



Spain's Abengoa to build 280-MW solar plant in U.S.

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NEW YORK/MADRID (Reuters) - Spanish engineering firm Abengoa said on Thursday it had signed a deal with a U.S. utility to build what it called the world's largest solar plant near Phoenix, Arizona.

The contract with Arizona Public Service Co calls for Abengoa's Abengoa Solar to build a 280-megawatt solar facility and sell the output to the utility for \$4 billion over the next 30 years.

The plant would avoid emitting 400,000 tons of greenhouse gases that would have been produced by conventional power plants as it provides power to an estimated 70,000 homes, the companies said.

Construction of the plant is dependant on approval by Arizona regulators and the renewal of the federal tax credits for green energy sources that are set to expire at the end of 2008.

"Abengoa has the ability to cancel the project if the (tax credit renewal) doesn't go through," Don Robinson, APS's senior vice president for planning, told Reuters.

Under current proposals in the U.S. Congress, lawmakers would end \$18 billion in tax breaks for oil companies to pay for the tax credit extension.

Arizona is one of several states to require power companies to generate a portion of their electricity from renewable resources.

Robinson said with the new project, about 20 percent of APS' power would come from renewable sources, exceeding the state's mandate of 15 percent.

Under the agreement, the "Solana" plant will become operational by 2011 and use parabolic reflectors to focus sunlight on a site covering 800 hectares near Gila Bend, 70 miles southwest of Phoenix.

Abengoa's technology uses the energy concentrated by the reflectors to heat a fluid to more than 700 degrees Fahrenheit (370 degrees Celsius) to run steam turbines that produce electricity.

U.S. energy companies have announced plans to build tens of thousands of megawatts in solar thermal plants in the coming years, mostly in sun-drenched desert areas in the Western states.

"We have one of the best, if not the best, solar resources in the country," Robinson said.

By 1500 GMT (10 a.m. EST), Abengoa shares gained 29 eurocents, or 1.3 percent, to 23.10 euros on the Madrid stock exchange, whose benchmark Ibex-35 index was meanwhile up 1.26 percent.

(Reporting by Matt Daily in New York and Martin Roberts in Madrid; editing by Matthew Lewis)