# Canadian Solar in $185 M deal with SkyPower

The Associated Press

Canadian Solar Inc. said Tuesday that it will buy a majority stake in 16 solar power projects from SkyPower Ltd. and launch a joint venture in a deal valued at $185 million.

Canadian Solar, based in Kitchener, Ontario, makes solar modules, cells and other parts for solar power plants. Privately held SkyPower owns, finances and develops solar power projects like power plants. SkyPower is based in Ontario but is majority owned by Los Angeles-based real estate and infrastructure investment firm CIM Group.

Canadian Solar said the projects it is buying into will bring in more than $800 million in revenue. The projects, which will produce a total of 190 to 200 megawatts of power, are in the advanced stage of permitting. Construction is expected to start next year, and the projects are set to run by 2014. One megawatt is roughly the power that a typical household consumes in a year. Each project has a 20-year power purchase contract with the Ontario Power Authority.

Canadian Solar CEO Shawn Qu said the 16 projects fit with his company's strategy of launching smaller projects that are less risky and easier to finance.

The joint venture between Canadian Solar and SkyPower will focus on building solar power plants in the developing world, though the companies did not say where. They expect it to begin generating revenue in two or three years.

Solar panel makers in the U.S. and Canada have been hurt in recent years as a global oversupply of solar panels has depressed prices. Much of the demand for new solar projects is in the emerging markets of Asia and other regions outside North America.

As part of the deal, SkyPower will bet a five-year warrant for 9.9 percent of Canadian Solar's outstanding shares, with a strike price of $5 per share.

Shares of Canadian Solar rose 2 cents to $3.56 in afternoon trading.

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