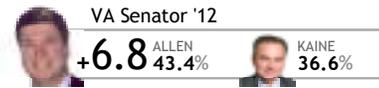
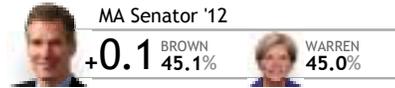


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# Abound Solar, Recipient Of \$70M Energy Dept. Loan Guarantee, Goes Bankrupt



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CARL FRANZEN - JUNE 28, 2012, 5:40 PM

Another one bites the dust. Colorado-based thin solar panel manufacturing company Abound Solar on Thursday **announced** that it will be filing for bankruptcy next week.

The company was awarded a **\$400 million loan guarantee** from the Department of Energy in 2010, but as both the **company** and the **Energy Department** have made clear today, it only claimed about \$70 million of the total before the guarantee was frozen by the government after Abound failed to hit financial targets.

Both the Energy Department and Abound Solar blamed the company's failure on the production of cheap, standard solar panels imported by China, which have driven global prices of polysilicon solar panels — the most popular type — down to historic lows over the past year, now down to less than **80 cents per watt**.

The U.S. Commerce Department recently found some of the largest Chinese solar panel manufacturing companies — Trina and Suntech among them — to have violated international trade laws by receiving **illegal subsidies** and **"dumping,"** or flooding the market with their cheap polysilicon panels. The Commerce Department has since imposed tariffs to try and penalize the Chinese companies and government, and to correct the imbalance.

Abound was hurt by the falling polysilicon panel prices because it was trying to market its own, costlier but supposedly more efficient panels made out of **thin-film cadmium telluride**.

As **Abound** put it in a statement Thursday:

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“Aggressive pricing actions from Chinese solar panel companies have made it very difficult for an early stage startup company like Abound to scale in current market conditions....Abound supports recent initiatives to enforce fair trade with import tariffs, but this action is unfortunately too late for the company.”

The Energy Department was even harder on Chinese solar manufacturers, with spokesperson [Damien LaVera](#) using the opportunity of Abound’s failing to bring back up the entire question of whether the U.S. should even be trying to compete with China in solar in the first place, given its generous subsidies.

Not surprisingly, LaVera’s [blog post Thursday](#) clearly states the Energy Department thinks that U.S. can and should compete, even if it means that some government-supported companies end up going under.

“We respectfully disagree with those who are willing to cede thousands of high paying jobs and the innovations to come over the next decade and beyond to our competitors in China and around the world. Americans invented solar technology, and with the right support our companies can out-innovate and out-build any competitor, anywhere in the world.”

However, as LaVera notes, aside from freezing the loan guarantee disbursements to Abound at around \$70 million, the Energy Department was also trying to safeguard taxpayer money in another way:

“Because of the strong protections we put in place for taxpayers, the Department has already protected more than 80% of the original loan amount. Once the bankruptcy liquidation is complete, the Department expects the total loss to the taxpayer to be between 10 and 15 percent of the original loan amount.”

That equates to \$40 million to \$60 million in un-recoupable money, nothing to sneeze at, but far less than the nearly \$535 million loan guarantee that was awarded to Solyndra, most of which has been lost and is unrecoverable, according to [testimony from Energy Secretary Steven Chu](#) in late 2011. Solyndra declared bankruptcy in August 2011 and since then, Republicans, particularly those in the House, have attempted to characterize it as the albatross around the neck of the Obama Administration’s clean energy push.

And while the total amount lost in the case of Abound may be less than Solyndra, it certainly doesn’t help the Administration that Obama himself announced the initial loan guarantee conditional offer to Abound in [his weekly video address](#) on July 3, 2010.



So it should come as no surprise that Republican energy policy critic Rep. Cliff Stearns (R-FL), Chairman of the House Energy Committee’s subcommittee on investigations and oversight, who

led the subcommittee's nearly yearlong investigation into Solyndra, took the opportunity Thursday to lash out at the Obama Administration. As Stearns put it in a statement:

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“Once again, a beneficiary of President Obama’s risky green jobs scheme is filing for bankruptcy and the taxpayers are paying the tab. First there was the Solyndra loan guarantee that was rushed to closing for political reasons, then Beacon Power, and now Abound Solar is firing its workers, closing its doors, and filing for bankruptcy. President Obama should not be picking winners and losers with the taxpayers’ dollars, and now we continue to see how this crony capitalism and economically unsound green energy policy simply does not work.”

“We are seeing a continuing trend of these companies supported by our tax dollars going bust. In announcing this loan guarantee, Energy Secretary Chu said in July 2010, ‘This project is yet another example what the Recovery Act has done in communities across the country in creating new, clean energy jobs of the future.’ Sadly, Secretary Chu’s vision has proven wrong. The Recovery Act is not working in communities throughout the nation while he has continued to boast of its success.”

Indeed, Stearn’s accusations of “crony capitalism” and, by implication, political favoritism playing any role in the granting of loan guarantees has been long echoed by other [conservative bloggers](#) and even entertained by more reputable, unbiased news outlets including [Greentech Media](#), a clean energy focused news and analysis organization that initially broke the news of Abound’s imminent bankruptcy filing on Thursday. As [Greentech Media](#) pointed out, one of the private companies to invest in Abound, [Bohemian Companies](#), was founded by Pat Stryker, a billionaire and [Obama campaign donor](#).

That said, the company’s largest private investor, Invus, is run by [Raymond Debbane](#), a major Republican donor. Plus a number of Republican lawmakers — including [Indiana Governor Mitch Daniels](#) and [Indiana Senator Richard “Dick” Lugar](#) celebrated Abound’s loan guarantee, as the company said it planned to take over a plant formerly owned by Chrysler in Tipton, Indiana, and add 850 local jobs by 2013, plans that never came to fruition and obviously won’t now.

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