

Statement of Craig Witsoe

Before the Subcommittee on Regulatory Affairs, Stimulus Oversight and Government Spending, U. S. House of Representatives Committee on Oversight and Government Reform

July 18, 2012

Mr. Chairman and Members of the Subcommittee

My name is Craig Witsoe. I served as CEO of Abound Solar, for the eight months prior to July 2, 2012 when the company suspended operations under a Chapter 7 bankruptcy filing. First, I would like to say that we are very grateful for the dedication and hard work of our talented employees, the support and integrity of our investors and board members, and of the support granted under the Department of Energy (DOE) loan guarantee program. We hope that today's discussions will be beneficial to better understand how the U.S. can best compete in the important, but very challenging, global solar panel market.

Abound was formed as a start-up company in 2007 based on advanced photovoltaic research started in the late 1980s at Colorado State University in collaboration with the National Science Foundation (NSF) and the National Renewable Energy Laboratory (NREL). We had research and development along with advanced manufacturing in Colorado, and had planned an additional manufacturing expansion in Indiana. Abound produced 'thin film' Cadmium Telluride or 'Cad-Tel' solar panels. Many agree that, if produced in large quantities, Cad-Tel panels can be made in America at lower cost per watt than the traditional crystalline-silicon modules produced by many Chinese companies today.

At the time our DOE loan was originated, Abound and First Solar were the two companies in the world with significant Cad-Tel production experience. In October 2011, General Electric announced the country's largest U.S. solar panel manufacturing plant to be based in Colorado would also use Cad-Tel as its technology for solar panel production. In recent months, Abound was cooperating with the US Photovoltaic Manufacturing Consortium (PVMC) and NREL to encourage industry collaboration which could further accelerate U.S. advancement of Cad-Tel technology.

Abound's funding came from more than \$300 million in private investment and about \$70 million drawn from a potential \$400 million authorized under the section 1705 DOE loan guarantee program. Funds were used to complete and start up two production lines in Colorado which enabled a nearly doubling of panel efficiency from 45 watts/panel in 2009 to 85 watts/panel in 2012.

Abound's technology and business made solid progress until the second half of 2011 when panel prices dropped by 50 percent in a year due to aggressive price-cutting from Chinese competitors using older crystalline-silicon technology. With over \$30 billion in reported government subsidies, Chinese panel makers were able to sell below cost and put Abound out of business before we were big enough to pose a real competitive threat to China's rapidly growing market share.

Given these challenging market conditions, the DOE did not release further funds to Abound after August 2011, including reimbursement for significant funds Abound had spent to complete its second manufacturing line in Colorado. While we understood the increasing market risks driving this decision, and understood the technical justifications in the loan documents, we also knew that it put enormous financial strain on our small company.

In February 2012, Abound made the difficult decision to cease production of its first generation panels, conserve cash, and focus resources on accelerating development of a higher efficiency next generation module. This module had already been verified by NREL to produce a competitive 85 watts per panel. We believed that this next generation product, along with further private financing, could keep the company competitive and enable a re-start of production in Colorado. Abound hired a reputable outside firm to lead a process of soliciting the needed private financing and, from a large pool of identified potential investors, made final management presentations and facility tours to interested parties in mid-May through late-June of this year. Unfortunately, in the end, the involved parties were unable to agree on terms, and negotiations were ended. On June 28, 2012, we announced to our employees that Abound would have to suspend all operations.

The very fast and severe decline in market conditions for solar panels has affected many U.S. companies, ranging from start-ups like Abound to the largest corporations. The same week Abound announced its closure, GE, also citing market price declines due to Chinese competition, announced that it would delay its own Cad-Tel solar panel production plans by at least 18 months while it worked on a next generation, higher efficiency module. Around the world, there are similar accounts of the impact of aggressive actions by China. While Abound was in agreement with the recent Commerce Department decisions to place U.S. import tariffs on Chinese modules, these actions were simply too late for our company.

This is not the way that any of us wanted Abound's story to end. But, we hope that the technology we have developed can still, in some form, help the U.S. to better compete in the next generations of solar panel manufacturing. We are very appreciative of the investments of our private investors as well as the Department of Energy. Our former employees should be proud of their technical innovations and of their personal courage to pursue new technology for American manufacturing and not give up until all reasonable paths were exhausted. Abound believes that competitive solar energy can be important to U.S. energy security and job creation; and that longer term, consistent renewable energy policy can encourage further private investment. I hope that today's discussion will be constructive and helpful to our common goal that the U.S. regain competitiveness in this sector and prevent loss of technology leadership.

I look forward to addressing the questions that the members of the Subcommittee may have.

Craig Witsoe Biography

Mr. Witsoe joined Abound Solar in November 2011 as President and Chief Executive Officer. Prior to joining Abound, he served as President and CEO of Lineage Power, now GE Power Electronics. Under Mr. Witsoe's leadership, Lineage Power made significant gains in growth, profitability, and customer satisfaction and was sold to GE Energy. Prior to Lineage Power, Mr. Witsoe was the CEO with The Tyden Group, a manufacturer of product identity and security technology. Before that, he spent nearly 15 years with GE, holding leadership roles including CEO Asia-Pacific for GE Lighting and President of GE Specialty Film and Sheet for GE Plastics. He received a B.S. degree from the University of Illinois, a M.S. degree from Northwestern University's McCormick School of Engineering and an M.B.A. from Northwestern University's Kellogg Graduate School of Management. Mr. Witsoe is a passionate supporter of St. Jude Children's Research Hospital and their mission of finding cures and saving children from cancer and other catastrophic diseases. The Give Hope Run and other associated events, started in memory of his 5 year old son, Sean, have raised over \$750,000 to help St Jude's vision that no child should die in the dawn of life.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name: **Craig A. Witsoe**

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

Not applicable

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

Not applicable

I certify that the above information is true and correct.

Signature: **/s/ Craig A. Witsoe**

Date: **July 16, 2012**
