



A Trio of Solar Tidings

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There have been three positive developments for **Canadian Solar** (Nasdaq: [CSIQ](#)) since Friday. The company told you about two of them today, but you won't see the very best news in a company press release. We'll save that one for last.

One item is about a large solar-cell supply deal with Taiwanese **Neo Solar**. It's true that as an integrated player, Canadian Solar manufactures its own cells, but in order to meet blistering demand for modules, the company is also sourcing third-party cells. Neo will provide several hundred megawatts' worth over the next five years. At more than half a billion dollars, this is a major contract -- though nowhere near as massive as **Suntech Power's** (NYSE: [STP](#)) recent [silicon score](#).

Canadian Solar has also firmed up its alliance with metal specialist **Timminco**. This Canadian upstart in the field of upgraded metallurgical grade (UMG) silicon -- the poor man's polysilicon -- has collaborated with Canadian Solar for more than a year now. With the [recent commercial introduction](#) of Canadian Solar's e-Modules, the solar maker is now a key strategic partner for Timminco, which has agreed to supply 5,000 metric tons of UMG silicon through 2011.

Until we learn more about the e-Modules' grams-per-watt consumption, we won't know exactly how much end-user product will result from this supply deal. I'm hoping that the official product launch in Germany this month will provide some specs.

Speaking of Germany, here's the really big news. The government on Friday moved ahead with cuts to solar subsidies, but the reductions are far less than feared. That's huge for not only Canadian Solar, but other Euro-weighted solar suppliers like **First Solar** (Nasdaq: [FSLR](#)), **Energy Conversion Devices** (Nasdaq: [ENER](#)), and **SunPower** (Nasdaq: [SPWR](#)).

Between this modest weaning and the company's renewed strength in its supply chain, Canadian Solar appears to be comfortably positioned for profits.