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From the Charlotte Business Journal:

<https://www.bizjournals.com/charlotte/news/2021/05/17/pine-gate-renewables-horne-brothers-construction.html>

Pine Gate Renewables breaks off construction business after buying NC firm

May 17, 2021, 11:29am EDT

Pine Gate Renewables, one of the state's leading solar companies, has purchased Horne Brothers Construction Inc. of Fayetteville, combining the business with its engineering, procurement and construction operations to form a new company called Blue Ridge Power.

Pine Gate, which owns and operates 770 megawatts of solar projects, will continue to operate as a solar development company. The newly formed Blue Ridge will be the EPC contractor for all Pine Gate's projects going forward. But it will also work as a contractor for other companies.

Ben Catt, CEO of Pine Gate, will continue in that position. [Chris Dunbar](#), until now the chief construction officer for Pine Gate, is CEO of Blue Ridge.

Pine Gate, with headquarters in Asheville and key offices in Charlotte and Midland, Michigan, had been a vertically integrated solar company throughout its seven-year history, assembling the deals, finding the partners and doing its own construction work.

It has been a successful model, says Catt.

"But as the market continued to grow — as our company continued to grow — we looked at it from a strategic perspective, and the smartest way that we could structure what we do was to spin off that EPC business," he says. "We continue with Pine Gate being the financing and development company."

Dunbar says his company "will continue to work on pre-construction planning, engineering, late-stage development phase of the project."

Consolidation leaves opening

The big economic opportunity comes out of the consolidation and specialization underway in the solar industry, Catt says. The industry is dividing into developers and EPCs, with fewer small and midsize solar companies trying to straddle the line. That created an opportunity for Pine Gate to sell EPC services to other developers.

In order to do that, Dunbar says, Pine Gate needed to scale up its EPC operations.



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Pine Gate Renewables had so far been a vertically integrated solar company, assembling the deals, finding the partners and doing its own construction work.

“We had an engineering team in house, procurement and project management. But the on-the-ground construction resources were all subcontracted out,” explains Dunbar.

“That works for a developer-integrated platform, but for a standalone EPC, it needs to have its own resources that it can deploy on projects, so that’s what we were doing,” he says. “ That’s what we really gained with the Horne acquisition.”

The entire Horne organization is coming on board — close to 450 people, including President [Jack Horne](#) and Vice President [Charles Horne](#). Combined with 103 people from the Pine Gate EPC operation, the new company will have about 550 employees.

Blue Ridge has 700 megawatts worth of solar projects under construction now — much of it for Pine Gate. It has worked on projects from Oregon to Massachusetts to its home in the Southeast. Spokeswoman [Tami von Isakovics](#) says Blue Ridge projects 2,500 megawatts of construction through the end of 2022.

Pine Gate has 135 people remaining as it focuses on developing and operating its solar fleet with various partners in various projects. Catt says it will continue its policy of maintaining a significant stake in the projects it builds. At this time, it has no plans to sell development services to other solar companies.

“All the development work is for our own balance sheet,” he says.

Catt and Dunbar are not disclosing what Pine Gate paid for Horne Brothers, a deal that closed last week. Catt says there will be some common ownership involved in Pine Gate and Blue Ridge, but he declined to provide a breakdown of ownership shares.

Solar market maturing

Pine Gate expects to double the projects it owns and operates this year. That rapid growth played a role in the decision to create Blue Ridge, particularly as Pine Gate eyes new solar markets that are less mature and unlikely to have the kind of experienced contractors it has used to put construction boots on the ground.

The industry is consolidating in North Carolina, much as it is elsewhere in the country. Just last week, Charlotte-based [Birdseye Renewables](#) was sold to Dominion Energy Inc. (NYSE: D) and will operate inside the power company as its solar development arm. Smaller developers, particularly those dependent on construction contractors, have closed up or focused more narrowly on early-stage development.

The state still has some companies continuing with the integrated model, most notably Durham-based [Strata Solar](#), North Carolina’s largest homegrown solar company.

Pine Gate and Blue Ridge are determined to flourish in the new market, say Catt and Dunbar.

Pine Gate, founded in 2014, has worked with Horne since it started. Catt says Horne has a stellar reputation and high standards. Pine Gate had an interest in cementing a relationship with the Horne team to strengthen its own control over projects it builds in the 17 states where it already operates and in new markets it wants to open.

“We’re keeping a really strong, strategic partnership between the two entities because it allows us all kinds of advantages, from quality control to scheduling certainty and everything else,” he says.

The deal provides Blue Ridge with access to markets that Horne had not previously operated in.

Catt says the deal also recognizes that the North Carolina base for both companies is a more mature market that [may not be growing as fast](#) as it has in the past.

“We’re expanding to other geographies, but we think over the long haul, there’s still opportunity in North Carolina,” he says. “There’s obviously a lot of opportunity, also, in

South Carolina, and our teams have actively engaged to try and be partners with Duke (Energy Corp.) and all the other utility players here to figure out how we can play our role and continue to expand the footprint.”

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