

BUSINESS | FEBRUARY 17, 2012, 1:47 P.M. ET

First Solar-Exelon Deal Clears Hurdle

BY CASSANDRA SWEET

In September, Exelon agreed to buy the 230-megawatt solar farm in the arid Antelope Valley near Los Angeles and pay First Solar to build and operate the facility in a package of deals worth about \$1.36 billion.

The county Department of Regional Planning earlier this week approved First Solar's request to perform land grading on more acres than the company initially proposed for the project, a county planning official said. The Department of Public Works also signed off on the change, a spokesman for the county department said Thursday.

Spokesmen at First Solar and Exelon declined to comment on the approvals, pending internal confirmation that the construction permit issue was resolved.

Exelon spokesman Paul Elsberg said his company "remains committed to the project and [is] confident this issue will be resolved in the near term."

County planners said they had to make sure that the grading that First Solar wants to do complies with state environmental rules and was allowed under the permit that the county had issued for the project. The change required modifying First Solar's construction permit for the project.

"This is not unusual, it happens quite often when there's a conceptual understanding of the project, and when you get into the field it changes a little bit," Mark Child, assistant administrator for the county Department of Regional Planning, said in an interview.

Developers often need to grade, or reshape, the ground surface of a site to create a level base on which to build. If not done properly, large-scale grading can damage soil, alter drainage channels and increase runoff and erosion, according to the Energy Department and the Interior Department.

Planners approved First Solar's request to remove about 280,000 cubic yards of dirt from about 350 acres of a 2,100-acre site.

Exelon and First Solar said in documents filed last week with the Securities and Exchange Commission that they had expected the Energy Department to provide an advance on the government loans before the end of 2011, but that the advance had been delayed until Feb. 24, pending resolution of the construction permit issue.

First Solar spokesman Alan Bernheimer declined to comment on the permit, but said construction at the site has been under way since last summer and that 185 people were working there, as of last week.

PG&E Corp.'s California utility has agreed to buy the electricity from the solar facility under a long-term contract. First Solar will build and operate the project, which will use 3.8 million of its solar panels.

Write to Cassandra Sweet at cassandra.sweet@dowjones.com