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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE ● MERGERS & ACQUISITIONS ● STRATEGIES

Sponsors Seal Debt for Octopus LNG Project

A group of banks has inked a mini-perm to finance an offshore LNG terminal and a gas-fired project in Chile. Page 8

Japanese Co. to Take Stake in N.J. Gas-fired Project

Osaka Gas is acquiring a 20% stake in the 725 MW Woodbridge Energy Center from **Competitive Power Ventures**. Page 8

Offshore Wind Lease Auction Breaks Record

A lease for a potential wind project off the New York coast fetched $42.5 million at auction in December. Page 12

Invenergy Seals Lackawanna Financing

Richard Metcalf, Olivia Feld

Invenergy sealed a roughly $1 billion debt financing for its 1,485 MW Lackawanna Energy Center project in Scranton, Pa., in a transaction that achieved a "dry closing" on Dec. 22.

The financing includes fixed- and floating- rate commercial bank loans as well as a privately placed bond, according to deal watchers.

Invenergy and the lender group, which included South Korean investors, signed the loans on Dec. 22, but they were not immediately funded, said the deal watchers.

"People didn't want to leave a lot of loose ends out there for the holidays, so I think everyone just wanted to get to a point where there was a clearly defined objective," said one person familiar with the deal.

Signing loans that will be funded at a later date, known as a "dry closing", is not unheard of in project finance. The transaction is expected to be funded in January once certain conditions are met, say the deal watchers.

The construction of the project will be financed with about $500 million of equity from Invenergy and **First Reserve** in addition to the approximately $1 billion of debt.

The debt package comprises fixed- and floating-rate term loans, both with tenors of construction plus five years, an eight-year project bond and working capital facilities.

The floating-rate tranche of the loan is about $337 million in size, while the fixed-rate tranche is $200 million. A further $260 million comes from the project bond, and the two working capital facilities total around $307.5 million, bringing the total amount of debt to about $1.1 billion if the credit facilities are fully drawn.

Pricing could PAGE 5 »

Akuo Bags Financing for Ex-SunEdison Project

Richard Metcalf

French sponsor **Akuo Energy** has sealed financing for its 150 MW Rocksprings wind project in Texas, including bridge loans, third-party equity and tax equity.

The financing has allowed Akuo to restart construction on the project, which **SunEdison** began building in Val Verde County at the end of 2015.

Akuo originated the project and sold it to **Wind Holdings**, a subsidiary of SunEdison, in July 2015, but the project was transferred back to Akuo along with sixteen **General Electric** turbines in September during SunEdison's bankruptcy proceedings (PFR, 10/13).

The long-term financing for the project comprises tax equity from **GE Energy** PAGE 2 »

Utility Issues RFP for PJM Capacity

Olivia Feld

A **FirstEnergy** subsidiary has issued a request for proposals to acquire 1.3 GW of generation in **PJM Interconnection**.

Monongahela Power Company, a regulated utility which serves customers in West Virginia and PJM, is seeking to acquire a project or projects to supply the Allegheny Power Systems zone of PJM.

The RFP states a preference for projects located PAGE 11 »

Marubeni Sells Gas-fired Stake, Eyes Wind

Fotios Tsarouhis

Marubeni Corp. has sold part of its 35% interest in a New Jersey gas-fired project to **Kansai Electric Power Co.** as it shops for wind assets in the U.S.

Kansai has acquired a 17.5% stake in the 669 MW West Deptford project in Gloucester County from Marubeni, according to a filing with the U.S. **Federal Energy Regulatory Commission**. Marubeni PAGE 8 »

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PROJECT FINANCE

Akuo Bags Financing for Ex-SunEdison Project

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Financial Services and third-party equity from an unidentified investor, both of which will be funded once the project is complete, as well as sponsor equity.

The sizes of the tax equity and third-party cash equity investments could not immediately be learned.

BayernLB and **NordLB** provided a construction loan for the Rocksprings project. BayernLB led the deal.

The size and pricing of the loan could not be established by press time.

A spokesperson for Akuo in Paris declined to identify the third-party equity investor. Representatives of the banks in New York declined to comment on the deal. A spokesperson for GE EFS in New York did not respond to inquiries by press time.

BayernLB also provided a construction loan for Akuo's first U.S. wind project, the 30 MW Sterling facility in Lea County, N.M., last year. **John Laing** committed third party equity (PFR, 10/13).

CORPORATE PPAS

The Rocksprings project is fully contracted under power purchase agreements with two non-utility offtakers.

3M, the Minnesota-based manufacturer of a diverse range of products including Scotch tape, will buy two thirds of the project's output under a 15-year power purchase agreement. **Walmart** has a 12-year PPA for the remaining 50 MW (PFR, 12/19).

3M aims to procure 25% of its generation from renewable sources by 2025. Early last year the company signed a PPA with **Invenergy** for the output of its 120 MW Gunsight wind project in Howard County, Texas (PFR, 2/11).

"We've had a long-standing commitment to sustainable business development and this is one of the strategies we believe will help meet our goals," says a spokesperson for 3M in St. Paul, Minn.

Corporations like 3M and Walmart have helped to bolster the number of PPAs in the market, but non-utility PPAs bring their own challenges.

"It's always difficult when you're dealing with a non-traditional offtaker, because power is not the main thing they focus on," says a project finance banker. "It's an operational expense item, so the level of sophistication is not the same."

"That's not to say they don't know the business, but they're looking at it primarily as a hedge and to have the green attributes," he adds. ■

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GENERATION AUCTION & SALE CALENDAR

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.
A full listing of completed sales for the last 10 years is available at http://www.powerfinancerisk.com/AuctionSalesData.html

Generation Sale DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Actis (70%), Mesoamerica (30%)	Globeleq Mesoamerica Energy (394 MW Solar, Wind)	Costa Rica, Honduras, Nicaragua		Corporación Multi Inversiones has acquired GME (see story, page 10).
ArcLight Capital Partners	Combine Hills (41 MW Wind, 50%)	Umatilla County, Ore.		Eurus Energy closed its acquisition of ArcLight's 50% stake on Dec. 21, assuming full ownership of the project (PFR, 10/31).
Brookfield Renewable Partners	Price (189 MW Wind), Comber (166 MW Wind), Gosfield (51 MW Wind)	Sault Ste. Marie, Lakeshore, and Kingsville, Ontario	Scotiabank, TD Securities (seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
Calpine Corp.	Osprey Energy Center (590 MW Gas)	Auburndale, Fla.		Duke Energy Florida has closed its acquisition of the project (see story, page 11).
Competitive Power Ventures	Woodbridge Energy Center (725 MW, 20%)	Woodbridge Township, N.J.		Osaka Gas is acquiring the stake from CPV (see story, page 8).
Duke Energy	Portfolio (2.3 GW Hydro, Gas, Oil, Coal)	Argentina, Chile, Ecuador, El Salvador, Guatemala, Peru	Credit Suisse, JP Morgan (seller), Santander (buyer)	I Squared Capital closed its acquisition of the six-nation portfolio in December (PFR, 10/17).
	Duke Energy Brazil (2.1 GW Hydro)	Brazil	Credit Suisse, JP Morgan (seller), Bank of America Merrill Lynch (Buyer)	China Three Gorges closed its acquisition of Duke's Brazilian business in December (PFR, 10/17).
EDF Renewable Energy	Salt Fork (174 MW Wind)	Donley and Gray counties, Texas		Southern Power closed its acquisition of both projects in December (see story, page 10).
	Tyler Bluff (126 MW Wind)	Cooke County, Texas		
Enercon Canada	Niagara Region (230 MW, 25%)	Ontario		Boralex has acquired an additional 25% stake in the project, upping its shareholding to 50% (see story online, PFR, 12/16).
Energy Capital Partners	Broad River (878 MW Dual-fuel)	Gaffney, S.C.		The Silverfern Group and a fund managed by Arroyo Energy Investment Partners have acquired the project (see story, page 10).
Eurus Energy	Crescent Ridge (54.5 MW Wind, 25%)	Bureau County, Ill.		ArcLight Capital Partners closed its acquisition of Eurus' interest on Dec. 21, assuming full ownership of the project (PFR, 10/31).
Exelon Corp.	Mystic Generating Station (1,998 MW Gas and Dual-fuel)	Charlestown, Mass.	JP Morgan	Exelon has launched a sales process for the project (PFR, 10/24).
GE Energy Financial Services	Kumeyaay (50 MW Wind)	San Diego County, Calif.		GE EFS closed its transfer of its passive stakes in the projects to managing shareholder ArcLight Capital Partners on Dec. 21 (PFR, 11/14).
	Mendota Hill (50 MW Wind)	Compton and Lee counties, Ill.		
Invenergy	Luning (50 MW Solar)	Mineral County, Nev.		Algonquin Power & Utilities subsidiary Liberty Utilities (CalPeco Electric) closed its acquisition of the project on Dec. 21 (PFR, 10/10).
Marubeni Corp.	West Deptford (669 MW Gas, 17.5%)	West Deptford Township, N.J.		Kansai Electric Power Co. has acquired half of Marubeni's 35% stake in the project (see story, page 1).
Mercuria	Danskammer (500 MW Dual-fuel)	Hudson Valley, N.Y.	Guggenheim Partners	The first round of a two-stage auction is underway (PFR, 10/3).
Noble Environmental Power	Portfolio (726 MW Wind)	New York, Texas		Paragon Noble, which owned a 54% stake in the portfolio, has taken full ownership of the seven project portfolio as part of a restructuring completed in December (PFR, 9/26).
Origis Energy	Mississippi Solar 2 (52 MW Solar)	Lamar County, Miss.		D.E. Shaw has acquired the project (see story, page 10).
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	First round bids for the 2.5 GW portfolio were due in November (PFR, 10/31).
Renewable Energy Trust Capital	Coram (102 MW Wind)	Tehachapi, Calif.		Consolidated Edison closed its acquisition of the project on Dec. 20 (PFR, 10/24).
Rockland Capital	Elgin Energy Center (484 MW Gas)	Elgin, Ill.	Barclays	Barclays is running a two-stage auction for the four assets, all of which sell into PJM (PFR, 12/19).
	Rocky Road (349 MW Gas)	East Dundee, Ill.		
	Eagle Point Power Generating (238 MW Gas)	Westville, N.J.		
	Tilton (180 MW Gas)	Tilton, Ill.		
Scatec Solar	Utah Red Hills (78.6 MW Solar)	Iron County, Utah		Macquarie Infrastructure Corp. closed its $28 million acquisition of the project on Dec. 28 (PFR, 10/10).
Starwood Energy Group Global	Electra (230 MW Wind)	Wilbarger County, Texas	Whitehall & Co.	Starwood is seeking offers from potential purchasers (PFR, 12/19).
Veresen	Portfolio (625 MW Gas-fired, Hydro, Wind)	Canada	TD Securities	A sale of the assets has been launched (PFR, 10/31).

New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.
To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

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PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector.
A full listing of deals for the last several years is available at http://www.powerfinancerisk.com/Data.html

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Akuo Energy	Rocksprings (150 MW)	Val Verde County, Texas	TBA	Equity	TBA		Akuo Energy has closed financing for the project (see story, page 1).
			Bayern LB, Nord LB	Bridge Loan	TBA	Constr.	
			GE EFS	Tax Equity	TBA		
Berkshire Hathaway Energy	Grande Prairie (400 MW Wind)	Hold County, Neb.	Allianz Global Investors	Private Placement	$400M	20-yr	The deal is Allianz's first project-level debt investment in a U.S. renewables project (see story, page 5).
Boralex	Yellow Falls (16 MW Hydro)	Cochrane District, Ontario	Canada Life Insurance Co., Great West Life Insurance Co., London Life Insurance Co.	Loan	$65.2M	39-yr	Boralex has closed financing for the project (see story, page 7).
					$9.1M	10-yr	
Cheniere Energy, EDF, Andes Mining & Energy	Penco Lirquén (LNG Terminal), El Campesino (640 MW Gas)	Chile	BNP Paribas, Crédit Agricole, DNB, MUFG, SMBC, Société Générale	Mini-perm	$850M	8-yr	The sponsors have closed debt financing for the two projects, collectively known as Octopus LNG (see story, page 8).
D.E. Shaw Renewable Investments	Mississippi Solar 2 (52 MW Solar)	Lamar County, Miss.	Santander (lead)	Loan	TBA	TBA	D.E. Shaw has secured financing for the project, its first solar facility in the American South (see story, page 10).
			Citigroup	Tax Equity	TBA		
Dominion Resources	Portfolio (430 MW Solar)	U.S.	KeyBank (left lead), MUFG, SunTrust, PNC, Mizuho, Commerzbank, Wells Fargo, Hana Bank	Loan	$435M	5-yr	The mini-perm was priced at Libor+255bps and closed on Dec. 14 (see story, page 6).
EDF Renewable Energy	Great Western (225 MW Wind)	Ellis and Woodward counties, Okla.	Allianz, MUFG	Tax Equity	TBA		Allianz and MUFG closed their joint tax equity investment in the project on Dec. 21 (PFR, 11/28).
EDF Renewable Energy	Kelly Creek (184 MW Wind)	Ford and Kankakee counties, Ill.	Allianz	Tax Equity	TBA		Allianz closed its first solo tax equity investment on Dec. 14 (PFR, 11/21).
EDP Renewables North America	Hidalgo (250 MW Wind)	Hidalgo and Starr counties, Texas	BAML, BNY Mellon	Tax Equity	$343M		Bank of America Merrill Lynch and Bank of New York Mellon closed their joint investment on Dec. 15 (see story, page 5).
	Jericho Rise (77.7 MW Wind)	Franklin County, N.Y.					
Exelon Generation	Bluestem (198 MW Wind)	Beaver County, Okla.	BAML, State Street	Tax Equity	TBA		Bank of America Merrill Lynch and State Street closed their tax equity investment in the project on Dec. 22 (PFR, 10/31).
Invenergy	Lackawanna (1,485 MW Gas)	Jessup, Pa.	BNP Paribas, GE EFS, MUFG	Loan	$337M	C+5-yr	Invenergy has closed a roughly $1B debt package for the project. First Reserve is providing third-party equity (see story, page 1).
			BNP Paribas, GE EFS, MUFG	Fixed-rate loan	$200M	C+5-yr	
			Prudential	Private Placement	$260M	8-yr	
			BNP Paribas, GE EFS, MUFG	Working Capital Facilities	$307.5M		
			Lazard	Equity	<$500M		
NextEra Energy Resources	Ninnescah (208.3 MW Wind)	Pratt County, Kan.	BAML, BNY Mellon	Tax Equity	TBA		Bank of America Merrill Lynch and Bank of New York Mellon closed their joint tax equity investment in the projects on Dec. 21 (PFR, 10/17).
	Kingman I (103.3 MW)	Kingman County, Kan.					
	Kingman II (103.3 MW)						
NextEra Energy Resources	Osborn (200.9 MW Wind)	DeKalb County, Mo.	JP Morgan, Wells Fargo	Tax Equity	TBA		The banks closed their tax equity investment in the projects on Dec. 29 (PFR, 10/24).
	Oliver III (99.3 MW Wind)	Oliver County, N.D.					
NextEra Energy Resources	Rush Springs (250 MW Wind)	Grady and Stephens counties, Okla.	GE EFS, JP Morgan	Tax Equity	TBA		The banks closed their tax equity investment in the projects on Dec. 14 (PFR, 10/17).
	Javelina Wind Energy II (200 MW Wind)	Webb County, Texas					
Sempra Energy	Black Oak Getty (78 MW Wind)	Stearns County, Minn.	MUFG, Citizens Bank	Tax Equity	TBA		MUFG acquired 63.5% and Citizens Bank 36.5% of the tax equity in the project on Dec. 21 (PFR, 8/29).
SolarCity	Portfolio	U.S.	Sammons Renewable Energy	Equity	$241M		SolarCity raised $241 million for the distributed solar portfolio with its third levered cash equity deal (see story, page 7).
			Institutional investors	Debt		18-yr	

New or updated listing

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Invenergy Seals Lackawanna Financing

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not immediately be learned. Spokespeople for Invenergy in Chicago and the leads on the deal either declined to comment or did not respond to inquiries by press time.

BNP Paribas, **GE Energy Financial Services** and **MUFG** led the debt financing as the initial coordinating lead arrangers. **Commonwealth Bank of Australia**, **ING Capital** and South Korean financial institution **Hana Financial Investment** joined the deal later, picking up coordinating lead arranger roles. **Société Générale**, **SMBC** and **Wells Fargo** also participated as lenders.

Prudential Capital Group acted as institutional placement advisor on the project bond tranche, which was bought by investors including **SunLife**, **Voya**, **Caisse de Dépôt et Placement de Québec**, **Credit Union National Association** and Hana Financial Investment.

Riverside Risk Advisors assisted with the design and execution of the project's interest rate risk management program.

Lazard advised Invenergy on the equity raise. **Latham & Watkins** acted as legal counsel to the sponsor, while **Milbank** advised the lenders.

The combined-cycle project, which is in **PJM Interconnection**, will utilize **General Electric** H-class advanced turbines and is expected to be online in mid-2018. **Kiewit Corp.** is building the facility. ■

Allianz Global Investors Closes Debut U.S. Renewables Debt Deal

Allianz Global Investors, the investment management arm of German insurer **Allianz**, has completed its first project-level debt investment in the U.S. renewables sector—a more than $400 million private placement for a **BHE Renewables** wind project in Nebraska.

The sponsor, a **Berkshire Hathaway Energy** subsidiary, will use the proceeds of the 20-year unlisted bonds to reimburse a portion of the construction costs it has incurred to build the 400 MW Grande Prairie Wind project in Hold County, its first project in Nebraska.

Construction on the project began in 2015 and was expected to be complete by the end of the year, to become the largest wind project in the state.

BHE Renewables is not thought to have financed the construction of the project with a loan or to have obtained tax equity commitments as part of the long-term financing. A spokesperson for the sponsor in Des Moines, Iowa, declined to comment.

The project has a 20-year power purchase agreement with **Omaha Public Power District**.

Allianz GI entered the U.S. market in 2013 and began making investments in U.S. infrastructure in 2015 with a $700 million private placement supporting the acquisition of the Indiana Toll Road.

Since then, the asset manager has bolstered its power sector expertise with the hire of **Jorge Camiña**, the former head of project and acquisition finance in North America at **Santander**. Camiña joined Allianz GI as a director in the infrastructure debt team in June (PFR, 5/24).

"I think it's a big area and we see opportunities going forward," says **Paul David**, head of Americas, infrastructure debt, at Allianz GI, noting that institutional investors have more of an inclination than commercial banks to provide debt at tenors that match the length of the PPA.

"Mini-perms are fine, which is how they're typically done in the bank market, but providing long-term debt to match the long-term contracts you have is generally going to be a preferable way of funding these projects," he says.

Market participants often have the impression that institutional investors are averse to construction risk, but David is eager to set the record straight.

"If you look at the $9 billion that we've invested, [...] just over $2 billion of which is in the U.S., a good percentage of that has had construction risk in it," he says. "We don't have a problem with it, provided it's properly mitigated."

Instead, one of the main challenges for institutional investors seeking to finance projects is the quick turnaround that is required, something David says he is pleased that his team was able to handle. ■

EDP Reveals Size of Wind Tax Equity Investment

EDP Renewables North America has closed a tax equity commitment from **Bank of America Merrill Lynch** and **Bank of New York Mellon** for two wind projects.

The two banks purchased the tax equity associated with the 250 MW Hidalgo project in Hidalgo and Starr counties, Texas, and the 77.7 MW Jericho Rise project in Franklin County, N.Y., for $343 million, according to a statement issued by EDP.

General Motors has a power purchase agreement for 30 MW of Hidalgo's output (PFR, 12/22/15, PFR, 9/14). Whether the Jericho Rise project has an offtake agreement could not be established. A spokesperson for EDP Renewables North America in Houston declined to comment.

Spokespeople for BAML and BNY in New York were not immediately available for comment. ■

FAST FACT

327.7 MW

Total capacity of the two projects being financed with the $343 million tax equity deal.

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PROJECT FINANCE

South Korean Lenders Join Dominion Solar Deal

South Korean investors participated in a $435 million debt financing that closed on Dec. 14 for a portfolio of **Dominion Resources** solar projects in the U.S.

It is the latest of several project financings for U.S. generation assets to attract the interest of lenders from the Asian country.

KeyBank was the left lead on the loan for the roughly 430 MW portfolio.

MUFG, **SunTrust Robinson Humphrey**, **PNC Bank**, **Mizuho**, **Commerzbank**, **Wells Fargo** and **Hana Bank** were lead arrangers alongside KeyBank.

The portfolio, which Dominion holds through a vehicle called **SBL HoldCo.**, comprises 24 contracted utility-scale projects.

The names and locations of the individual projects could not immediately be established.

The financing includes a five-year mini-perm priced at 255 basis points over Libor.

One project finance banker hailed the pricing, which was higher than other similar deals last year, as a good omen for lenders.

"It's a little bit of an outlier," he said. "But it's a good outlier and my hope is that it is a marker of things to come. Certainly I don't think we've seen that type of pricing on many other deals."

A consortium of South Korean investors led by Seoul-based Hana Bank took tickets in the loan, another deal watcher tells *PFR*.

The move by South Korean financial institutions into U.S. generation assets is driven in part by poor returns in Asia, he says, adding: "Two to three percent over Libor is a good margin for them."

The project finance banker agrees. "You've seen Korean and other Asian investors on a number of transactions and that's likely to continue," he says.

In November, a group of South Korean investors led by **KB Kookmin Bank** took a combined $200 million ticket in a $657.4 million loan backing **Starwood Energy Group Global**'s acquisition of the Marcus Hook Energy Center gas-fired project from **NextEra Energy Resources** (PFR, 11/8).

New York-based boutique investment bank **Wellford Energy** advised the South Korean lenders on both deals.

Earlier in the year, a pool of South Korean investors participated in a $675 million term loan B refinancing for **Ares-EIF**'s 705 MW Newark gas-fired plant in Newark, N.J. (PFR, 4/20).

Spokespeople for Dominion in Richmond, Va., and KeyBank in Cleveland did not respond to inquiries by press time. A representative of Wellford Energy in Houston confirmed that the firm had advised Hana Bank but declined to comment further. ■

Sponsors Sought Turbine Loans in Run-up to Year End

A number of turbine loans were in the market and slated to close before Dec. 31, project financiers told *PFR* in December. Multiple wind project sponsors were trying to capitalize on the full production tax credit by ordering large volumes of wind turbines before the incentive stepped down.

Invenergy and **Pattern Development** were working on securing turbine loans around $100 million in size, according to market participants, who declined to comment on which banks were arranging the loans. A spokesperson for Invenergy declined to comment. A spokesperson for Pattern did not respond to inquiries.

Pattern had been in talks with lenders for a turbine loan with a novel structure for at least a month. The deal it was contemplating would be structured differently than past turbine loans, **Mike Garland**, ceo of Pattern, told *PFR* in early November.

Rather than borrow against turbines which would be used or resold, Garland said the company planned to "securitize" the loan against existing projects (PFR, 11/1).

Terra-Gen was also said to be working on securing a turbine loan, although one source, not at the company, disputed this. **John O'Connor**, cfo of Terra-Gen, did not respond to a request for comment.

If Terra-Gen obtained a turbine loan, it would mark a return to a product it has used before. In 2009, the New York-based sponsor secured a $140 million turbine loan for the purchase of 100 **General Electric** 1.5 MW turbines for the Alta Wind Energy Center in Tehachapi, Calif. (PFR, 8/7/09).

Turbine loans were first rumored to be making a comeback in summer, when one market watcher predicted that it could become a billion dollar industry.

The loans would allow projects to qualify for the production tax credit under **Internal Revenue Service** safe harbor rules, by financing the purchase of a significant number of wind turbines before the start of construction.

The PTC drops by 20% for projects that qualify after Dec. 31, and it will continue to do so by a further 20% each year over the next two years. Turbine loans are one of two ways that projects can harness the full PTC before the step-down.

An IRS safe harbor ruling provides for projects under development to qualify for the PTC either through a physical work test or by demonstrating that 5% of the total project cost has been spent. The latter can be achieved through a turbine loan. Once construction begins, sponsors have four years to complete the project to qualify for the tax credit.

However, turbine loans have not been embraced by all financiers. When the product was last used in the late 2000s, a number of deals ultimately resulted in work-outs or asset sales (PFR, 7/15).

The banks involved in such deals today are likely to include a number of European institutions that have financed similar loans in the past, say market participants. ■

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SolarCity Closes Third Levered Cash Equity Deal

SolarCity has raised $241 million for a distributed solar portfolio with its third levered cash equity transaction.

Sammons Renewable Energy, a subsidiary of Dallas-based investment holding company **Sammons Enterprises**, led the equity portion of the deal, while three institutional investors provided 18-year, non-recourse debt.

The ratio of debt to equity and the identities of the lenders could not be established by press time. Sammons Renewable Energy's minimum investment size is $40 million, according to its website.

The solar portfolio comprises 26,000 residential assets and 19 commercial and industrial projects spread across 16 U.S. states, most of which are operational. It is made up of five separate tax equity funds, with tax equity commitments from three different investors.

The total capacity of the portfolio and the identities of the tax equity investors could not immediately be learned. Spokespeople for SolarCity in San Mateo, Calif., and Sammons in Dallas did not respond to inquiries.

NEW RENEWABLES FUND

The deal, which closed on Dec. 16, represents the first investment of Sammons' dedicated fund for renewable projects in North America.

The fund closed in July and will focus on solar, wind and hydro assets in the U.S., Canada and Mexico, says **Kevin Lapidus**, chief investment officer at **Franklin Park Investments**, which manages the fund for Sammons.

The fund has a pipeline of deals it is looking at for 2017, adds Vienna, Va.-based Lapidus, without disclosing its size.

Alfa Business Advisers provided tax equity advice to Franklin Park and **Herrington & Sutcliffe** was the firm's legal counsel on the deal.

CASH EQUITY DEALS

SolarCity, which was acquired by **Tesla Motors** on Nov. 21, closed two other cash equity financings earlier last year, each with a slightly different structure (PFR, 9/13).

In the first transaction, which the distributed solar shop sealed on May 2, **John Hancock** invested $227 million in a 201 MW portfolio. The investment comprised $100.7 million of equity and a $121.7 million 17-year loan bearing interest at a fixed rate of 5.65%.

SolarCity used the funds to repay $125 million under its aggregation facility, which matures in December 2018, and to prepay $25.7 million of a term loan due this month. The remaining proceeds were retained to fund operations.

Soros Fund Management was the equity investor for the second transaction, which closed on Sept. 8.

The investment manager acquired a stake in a 230 MW portfolio for $95 million, while **Bank of America Merrill Lynch** syndicated a $210 million 18-year loan out to five institutional investors as part of the deal. The fixed-rate loan bears interest at 5.25%.

SolarCity was able to obtain a lower cost of capital in its second cash equity transaction by placing the equity investor and lender group separately, according to a statement announcing the deal in September. The pre-tax, weighted average cost of capital was 7.4%.

SolarCity repaid $192.3 million under its aggregation facility with a portion of the proceeds. ■

FAST FACT

18 years

The tenor of the non-recourse debt provided by three institutional investors as part of the deal.

Boralex Inks Hydro Debt Deal With Insurer Troika

Boralex has sealed a $74.3 million financing from three insurance companies for its 16 MW Yellow Falls hydro project in Ontario.

The construction of the project, which is located on the Mattagami River near the town of Smooth Rock Falls in Ontario's Cochrane District, will be backed by a dual-tranche loan from **Canada Life Insurance Company**, **Great West Life Insurance Company** and **London Life Insurance Company**.

The $74.3 million financing will cover approximately 81% of the project costs, according to a statement issued by Boralex.

The financing comprises a $9.1 million fully-amortizing 10-year tranche and a $65.2 million 39-year tranche that will begin amortizing after the short-term tranche is fully repaid.

The long-term tranche amortizes over 29 years and matures with a bullet repayment at the end of the 39-year term. Taken together, the two loans have an average interest rate of about 5% over the 39-year tenor.

The Yellow Falls project, which is expected to be online this year, has a 39-year power purchase agreement with Ontario's **Independent Electricity System Operator**.

Insurer-backed financings are not uncommon for Boralex hydro projects. The sponsor financed its 22 MW Jamie Creek hydro facility near Gold Bridge, British Columbia, with debt from **Canada Life Assurance Company** and **Great West Life Assurance Company** in 2013 (PFR, 8/12/13).

Boralex is constructing Yellow Falls with two First Nations tribes, the **Taykwa Tagamou Nation** and the **Mattagami First Nation**.

The company recently increased the size of the stake it intends to acquire in the 230 MW Niagara Region wind project in Ontario, which it co-owns with the **Six Nations of the Grand River Development Corp.** (PFR, 12/16).

Representatives of Boralex in Montreal did not immediately respond to inquiries. ■

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PROJECT FINANCE

Octopus LNG Loan Finally Closes

The three sponsors behind an offshore LNG regasification terminal and a linked gas-fired combined-cycle project in Chile, collectively known as Octopus LNG, have closed an $850 million debt financing for the projects, more than three years after initially hiring financial advisers.

The deal entered general syndication late last year (PFR, 9/28) and closed on Dec. 29.

BNP Paribas advised the sponsors—**Cheniere Energy**, **EDF Renewable Energy** and **Andes Mining & Energy**—on the eight-year mini-perm, and was also one of the six bookrunners.

The other bookrunners were **Crédit Agricole**, **DNB**, **MUFG**, **SMBC** and **Société Générale**.

Scotia, **Korea Development Bank**, **Siemens Financial Services** and **Banco BCI** also participated as lenders, say deal watchers.

Pricing on the loan was said last year to be 250 basis points over Libor with multiple step-ups. The final pricing could not immediately be established.

Officials representing the sponsors and bookrunners either declined to comment or could not be reached by press time.

Located in Concepción Bay, the Penco Lirquén floating LNG terminal and regasification plant is expected to come online in 2019 with a capacity of 423 million cubic feet a day.

The natural gas from the terminal will supply the 1,140 MW El Campesino gas-fired project in Bulnes, Bíobío, the first 640 MW phase of which is being financed alongside the terminal with the proceeds of the $850 million loan.

A potential financing for the two projects was first reported in *PFR* in September 2013 (PFR, 9/25/13). ■

MERGERS & ACQUISITIONS

Marubeni Sells Gas-fired Stake, Eyes Wind

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retains a 17.5% stake in the project. The deal closed on Dec. 28.

Whether the parties worked with financial advisers on the deal could not immediately be established. Representatives of Marubeni in New York and Kansia in Osaka did not immediately respond to inquiries.

The buyer is also one of three companies that have jointly agreed to acquire the 635 MW Empire dual-fuel facility in Rensselaer, N.Y., from funds managed by **Energy Capital Partners**. The other two buyers of the Empire project are **Tyr Energy** and **Tokyo Gas Co.** (PFR, 10/18).

SHOPPING FOR WIND

Marubeni's partial divestment of West Deptford comes as the Tokyo-based conglomerate looks to acquire wind projects in the U.S., says a deal watcher familiar with the company's acquisition strategy. Marubeni is targeting wind assets in part because the company views solar as a more volatile asset class, adds the deal watcher.

WEST DEPTFORD OWNERS

Marubeni and several other investors acquired stakes in the West Deptford project from **LS Power** last year in a sale process run by **Credit Suisse** and **Whitehall & Co.** (PFR, 2/16).

Marubeni held the single largest stake in the project from then until its partial divestment closed in December. LS Power's 17.84% interest is now the largest individual stake.

A fund managed by **Ullico** owns a 14.48% interest in the project, while **Arctic Slope Regional Corp.** owns a further 11.58% and **Sumitomo Corp. of Americas** holds 10%. **Prudential** and **The Lincoln National Life Insurance Company** hold 8.87% and 2.22% stakes, respectively (PFR, 6/20).

LS Power refinanced the West Deptford project two years ago with an eight-year loan arranged by **GE Energy Financial Services** and **ING Capital** and priced at 312.5 basis points over Libor (PFR, 1/21/15). ■

Osaka Gas to Take Stake in CPV Gas-fired Project

Competitive Power Ventures is selling a minority stake in a gas-fired project in **PJM Interconnection** to Osaka Gas.

The Japan-headquartered natural gas and generation infrastructure company will acquire a 20% interest in the 725 MW gas-fired Woodbridge Energy Center in Middlesex County, N.J., according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Osaka Gas already owns a 25% interest in another CPV project, the 725 MW St. Charles gas-fired plant in Maryland, having bought the stake from **Marubeni** in 2015 (PFR, 6/15/15).

CPV's stake in the Woodbridge project, which is also known as CPV Shore, will be reduced from 57.53% to 37.53% as a result of the latest deal.

ArcLight Energy Partners Fund V, the **Maine Public Employees Retirement System** and investment vehicles of the states of North Carolina and Texas owned a combined 38.8% stake in the Woodbridge project until late 2015, when they sold their interests to CPV (PFR, 11/17/15). The project came online shortly afterward, in January of 2016.

Toyota and **John Hancock Life Insurance** own 31.2% and 11.2% interests in the project, respectively.

CPV's development activities will be geared almost exclusively toward gas-fired projects in the near future, a deal watcher familiar with the developer's activities tells *PFR*.

The company had explored opportunities in solar and began early-stage development on a solar project in Maryland, which it later abandoned, says the deal watcher.

A CPV official declined to comment. Representatives of Osaka Gas could not immediately be reached. ■

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MERGERS & ACQUISITIONS

Two Firms Close Broad River Acquisition

Two investment firms have closed their joint acquisition of the the Broad River dual-fuel project in Gaffney, S.C.

The Silverfern Group and a fund managed by **Arroyo Energy Investment Partners** have acquired the 878 MW simple-cycle project from private equity firm **Energy Capital Partners**. The deal with Arroyo was first reported by *PFR* in August (PFR, 8/10).

The equity split and purchase price have not been disclosed.

The project, which has been operational since 2000 and serves customers in North and South Carolina, has two power purchase agreements with **Duke Energy Progress**, a subsidiary of **Duke Energy Corp.** The PPA for Units 1, 2 and 3 expires in 2021, whereas the PPA for Units 4 and 5 expires in 2022.

ECP bought the project from **Calpine Corp.** for $427 million in 2012, after the independent power producer shelved earlier plans to sell the facility through an auction in 2011 (PFR, 6/6/12). The auction was said to be postponed after disappointingly low first-round bids (PFR, 8/3/11).

New York-based Silverfern invests on behalf on institutional investors, single-family offices and through a partnership with **Citibank Private Bank**.

The acquisition of Broad River is its fourth platform investment and seventh global investment this year to date, according to a statement announcing the acquisition.

The project is the second asset that Arroyo has acquired since it ceased to be affiliated with **JP Morgan**.

The Woodlands, Texas-based firm was spun off from the investment bank in February 2015 and acquired its first generation asset, a gas-fired plant in Maryland, from a subsidiary of its former parent in a few months later. Arroyo bought the 230 MW Brandywine combined-cycle gas-fired project in Prince George's County, Md. from **JPM Ventures Energy Corp.** (PFR, 7/23).

Spokespeople for Silverfern and Arroyo in New York and ECP in Short Hills, N.J., did not respond to requests for comment. ■

Southern Power Acquires Two Texas Wind Projects

Southern Power has acquired two wind projects in Texas from **EDF Renewable Energy**.

Both facilities, the 174 MW Salt Fork project in Donley and Gray counties and the 126 MW Tyler Bluff project in Cooke County, came online in December.

Salt Fork has a 14-year power purchase agreement with **Garland Power & Light** for 150 MW of its output and a 12-year PPA with cloud computing company **Salesforce** for the remaining 24 MW (PFR, 7/3/15, PFR, 2/11). **Procter & Gamble** has a PPA for 96 MW of Tyler Bluff's generation.

The PPAs are for renewable energy credits as well as generation. Southern Power will have the option to keep or sell the RECs that are not contracted.

EDF acquired the Salt Fork project from **Cielo Wind Power** in 2015 (6/25/15).

The purchase price and whether either company used a financial adviser could not immediately be learned.

Representatives of EDF in San Diego and Southern Power in Atlanta were not immediately available for comment. ■

Buyer Found for Globeleq Mesoamerica Energy

Private equity firms **Actis** and **Mesoamerica** have sold Globeleq Mesoamerica Energy some nine months after a planned acquisition of the Central American developer by **TerraForm Global** fell through.

The buyer is Guatemalan agro-industrial conglomerate **Corporación Multi Inversiones**. The addition of GME's 394 MW portfolio of generation assets in Costa Rica, Honduras and Nicaragua, brings CMI's owned installed generation capacity to 691 MW.

Mesoamerica, a Costa Rica-based firm, acquired GME, then named **Plantas Eólicas**, in 2004. Plantas Eólicas was formed in 1996.

London-based Actis acquired a 70% stake in GME from Mesoamerica in 2010.

TerraForm Global cancelled its proposed purchase of the company in March (PFR, 3/22). Under the terms of the abandoned deal, the **SunEdison** yieldco would have transfered GME's development platform and pipeline to its sponsor while retaining the operational assets.

Representatives of Actis in London, Mesoamerica in San José, Costa Rica, and CMI in Guatemala City, Guatemala, could not immediately be reached for comment. ■

D.E. Shaw Buys First Southeast Asset

D. E. Shaw Renewable Investments has purchased and secured project financing for its first solar project in the Southeastern U.S.

The investment manager has acquired the 52 MW Mississippi Solar 2 project in Lamar County, Miss., from Miami-based **Origis Energy**.

A syndicate of lenders led by **Santander** arranged acquisition and project financing for D.E. Shaw. The group included **Crédit Agricole CIB** and **Siemens Financial Services**.

The identities of other lenders and the size, tenor and pricing of the debt could not immediately be established.

Citigroup has invested tax equity in the project.

The Mississippi Solar 2 project is under construction and expected to be online in the second quarter of 2017. The project has a 25-year power purchase agreement with **Mississippi Power Co.**

Scottsdale, Ariz.-based contractor **DEPCOM Power** is building the project and will provide operations and maintenance services after its completion.

Representatives of D.E. Shaw in New York and Origis Energy in Miami were not immediately available for comment. ■

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STRATEGIES

AEP Unit Launches Tender Process for Ohio Renewables

AEP Ohio has issued two requests for proposals for renewable generation in Ohio—one for wind and one for solar.

The **American Electric Power** subsidiary is seeking up to 250 MW of wind and up to 100 MW of solar generation from new projects. Wind generation projects must be at least 40 MW in size, while the minimum size in the solar RFP is 10 MW.

The criteria for projects to qualify as "new" for the purposes of the RFP are different for wind and solar projects.

Construction on wind projects must not have started before Jan. 1, 2015. Wind projects must also qualify for the full 100% production tax credit.

The PTC steps down to 80% for projects that commence construction after the end of 2016.

Solar projects must not have entered the construction phase before Jan. 1, 2016.

The economics of the projects will not be the only factor that AEP Ohio takes into account when weighing responses to the solar RFP.

The utility says it will give preference to projects in Appalachian Ohio, create permanent manufacturing jobs there and commit to hiring military veterans in the state.

Proposals for both wind and solar projects may take the form of a long-term power purchase agreement with or without the option for AEP Ohio to acquire 50% of the project or an asset purchase agreement for 100% of the facility when it becomes operational.

The company would prefer 20-year PPAs but will consider 10-year contracts, and would prefer projects that are online by the end of 2018.

Proposals in response to the RFPs are due by Feb. 16 at 3:00pm ET.

On Nov. 3, AEP Ohio committed to bringing 500 MW of wind and 400 MW of solar online in the state in an agreement approved by the **Public Utilities Commission of Ohio**. ■

Utility Issues RFP for PJM Capacity

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in West Virginia. No fuel type preference is given in the document, which was issued on Dec. 16.

Bidders' projects must have cleared PJM's reliability pricing model (RPM) capacity auctions for delivery years 2018/2019 and 2019/2020 or be eligible to participate in the incremental RPM auctions for the same years.

The acquisition or acquisitions are expected to take place in 2017, pending regulatory approval.

The FirstEnergy subsidiary, also known as Mon Power, is also seeking up to 100 MW of demand response resources in West Virginia.

Charles River Associates is managing the RFP process. Bidders were required to submit a notice of intent by Dec. 23 and proposals are due by Feb. 3, 2017.

Headquartered in Fairmont, W.Va., Mon Power has 3.7 GW of generation capacity, consisting of conventional fuel and hydro projects.

The RFP is slated to coincide with the sale of FirstEnergy's 24% stake in the 3,003 MW Bath County Pumped Storage project in Warm Springs, Va.

FirstEnergy is in exclusive talks with a potential buyer of the Bath County project and four other assets (PFR, 12/9).

The RFP states that the potential sale of the Bath County project will be considered in a separate, concurrent RFP process. ■

MERGERS & ACQUISTIONS

Duke Acquires Florida Gas-fired Project

Duke Energy Florida has closed its acquisition of a 590 MW gas-fired project in Auburndale, Fla., from **Calpine Corp.**

The **Duke Energy** subsidiary agreed to acquire the Osprey Energy Center from Calpine in December 2014 and requested the approval of the U.S. **Federal Energy Regulatory Commission** in March 2015 (PFR, 3/23/15).

The companies stated in the FERC filing that they planned to close the deal on Jan. 2, 2017, noting that while seeking approval for a deal that would not be consummated for nearly two years was unusual, it was not unprecedented.

The slated closing date coincided with the expiration of a tolling agreement under which the utility company had acquired the plant's output since Oct. 1, 2014. The acquisition actually closed on Jan. 3.

The FERC filing describes the acquisition of the Osprey project as a "superior alternative" to an earlier plan devised by the Duke subsidiary to meet its capacity requirements, which was to expand its 129 MW Suwannee Energy Center in Live Oak, Fla. (PFR, 8/27/14).

Duke Energy Florida had planned to construct two new gas-fired combustion turbines totaling 320 MW at the Suwannee facility as part of its strategy to satisfy its generation needs before the start of 2018. The company would have reverted to that option had federal regulators failed to approve the Calpine deal by Aug. 1, 2015, according to the filing.

FERC approved the deal on July 24, 2015.

The purchase price was $166 million and the deal was expected to be "$61 million more cost-effective" than expanding Suwannee, according to the March 2015 FERC filing.

Representatives of Duke in Charlotte, N.C., and Calpine in Houston were not immediately available for comment. ■

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PEOPLE & FIRMS

New Ceo Takes Helm at Capstone Infrastructure

David Eva, who was formerly senior v.p. at **Capstone Power Development**, has been named ceo of its parent company **Capstone Infrastructure**.

Eva takes over from **Paul Malan**, who stepped in as interim executive chairman of the group in June following the resignation of the previous ceo, **Michael Bernstein**. Malan is a senior partner of **iCON Infrastructure**, which acquired Capstone Infrastructure last year (PFR, 1/22/16).

Malan remains chairman of Toronto-based Capstone's board of directors. Eva also joined the board when he became ceo on Jan. 1. Eva previously headed up another Capstone Infrastructure subsidiary, **Capstone Power Corp.**, as its ceo.

Eva joined the group in October 2013 when it acquired **Renewable Energy Developers** (formerly **Sprott Power Corp.**), where he was project management director. He had worked at **Confederation Power** from 2008 until it was acquired by Sprott in 2011.

Last year three officials—**Jose Andino**, **Mike Chapin** and **Jake Gray**—departed Capstone Power Development's Vancouver office to launch a consultancy, **Panamerican Power Group** (PFR, 3/21). Chapin later left Panamerican to become a partner at **Twenty-First Century Utilities** (PFR, 5/3). ■

STRATEGIES

Offshore Wind Lease Auctioned for Record Breaking $42.5M

A lease for almost 80,000 acres for a provisional wind project off the coast of New York has been auctioned for $42.5 million, the highest price ever paid for a U.S. offshore lease.

The amount far exceeds the total previously raised from the leasing of more than a million acres of land in federal waters for wind project development, which have to date generated more than $16 million in revenue.

Statoil submitted the winning bid of $42,469,725 on Dec. 16 in an auction run by the U.S. **Bureau of Ocean Energy Management**, an agency within the **U.S. Department of the Interior**, which lasted two days.

The company has extensive experience in offshore wind project development with a number of projects off the coast of the U.K. and one in Germany.

Bidding started at $158,700 with six participants on Dec. 15, but after 33 rounds, more than any other lease sale to date, it reached 268 times that. The final bid was made at 10:20am ET and announced a few hours later.

The five unsuccessful bidders were **Avangrid Renewables**, **DONG Energy Wind Power (U.S.)**, **Innogy US Renewable Projects**, **New York State Energy Research and Development Authority** and **wpd offshore Alpha**. It was not disclosed who came closest to the winning bid.

The lease comprises an area which could potentially accommodate more than 1 GW of offshore wind, Statoil announced in a statement on Friday, adding that it intends to start with a smaller 400 MW to 600 MW phase.

The area leased, on an operational term of 25 years, is 79,350 acres, beginning approximately 11.5 nautical miles from Jones Beach, N.Y.

The win gives Norway-headquartered Statoil its first U.S. offshore wind project. The company's main business is owning and operating upstream oil and gas projects.

Statoil launched what it says is one of the world's largest clean technology venture capital funds in February. The fund is committed to the advancement of what it calls "viable renewable energy projects".

Before the lease is finalized, the **U.S. Department of Justice** and **Federal Trade Commission** will conduct an anti-competitiveness review of the auction process and the provisional winner will be required to pay the winning bid and provide financial assurance to BOEM, according to a statement issued by the agency.

The lease will have a preliminary one-year term, during which Statoil may submit a site plan for BOEM's approval. Assuming it obtains that approval, the sponsor will have just under five years to submit a construction and operations plan. An environmental review, which allows for public input, will follow. On obtaining final approval, Statoil will have 25 years to construct and operate the project.

Statoil say its next step in the development of the as yet unnamed project will be to analyze the seabed conditions, interconnection options and wind resources at the site. The project will then need to go through the permitting process and secure offtake agreements.

Fourteen developers were pre-approved as bidders (PFR, 11/2), but only six took part in the auction.

Statoil is developing offshore wind projects off the coasts of Germany and the U.K. Photo: Statoil

BOEM set the price in each round of the auction and interested parties chose to either bid or withdraw. To date, BOEM has leased eleven offshore wind leases, including nine through competitive sale processes.

The site off the coast of N.Y. has generated considerable interest over the last few years, including from the **New York Power Authority**, **Long Island Power Authority**, **Consolidated Edison**, **Fishermen's Energy** and **Energy Management** (PFR, 12/16).

The auction took place less than a week after the first offshore wind project in the U.S. came online. **Deepwater Wind**'s 30 MW Block Island project off the coast of Rhode Island, began commercial operations on Dec. 13.

A subsidiary of Deepwater Wind, **Deepwater Wind Hudson Canyon**, was one of the fourteen qualified participants in the auction. However, it did not bid. Recently, Deepwater announced that it had agreed to acquire an offshore lease for approximately 96,400 acres off the coast of Delaware from **NRG Energy** (PFR, 12/1). ■

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