



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**To:** Michigan Economic Growth Authority Board Members

**From:** Amy Deprez, Manager  
Packaging Team

Phil Santer, Project Specialist  
Packaging Team

**Subject:** Clairvoyant Energy Solar Panel Manufacturing, Inc.  
Standard Michigan Economic Growth Authority (MEGA) Tax Credit

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**APPLICANT**

Clairvoyant Energy Solar Panel Manufacturing, Inc.  
30475 So. Wixom Road  
Wixom, MI 48393

**COMPANY BACKGROUND**

Clairvoyant Energy Solar Panel Manufacturing, Inc. is a newly-created subsidiary of Clairvoyant Energy, AG, which is based in Switzerland. Clairvoyant Energy, AG is a global renewable energy developer that builds, owns, and operates utility scale solar photovoltaic energy generating systems. Prior to their endeavor in Michigan, Clairvoyant Energy developed the largest solar rooftop in the world. The "World's Largest Roof Top Solar Project" can produce nearly 12 megawatts of solar power, and sits on the roof of General Motors Corporation's manufacturing facility in Zaragoza, Spain.

Clairvoyant Energy, AG and its subsidiaries do not have any employees in Michigan.

**PROJECT DESCRIPTION**

Clairvoyant Energy Solar Panel Manufacturing, Inc. (CE-SPM) plans to create up to four photovoltaic manufacturing lines at the former Ford Wixom Assembly Plant in Wixom, Michigan (Oakland County). CE-SPM manufacturing lines will be provided by Oerlikon Solar, a firm that offers production solutions for Thin Film Solar Modules based on thin film mass production technology. Utilizing Oerlikon Solar's technology, CE-SPM's Wixom facility will produce thin-film "Micromorph" photovoltaic modules that, according to the company, produce electricity with fewer raw materials and provide other benefits than existing photovoltaic technologies.

The company is not aware of any direct competitors currently in Michigan. CE-SPM plans to work with local solar distributors and installers to continually decrease the costs of solar panel installations.

CE-SPM will invest approximately \$856 million and create 751 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$780. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

### **BENEFIT TO STATE**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 5,343 jobs in the state by the year 2026. Total state government revenues through the year 2026, net of MEGA costs, would be increased by \$369 million (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

CE-SPM has submitted an application for federal funding with the U.S. Department of Energy's 1705 Loan Guarantee Program. In order to secure Michigan as CE-SPM's site-of-choice in that application, the MEDC offered a competitive incentive proposal, relative to other states. The incentive package is outlined below.

Regarding Michigan's cost structure, CE-SPM identified transportation and labor costs as disadvantaged, relative to other locations. Specifically, Michigan's distance from CE-SPM's key customers, many of which are based in California, Arizona, New Mexico and Florida, is detrimental. According to the company, the additional transportation costs associated with a Michigan location could represent 7-10% of total production cost over the course of time, whereas a location in the southwest United States could lower the cost to 2-3% of total production cost.

In addition, the company identified Michigan's wage structure as higher than in locations in the southwest United States. The cost of specific skill sets, like technicians, is higher on average than in New Mexico, according to the company.

While the entire cost differential cannot be made up by the MEGA tax credit, the credit provides the company with a means to reduce their marginal cost of labor, or address some of the transportation costs associated with a Michigan location.

### **OTHER STATE AND LOCAL ASSISTANCE**

The company has submitted an application for federal funding to the U.S. Department of Energy's 1705 Loan Guarantee Program. The MEDC has defined its support for the project in the form of a commitment letter with following proposed incentives, subject to approval of the 1705 loan and/or other alternate sources of financing to complete the proposed project:

- Photovoltaic Michigan Business Tax Credit – On October 6, 2009 the MEGA Board approved Clairvoyant Energy as an “Eligible Taxpayer” under this law; allowing a credit of up to \$25 million.
- Renaissance Zone - The property taxes savings are estimated at over \$100 million for a 15-year Renaissance Zone designation.
- Brownfield Michigan Business Tax Credit - The site qualifies as a Brownfield property. The estimated value of this credit would be up to \$10 million.
- Anchor District Tax Credit designation.

The MEGA Board and other entities will consider these incentives at another time.

**RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 15 years for up to 751 net new employees in excess of the company's established base of zero, provided that:

- The company creates and maintains a minimum of 250 jobs over the employment base of zero by the end of the tenth year. Failure to do so will forfeit the remaining years of the credit.