



Another taxpayer-backed green energy company files for bankruptcy

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Massachusetts-based solar company Satcon Technology Corp. filed for Chapter 11 bankruptcy protection Wednesday, becoming the second taxpayer-backed green energy firm this week to do so.

Steve Rhoades, Satcon's president and CEO, said that after considering its alternatives, the company's board decided that the Chapter 11 filings were a "necessary and prudent step" that would allow the company to continue to operate while it reorganizes.

"This has been a difficult time for Satcon," he said in a statement. "Our goal is for Satcon to emerge from bankruptcy reorganization and continue to provide our customers with the quality products that they need."

The filing comes after electric vehicle battery maker A123 Systems filed for bankruptcy protection Tuesday. That company got \$129 million in federal grant money.

Satcon also benefited from federal grants under the Obama administration, though it has received far less than A123 Systems. According to the Energy Department, the company was approved for two separate stimulus awards worth \$3 million each. The company so far has received roughly \$228,000 from them. The company also received a string of contracts under the George W. Bush administration worth millions.

The Energy Department, in its original justification for one of the Satcon grants, said it was developing a "compact, lightweight power conversion device" that could eliminate the need for large transformers by connecting large-scale solar power systems directly into the power grid. The goal was to "reduce the cost of operating, installing and siting" solar power systems.

But the company filed for bankruptcy following years of financial struggles and a severe downturn in the solar power industry.

The Boston company filed its petitions in the U.S. Bankruptcy Court for the District of Delaware after defaulting on a portion of its debt earlier this month.

Satcon has struggled financially for several years. Its power-conversion devices and other products were in steady demand in 2011, but never translated to profitability. The company posted losses each year from 2005 to 2011, and it reported a loss for the first six months of 2012.

In January, Satcon announced plans to cut 140 jobs, or about 35 percent of its workforce, and close a factory in Canada, blaming a drop in demand for solar power installations around the world.

The company said at that time that it planned to restructure its global distribution business to shift its focus from Europe, where most of the solar demand has been concentrated for the past few years, to North America and Asia.

The solar power industry has struggled for the past few years, hit by intense competition from cheap Chinese imports and then a steep drop in global demand.

Last year, Solyndra LLC drew national attention after it filed for bankruptcy protection, leaving taxpayers on the hook for \$528 million in federal loans. Evergreen Solar, which also received millions in state aid, and Abound Solar have also filed for bankruptcy protection over the past two years.

Satcon also said Wednesday it expects its secured lenders will allow it to use collateral that will give it access to the funds needed to operate its business.

The Associated Press contributed to this report.

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