market today," Resch said.

400 megawatts

Since receiving \$100 million in funding in June, Nanosolar has been searching for a building where it could manufacture enough solar cells to generate about 400 megawatts of electricity -- roughly three times the country's current output -- and enough energy to power about 100,000 homes.

Unwilling to build a new plant, Roscheisen said Nanosolar searched for a building with high ceilings, room to grow and plenty of power, about four megawatts, to run the facility where the solar cells will be manufactured out of nanoparticle ink and printed on thin film.

Roscheisen said he was referred to Mission West Properties President Carl Berg by a Nanosolar employee, so he checked out buildings in South San Jose. Late last week, he signed a lease for 90,000 square feet of a 204,000-square-foot building on Hellyer Avenue. The building, constructed in 1996 by Mission West for Stratacom, was previously owned by Cisco Systems, which bought Stratacom. Berg said he bought the building back from Cisco earlier this year.

“The biggest thing we offered them was a very fair rent and great flexibility of space,” Berg said. “This is very significant. I’ve spent quite a bit of time in China and it’s very tough for us to compete with manufacturing there because it’s so cheap. But for a number of reasons, Nanosolar needs to be in the U.S.”

#### Incentives from PG&E

PG&E spokesman Brian Swanson said the utility company worked with Nanosolar and San Jose to develop an incentive package for the company. PG&E will offer Nanosolar a 25 percent discount on its energy bill for the first year, decreasing by 5 percent each year for the length of the 5-year lease. PG&E also will offer rebates for both energy-efficient design and the installation of solar panels on the roof.

Neither Berg nor Roscheisen would reveal the value of the five-year lease, but rates for industrial property in South San Jose average between 75 cents and \$1.25 a square foot per month. Roscheisen would only say he is paying less than \$1 a square foot for the space, putting the lease's value at about \$5 million. Roscheisen said the property also appealed to him because it offers Nanosolar room to expand, plus another 150,000 square feet could be built next door.

“A tenant this large is critical to turning around the South San Jose market,” said Berg, who said vacancy in South San Jose is about 30 percent.

#### More incentives

The city is also negotiating with the state to obtain money for Nanosolar to help train the 200 to 300 employees who will be hired to run the facility. Ru Weerakoon, San Jose's director of industrial development, said the city is also offering a 1 percent tax exemption of the costs of retrofitting the building to Nanosolar.

“I’ve been here 17 years, and we’ve had companies like Hitachi that have had pilot manufacturing programs on their campuses, but nobody new has come in here with this kind of operation in a number of years,” said Weerakoon. “This is a phenomenal opportunity. The hope is when a company like this moves in, they become the catalyst that draws other . . . emerging technologies.”

“This valley is no longer a one-industry town.”