

Solar-focused GP invests \$120m in Japan projects



GSSG Solar, a US private equity firm focused exclusively on the solar energy sector, has agreed to invest at least \$120 million in an expansion of its Japanese portfolio.

According to a statement, the investment will support plans to develop \$1 billion of mega-projects in the country across a three-year period. The new capital will be used to acquire facilities capable of generating 350 megawatts of power.

GSSG has already committed to developing 170 MW of solar capacity in Japan, including the 47-MW Suwa project, which is being built on an abandoned golf course and expected to be grid-connected by the end of the year. The project's total cost has been estimated at up to JPY20 billion (\$90-180 million), about JPY16.3 billion of which has been provided by Shinsei Bank.

Suwa is planned to produce enough electricity for more than 3,800 Japanese households annually and has secured a power purchase agreement with a local utility through a 20-year feed-in tariff. It has also received backing from US renewables investor Vision Ridge Partners.

Founded in 2013, GSSG focuses on the US and Japanese markets via offices in Denver and Tokyo. It claims to have raised more \$2.5 billion in total and invested in more than 100 projects, including 2.6 gigawatts worth of acquisitions.

The firm raised its first fund in 2014, which was invested primarily in Japan. Its strategy in the country has been broadly supported by a government solar power development initiative, which has aimed to diversify national energy production following the 2011 Fukushima nuclear disaster. Solar is expected to meet 10% of domestic energy needs by 2050, compared to around 3% as of 2015.



Private equity interest in this space also includes Nippon Renewable Energy, a platform created by **Equis Funds Group**, while Hudson Clean Energy Partners invested **\$300 million** in the sector alongside Dubai-based Adenium Energy Capital and contributed **\$50 million** to a development partnership with Hong Kong's Sky Solar.

Last year, KKR acquired a majority stake in Spanish project developer **Gestamp Solar** with plans to expand its operations in Japan. The deal valued the business at about \$1 billion.