

# Power Finance & Risk

Exclusive Insight on Power M&amp;A and Project Financing

By the publisher of GlobalCapital

## ● STRATEGIES

## ● PROJECT FINANCE

## ● MERGERS & ACQUISITIONS

### Greenbacker Inks Senior Secured Credit Facility

Fresh from a year-end acquisition spree, **Greenbacker Renewable Energy** has sealed \$60 million in debt from a regional bank. [Page 2](#)

### Financial Institution Plans Debut Tax Equity Investments

A New York-based bank has sought regulatory authorization to begin investing tax equity in renewable assets. [Page 6](#)

### Shell Agrees to Purchase Interest in Silicon Ranch

**Royal Dutch Shell** is acquiring an over-40% shareholding in **Silicon Ranch Corp.** from a Switzerland-based private equity firm. [Page 7](#)

## Sponsor Markets Debt for Ohio CCGT

Richard Metcalf

**Advanced Power** has begun marketing a loan to finance a quasi-merchant gas-fired project in Ohio, as deal watchers wonder how many more project finance deals for this kind of asset can be done in **PJM Interconnection**.

The 1,100 MW South Field project in Columbiana County, Ohio, was tipped by bankers as one of a handful that could reach financial close by the end of 2017, alongside **Panda Power Funds'** Mattawoman project in Maryland and **Clean Energy Future's** Trumbull project in Ohio (PFR, 10/20).

**GE Energy Financial Services** was said to be running the debt raise for South Field in October and has been joined by **CIT Bank** and **Crédit Agricole** as mandated lead arrangers. Teasers have been sent to potential lenders, deal watchers tell PFR.

Further details of the debt package being marketed could not immediately be learned. Representatives of Advanced Power

and the arrangers declined to comment.

Recent financings for similar projects have involved mini-perm loans with tenors of three to seven years supported by revenue puts or heat-rate call options.

Pricing on these loans remained stable last year at 325 basis points over Libor, but there are hints that this could be chipped away on future deals.

"This might be the year it starts to crack," said **Ralph Cho**, co-head of North American power at **Investec**, at the **Info-cast** Projects and Money conference in New Orleans on Jan. 17. "Some deals are starting to come in somewhere around the Libor plus 300 area."

While appetite for these loans remains healthy in the bank and institutional market, the challenge will be in rounding up sufficient equity, according to several speakers at the conference.

"I think there is debt capital to be put in play, because it's safe. Equity capital, which is on the margin and [PAGE 6](#) »

## Texas Hedgie Rounds Up Mezz Lenders for Panda

Richard Metcalf

A Texas-based hedge fund is seeking to arrange mezzanine capital for **Panda Power Funds**, mainly to refinance existing capital associated with its fleet of gas-fired combined-cycle projects in **PJM Interconnection**, deal watchers tell PFR.

Fort Worth-based **Crestline Investors** is putting together a

syndicate of mezzanine lenders to raise approximately \$400 million through the issuance of preferred shares, say the deal watchers. About half of the amount has already been circled, says one.

The deal is intended to replace existing mezzanine finance associated with one or more of the four CCGT facilities in PJM that Panda has financed in the past few years: the [PAGE 5](#) »

## Quinbrook Asset Wins Debt, Tax Equity Commitment

Fotios Tsarouhis

A fund managed by **Quinbrook Infrastructure Partners** has wrapped a debt and tax equity financing for a 200 MW wind project in Oklahoma.

**GE Energy Financial Services** is the sole tax equity investor in the Persimmon project, which is 75% owned by the Quinbrook Low Carbon Power Fund and 25% [PAGE 7](#) »

## Details of DIF Ontario Solar Refi Emerge

Shravan Bhat

The senior debt refinancing that **Natixis** arranged for Dutch asset manager DIF in December was for three 10 MW projects and was priced relatively tightly, PFR has learned.

The C\$184 million (\$147 million) deal refinanced the Illumination project in Scugog, the Glenarm facility in Kawartha Lakes and the GoldLight project in Georgina.

At 162.5 basis [PAGE 5](#) »



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## ● STRATEGIES

# Greenbacker Seals Senior Secured Loan

A regional bank has arranged a \$60 million senior secured credit facility for **Greenbacker Renewable Energy**, the New York-based renewables firm that has ramped up its acquisition activity in recent months.

**Fifth Third Bank**, a relationship lender of Greenbacker's, was the sole lead arranger and sole bookrunner on the financing, which is secured on "assets, property and interests in property" owned by Greenbacker and its subsidiaries, according to a statement. Greenbacker owns a portfolio of four wind projects totaling 61.5 MW and solar assets totaling 123.4 MW.

The company signed the four-year loan on Jan. 5 and drew down \$25.7 million, which it will use to pay down existing debt and fund future investments, according to the statement. The company will be able to tap the facility through Dec. 31, 2018.

Pricing was not disclosed. **David Sher**, director at Greenbacker in New York, and a spokesperson for Fifth Third Bank in Cincinnati did not immediately respond

to inquiries.

Greenbacker was an active buyer of small-scale wind and solar facilities throughout 2017 and closed a trio of acquisitions—buying the 26 MW Midway III solar project in Imperial County, Calif., from **Solar Frontier Americas**, the 6 MW Wagner wind project in Palm Springs, Calif., from **BayWa r.e.**, and the 10 MW Georgia Mountain Community wind project in Chittenden and Franklin counties, Vt., from two individuals—in the final days of the year (PFR, 1/9, PFR, 1/2).

Earlier that month, the company agreed to purchase a 10 MW portfolio of operational solar assets in Colorado and California from London-based private equity firm **Foresight Group**.

In October, Greenbacker acquired the 15.4 MW Golden Horizons portfolio, comprising two 7.7 MW solar projects in North Palm Springs, Calif., from **LDK Solar**, for \$7.7 million. Both facilities came online in 2011 and have 20-year power purchase agreements with **Southern California**. **FTI Capital Advisors** advised LDK on the sale. ■

## PFR Power Finance & Risk

**EDITORIAL**  
**Richard Metcalf**  
Editor  
(212) 224-3259

**Fotios Tsarouhis**  
Reporter  
(212) 224-3294

**Shravan Bhat**  
Reporter  
(212) 224-3260

**Stuart Wise**  
Data Associate

**Kieron Black**  
Sketch Artist

**PRODUCTION**  
**Gerald Hayes**  
Manager  
**Kaela Bleho**  
Designer  
**Sam Medway**  
Associate

**PUBLISHING**  
**Laura Spencer**  
Senior Marketing  
Manager

**Adam Scott-Brown**  
Director of Fulfillment

**Nina Bonny**  
Customer Service  
Manager  
(212) 224-3433

**SUBSCRIPTIONS/  
ELECTRONIC LICENSES/  
REPRINTS**  
One Year \$3,670  
**Jon Ljekocevic**  
Sales Executive  
(212) 224-3043

**CORPORATE**  
**Andrew Rashbass**  
Chief Executive Officer

**John Orchard**  
Managing Director,  
Banking & Finance Group

**Directors:**  
**John Botts**  
(Chairman),  
**Andrew Rashbass**  
(CEO),  
**Sir Patrick Sergeant**,  
**Colin Jones**,  
**David Pritchard**,  
**Andrew Ballingal**,  
**Tristan Hillgarth**,  
**Imogen Joss**,  
**Jan Babiak**,  
**Lorna Tilbian**,  
**Tim Collier**,  
**Kevin Beatty**

**Customer Service**  
PO Box 4009, Chesterfield, MO 63006-4009, USA  
Tel: 1-800-715-9195  
Overseas dial: 1-212-224-3451  
Fax: 212-224-3886  
UK: 44 20 7779 8704 Hong Kong: 852 2842 8011  
E-Mail: customerservice@iintelligence.com

**Institutional Investor Hotline**  
(212) 224-3570 and (1-800) 437-9997 or Hotline@iintelligence.com

**Editorial Offices**  
1120 Avenue of the Americas, 6th Floor, New York, NY 10036  
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Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## GENERATION AUCTION &amp; 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   |
|---|---|---|---|--|
| AES Corp.   | Portfolio (1 GW, Gas, Oil)                  | Indiana, Ohio                           |   | A fund managed by Rockland Capital is acquiring the portfolio (PFR, 1/16).   |
| Apex Clean Energy                                     | Portfolio (12 GW, Wind, Solar)              | U.S., Canada                            | CohnReznick                                     | A sale process for the developer moved into a second round in summer 2017 (PFR, 8/14).   |
| ArcLight Capital Partners                             | Portfolio (1.6 GW Wind)                     | U.S.                                    | BAML  | ArcLight has put the portfolio, known as Leeward Renewable Energy, up for sale (PFR, 10/9).  |
| ArcLight Capital Partners                             | New Covert (1,040 MW Gas)                   | Van Buren County, Mich.                 | BNP, Whitehall                                  | ArcLight has mandated banks to execute a potential sale of the asset (PFR, 10/30).   |
| Ares-EIF, I Squared Capital                           | Oregon Clean Energy Center (869 MW Gas)     | Lucas County, Ohio                      | Barclays, Credit Suisse                         | A sale process for the project is underway (PFR, 5/15).  |
| Casa dos Ventos                                       | Ventos do Araripe III (359 MW Wind)         | Piauí, Pernambuco, Brazil               |   | Canada Pension Plan Investment Board and Voltorantim Energy are acquiring the project through a J.V. (PFR, 1/8).   |
| Conduit Capital Partners                              | Electricidad del Golfo (35 MW Hydro)        | Veracruz, Mexico                        | BNP (seller)                                    | ATCO has agreed to buy the plant for \$90 million and the assumption of ~\$26 million of debt (PFR, 1/8).  |
| Conduit Capital Partners                              | Santa Catarina (22 MW Wind)                 | Monterrey, Nuevo León, Mexico           |   | Conduit plans to launch a sale process for the contracted, operational asset this year (PFR, 1/8).   |
| DCO Energy  | Portfolio (Gas)                             | U.S.                                    |   | A Basalt Infrastructure Partners fund has acquired a stake in a generation portfolio owned by independent power producer DCO Energy (see story, page 11).                          |
| Edison International                                  | SoCore Energy (160 MW DC Distributed Solar) | U.S.                                    | Marathon Capital                                | The auction for the company entered a second round in fall 2017 (PFR, 10/30).  |
| Enbridge  | Portfolio (~3 GW Wind, Solar, Hydro)        | Canada, U.S.                            |   | Enbridge is looking to sell about half of its renewable assets (PFR, 1/8).   |
| Energy Capital Partners                               | Wheelabrator Technologies (1.2 GW Biomass)  | U.S., U.K.                              |   | ECP has put the company up for sale (PFR, 8/21).   |
| GD Solar  | Portfolio (260 MW Solar)                    | Brazil                                  |   | The firm is seeking equity investors for the portfolio (see story, page 6).  |
| Genera Avante Holdings Canada                         | Glen Dhu (62.1 MW Wind, 51%)                | Merigomish, Nova Scotia                 |   | Capstone Infrastructure Corp. has taken full ownership of the project (PFR, 1/16).   |
| Infinity Renewables                                   | Portfolio (6.6 GW Wind, Solar)              | U.S.                                    | CIBC  | The company is for sale (PFR, 6/5).  |
| Innovative Solar Systems                              | Portfolio (460 MW Solar)                    | Texas                                   |   | The company is seeking a buyer for the three-project portfolio (PFR, 10/9).  |
| InterGen  | Portfolio (2.2 GW Gas, 155 MW Wind)         | Mexico                                  | BAML, Barclays (seller), Scotia Capital (buyer) | Actis has agreed to acquire all of InterGen's Mexican assets (PFR, 1/16).  |
| Invenenergy Renewables                                | States Edge (2 GW Wind)                     | Cimarron and Texas counties, Okla.      |   | Two utilities owned by American Electric Power have filed for federal approval to acquire the facility (PFR, 1/16).  |
| LS Power  | Carville (501 MW Gas)                       | St. Gabriel, La.                        | RBC Capital Markets                             | LS Power has hired RBC to sell the merchant facilities (PFR, 8/14).  |
|   | Hog Bayou (237 MW Gas)                      | Mobile, Ala.                            |   |  |
| Morgan Stanley  | NaturEner USA (399 MW Wind)                 | Montana                                 | Morgan Stanley                                  | Morgan Stanley is selling NaturEner, which owns development wind assets in Alberta as well as the 399 MW operational wind portfolio in Montana (PFR, 5/15).                        |
| NextEra Energy Resources                              | Portfolio (223.5 MW Wind)                   | Pennsylvania, West Virginia, California |   | Quinbrook has closed its acquisition of the facilities, which are all between 17 and 15 years old with power purchase agreements that mature between 2021-24 (see story, page 11). |
| Pacific Gas & Electric                                | DeSabra (26.7 MW Hydro)                     | Butte Creek and West Branch             | Bodington & Co.                                 | Bodington is running an auction for the assets (PFR, 9/25).  |
|   | Miocene (2.9 MW Hydro)                      | Feather River, California               |   |  |
| Partners Group  | Silicon Ranch Corp (880 MW Solar)           | U.S.                                    |   | Royal Dutch Shell acquired a 43.83% stake for up to \$217 million (see story, page 7).   |
| Sojitz Corp.  | Birdsboro (450 MW, 11.1%)                   | Berks County, Pa.                       |   | Kyushu Electric Power Co. is acquiring the stake from Sojitz, which acquired a one-third stake last year (PFR, 1/8).   |
| Southern Power  | Portfolio (1,760 MW Solar)                  | U.S.                                    | Citi  | Southern Power has hired Citi to sell an up to one-third stake in the portfolio (PFR, 11/6).   |
| Texas Municipal Power Agency                          | Gibbons Creek (450 MW Coal)                 | Grimes County, Texas                    |   | The plant is for sale again after an earlier attempt to offload it fell through (PFR, 11/20).  |
| Tradewind Energy                                      | English Farms (170 MW Wind)                 | Poweshiek County, Iowa                  |   | Alliant Energy is acquiring the project (PFR, 1/8).  |
| Utilities Trust of Australia, The Infrastructure Fund | Southwest Generation portfolio (839 MW Gas) | U.S.                                    |   | IIF US Holdings 2 is acquiring the funds' stake, doubling its shareholding to over 99% (PFR, 1/16).  |
| Wind Canada Investments                               | Fitzpatrick Mountain (1.6 MW, ~50%)         | Cumberland County, Nova Scotia          |   | Capstone Infrastructure Corp. has taken full ownership of the project (PFR, 1/16).   |

## ● 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](mailto:fotios.tsarouhis@powerfinancerisk.com)

## 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  |
|-----------------------------------|---|-----------------------------|--|-------------------------|-------------|---------|--|
| Advanced Power                    | South Field (1.1 GW Gas)                        | Columbiana County, Ohio     | GE EFS, CIT Bank, Credit Agricole  | Debt                    | TBA         | TBA     | Pricing on similar loans remained stable last year at 325 basis points over Libor (see story, page 1).   |
| Akuo Energy                       | Pecasa (50 MW Wind)                             | Dominican Republic          | IFC, FMO, Govt of Canada, Proparco, DEG  | Debt                    | \$80M       | TBA     | The project will sell its output to the Dominican public utility through a 20-year, dollar-denominated PPA (see story, page 6).  |
| Arclight Capital Partners         | Sweetwater I and II (136 MW Wind)               | Nolan County, Texas         | GE EFS   | Tax Equity              | \$160M      |         | The tax equity deal backed the projects' repowering (PFR, 1/16).   |
| TransCanada                       | Portfolio (76 MW Solar)                         | Ontario                     | TBA  | Debt                    | C\$396M     | 16-yr   | Axiom Infrastructure has raised C\$396.05 million to finance its acquisition of the portfolio (PFR, 1/16).   |
| Coronal Energy                    | Gulf Coast Solar Centre (120 MW Solar)          | Florida                     | Marathon Capital (Agent), U.S. Bank  | Tax Equity              | ~\$85M      |         | The portfolio is spread across three military bases, which added a layer of complexity to the deal. Gulf Power is buying the energy under 25-year PPAs (see story, page 5).  |
|                                   |   |                             | Marathon Capital (Agent), SMBC   | Term Loan               | ~\$150M     | 18-yr   |  |
| DIF                               | Portfolio (30 MW Solar)                         | Canada                      | Natixis (Agent), Raymond James   | Term loan               | C\$59.4M    | 7-yr    | Debt priced at 162.5 basis points over Libor. Of the 17.5-year debt, \$20 million is floating-rate and the rest fixed (see story, page 1).   |
|                                   |   |                             | Natixis (Agent), Samsung Life, Migdal  | Term loan               | C\$124.6M   | 17.5-yr |  |
| Duke Energy Renewables            | Shoreham Commons (24.9 MW Solar)                | Suffolk County, N.Y.        | PNC  | Tax Equity              | TBA         |         | The deal is expected to close when the project is online in the second quarter of 2018 (PFR, 1/8).   |
| Energy Capital Partners           | Wheelabrator Portfolio (853 MW waste-to-energy) | U.S., U.K.                  | Deutsche Bank (left), BNP  | Term Loan B (Repricing) | \$1.25B     | 3-yr    | Pricing came in at 350 bps over Libor with a 1% Libor floor for all three tranches, up from price thoughts of 300 bps. The repricings were sold at par and the new term loan C at a discount of 99.75% (PFR, 1/8). |
|                                   |   |                             |  | Term Loan C (Repricing) | \$55M       | 3-yr    |  |
|                                   |   |                             |  | Term Loan C             | \$125M      | 3-yr    |  |
| Empresas Públicas de Medellín     | Ituango (2.4 GW Hydro)                          | Colombia                    | Caisse de dépôt et placement du Québec, KfW IPEX, BNP, ICBC, SMBC, BBVA, Santander | Debt                    | \$650M      | 8-12-yr | The \$1 billion deal is a rare example of international players piling into a Colombian generation financing (PFR, 1/16).  |
|                                   |   |                             | IDB Invest   | Debt                    | \$300M      | 12-yr   |  |
|                                   |   |                             | China Co-Financing Fund for Latin America and the Caribbean                        | Debt                    | \$50M       | 12-yr   |  |
| Fotowatio Renewable Ventures      | Potosi (342 MW Solar)                           | Zacatecas, Mexico           | KfW, Bancomext, ING  | Debt                    | TBA         | TBA     | Fotowatio, which is owned by Saudi Arabia's Abdul Latif Jameel Energy, also announced it is developing a hybrid solar-and-wind project in Chile (see story, 5).  |
| Greenbacker Renewable Energy      | Midway II (26 MW solar)                         | Imperial County, Calif.     | TBA  | Debt, Tax Equity        | TBA         | TBA     | The California PUC approved a 20-year PPA for the project with San Diego Gas & Electric in July 2016 (PFR, 1/8).   |
| Indeck Energy                     | Niles (1 GW Gas)                                | Niles, Mich.                | Whitehall & Co.  | Debt                    | \$500M      |         | The sponsor aims to close debt financing in the first quarter of this year (PFR, 1/16).  |
| Invenery                          | La Jacinta (50 MW Solar)                        | Salto, Uruguay              | IDB Invest   | Bond                    | \$64.75M    | 25-yr   | The project bond refinancing is expected to set a precedent for further international investment in the Uruguayan renewables sector (PFR, 1/8).  |
| Mainstream Renewable Capital      | Portfolio (299 MW Wind)                         | Chile                       | Apollo Global  | Mezzanine Capital       | \$50M       |         | Mainstream will use the proceeds to part fund its equity in the projects, which it owns through a JV. with P.E. firm Actis (PFR, 1/8).   |
| Quinbrook Infrastructure Partners | Persimmon (200 MW Wind)                         | Oklahoma                    | GE EFS   | Tax Equity              | \$190M      |         | Pricing on the \$78 million construction loan was 125 basis points over Libor (see story, page 1).   |
|                                   |   |                             | GE EFS, CIT Bank, MUFG, Rabobank   | Debt                    | \$252M      | TBA     |  |
| Pan American Energy               | Parque Eólico del Sur (24.15 MW Wind)           | Argentina                   | KfW IPEX-Bank  | Debt                    | \$21.8M     | TBA     | Danish export credit agency EKF is providing insurance for 95% of the funding (PFR, 1/8).  |
| Panda Power Funds                 | Mattawoman (990 MW Gas)                         | Prince George's County, Md. | BAML, BNP Paribas, Investec, NH Financial Group                                    | Debt, Equity            | \$500M      |         | Bank of America Merrill Lynch has joined the lender group (PFR, 10/30).  |
| Panda Power Funds                 | Portfolio (Gas)                                 | Pennsylvania                | Crestline Investors  | Mezzanine Capital       | \$400M      |         | The deal is intended to replace existing mezzanine finance for the four CCGT facilities in PJM that Panda has financed in the past few years (see story, page 1).  |
| Total Eren                        | Vientos Los Hércules (97.2 MW Wind)             | Argentina                   | KfW IPEX-Bank  | Debt                    | \$167M      | 16-yr   | The KfW IPEX-Bank tranche is guaranteed by political and commercial export credit insurance provided by German export credit agency Euler Hermes (PFR, 1/8).   |
|                                   |   |                             | DEG, FMO   | Debt                    |             | 15-yr   |  |
| UKA Group                         | Portfolio (400 MW Wind)                         | U.S.                        | TBA  | Debt, tax equity        | TBA         | TBA     | The Germany-based developer is seeking debt and tax equity for its first U.S. assets (PFR, 10/30).   |

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## PROJECT FINANCE ●

## Coronal Seals Back-levered Deal for Solar at Florida Military Bases

Independent power producer **Coronal Energy** has closed \$235 million in tax equity, construction and back-levered term debt for its 120 MW Gulf Coast Solar Center portfolio in northwestern Florida.

**U.S. Bank's** tax equity financing vehicle, **U.S. Bancorp Community Development Corp.**, provided between \$80 million and \$90 million of tax equity, while **Sumitomo Mitsui Banking Corp.** provided the construction and term loans. The back-levered term loan has an 18-year tenor.

The project has been online

since Aug. 22 but financial close was not announced until Jan. 12.

Uncertainty around the recent changes to U.S. tax law meant that the deal took a year to complete. "The reduction in the corporate tax rate from 35% to 21% lowered the value of certain tax incentives, and required a re-allocation of the project cash flows in order to protect the parties' anticipated returns," said **Matt Shanahan**, managing director at **Marathon Capital**, which served as financial adviser on the deal.

The portfolio is spread across

three military bases, which added a layer of complexity to the deal because the military typically retains certain rights to the sites in the event of a national emergency. The three facilities comprise a 30 MW project at Eglin Air Force Base Reservation, a 40 MW project at Naval Air Station (NAS) Whiting Field's Naval Outlying Landing Field (NOLF) Holley, and a 50 MW project at NAS Pensacola's NOLF Saufley.

**Gulf Power** is leasing the land from the military and sub-leasing it to the projects. The leases are

for 25 years and Gulf Power will also buy all of the generation from the projects under 25-year power purchase agreements.

"Under the terms of its agreements, Gulf Power is entitled to all renewable energy credits and other environmental attributes associated with the output of the solar facilities," says a Gulf Power spokesperson in Pensacola via email.

**Panasonic** owns a minority stake in Pasadena, Calif.-based Coronal Energy, which it increased in September 2016 (PFR, 12/7/16). ■

## Texas Hedgie Rounds Up Mezz Lenders for Panda

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829 MW Liberty project in Bradford County, Pa., the 829 MW Patriot project in Lycoming County, Pa., the 778 MW Stonewall project in Loudon County, Va., and the 1,124 MW Hummel project in Snyder County, Pa. The first three are online, while Hummel is in the advanced stages of construction.

**Siemens Financial Services** and several large institutional investors took preferred equity stakes in Hummel as part of its initial financing, which closed in 2015 and went on to win *PFR's* award for conventional generation project finance deal of the year (PFR, 10/28/15, 5/19/16).

Panda previously explored the sale of the

operational assets, hiring **Goldman Sachs** as auctioneer in 2016 (PFR, 5/10/16, 10/26/16), but no deal was struck with a prospective buyer.

Besides replacing existing mezzanine finance arrangements at the projects, the transaction being teased by Crestline may also involve the refinancing of a \$20 million line of capital provided by Goldman to Panda at the general partnership level.

Further details of the mezzanine deal and the Goldman loan could not immediately be established. Officials at Panda in Dallas and Goldman in New York declined to comment. Representatives of Crestline in Fort Worth and New York either declined to comment or did not respond to inquiries. ■

## Fotowatio Inks Mexico Solar Loan, Reveals Chile Plan

**Fotowatio Renewable Ventures** has sealed financing for a solar project in Mexico and announced a hybrid solar-and-wind project in Chile.

**KfW**, **Bancomext** and **ING** are providing the financing for the sponsor's 342 MW Potosi solar project in Zacatecas, San Luis de Potosi state.

The contract for the project was awarded in a 2016 tender and the facility is due to be operational in 2019.

The sponsor, which is owned by Saudi Ara-

bia's **Abdul Latif Jameel Energy**, is also is developing a hybrid solar-and-wind project between north and central Chile.

The solar component of the project, **Verano 3**, was developed by Verano Capital, which sold the project to Fotowatio in 2014.

Fotowatio, through **Energía Renovable Verano Tres**, won a contract for the project in a government-run auction in November (PFR, 11/7).

The company's successful bid was \$25.38/MWh. ■

## Details of DIF Ontario Solar Portfolio Refi Revealed

« FROM PAGE 1

points over Libor, the pricing was tight relative to other recent deals for contracted renewables projects, says a deal watcher, who notes that margins on Canadian deals have generally been lower than on loans for projects in the U.S.

Natixis, which acted as sole lead arranger, was also a lender along with **Samsung Life Insurance**, **Raymond James** and **Migdal Europe**.

Raymond James provided a C\$59.4 million seven-year term loan, while Samsung and Migdal provided 17.5-year loans. \$20 million of the long-term debt is floating-rate and the rest is fixed (PFR, 1/3).

**Riverside Risk Advisors** helped DIF design and execute the interest rate hedges related to the refinancing.

DIF, which had agreed to buy the projects from **Canadian Solar** in 2013 (PFR, 11/26/13), closed the acquisitions in 2015. Natixis was an arranger, alongside **Rabobank** and **NordLB**, on the original project financings for all three facilities.

The asset manager bought Glenarm for over C\$60 million (\$49 million) in January 2015, GoldLight, for C\$68 million (\$54 million) in February 2015 and Illumination for C\$65.9 Million (\$48.4 Million) in December of the same year. ■

## ● PROJECT FINANCE

# Financial Institution Prepares to Enter Tax Equity Fray

A New York-based banking group is aiming to begin investing in renewable projects through tax equity deals, while established players are expected to tighten their belts in the wake of tax reform.

**CIT Group** is seeking regulatory approval from the **Office of the Comptroller of the Currency** to start taking tax equity positions and could sign its first deal this year, a person familiar with the plans tells *PFR*.

The firm is expected to look initially at partnership flip deals based on the production tax credits generated by wind projects.

A spokesman for the bank in New York declined to comment.

The entry of CIT and other new investors into the tax equity market will be welcomed by finance officials at renewable project sponsors, as established tax equity investors may have less capacity for such deals as a result of the tax reform bill that was passed in December.

Tax equity investors have generally been making returns of between 7% and 10% in recent transactions, deal watchers told *PFR* on the sidelines of the **Infocast** Projects and Money conference in New Orleans last week.

However, a tax equity fund that was under pressure to close deals in a short time frame late last year signed term sheets with a return of 20% on projects “with a lot of hair”, noted a project finance attorney.

Since undergoing a pre-packaged Chapter 11 restructuring in 2009, CIT Group has acquired **One-West Bank** and, last year, announced the sale of its aircraft leasing business to **Avolon** for \$10.38 billion.

The bank has an active project finance desk that has worked on deals recently for gas-fired, renewables and battery storage assets. The firm was one of the lead arrangers on a \$252 million debt package inked by **Quinbrook Infrastructure Partners** for its 200 MW Persimmon wind project in Oklahoma at the end of last year (see story, page 1). ■

## IFC Finances Dominican Republic Wind Project

A consortium of development banks led by the **International Finance Corp.** is providing \$80 million in financing for **Akuo Energy's** 50 MW Pecasa wind project in the Dominican Republic.

The IFC is providing \$18.5 million, while \$18 million is coming from the **Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden** (FMO), \$15 million from the **IFC-Canada Climate Change** (a partnership between the **Government of Canada** and IFC), \$15 million from **Proparco** (the private sector financing arm of French development bank **Agence Française de Développement**), and \$11.5 million from the German development bank **DEG**.

The \$130 million project is expected to be online in the first half of 2019. The Pecasa (Parques Eólicos del Caribe) wind farm will sell its output to the public utility **Corporación Dominicana de Empresas Eléctricas Estatales**, through a 20-year, dollar-denominated power purchase agreement.

“PPA prices in the Caribbean for renewable projects range from 10-15 cents/kWh,” said **Miguel Toledo**, chief investment officer at IFC's Caribbean infrastructure and energy practice. He added that while debt service coverage ratios and debt reserve accounts for regional projects have not been affected by recent hurricanes, insurance premiums have risen.

Paris-based developer **Akuo** closed financing for its first U.S. wind project in October 2016 (*PFR*, 10/13/16). ■

# Arizona Utility Seeks Wind Project Bidders

**Tucson Electric Power** is due to open a request for proposals for between 100 MW and 150 MW of wind generation on Jan. 18.

**Accion Group** will manage the bidding process for the **Fortis**-owned utility company, which supplies around 422,000 retail customers in southeastern Arizona as well as wholesale customers in the western U.S.

TEP aims to source at least 30% of its generation from renewables by 2030, doubling its 2025 goal. It currently has 560 MW of renew-

able assets which account for 11% of the electricity its retail customers receive.

The utility signed a 20-year tolling PPA for the output of one of two 550 MW units at the Gila River gas-fired project near Gila Bend, Ariz., that **Salt River Project** is in the process of buying from the plant's former creditor, **Beal Bank**, on Oct. 17.

TEP will pay Salt River Project a monthly demand charge including a fixed-capacity charge of about \$1 million per month for

the first three years and about \$1.5 million per month for the remainder of the life of the contract, and an operating fee, according to paperwork filed with the U.S. **Securities and Exchange Commission** (*PFR*, 10/17/17). ■

### FAST FACT

## 560 MW

Total capacity of TEP's renewable assets

# Sponsor Markets Debt for Ohio CCGT

◀ FROM PAGE 1

clearly not safe in this marketplace, is harder and harder to raise for new projects,” said **Bob Simmons**, senior managing director at **Marathon Capital**, on a project finance outlook panel on Jan. 18.

Drumming up the equity check is made even harder when leverage ratios are squeezed, Sim-

mons noted. Recent transactions have featured 50:50 leverage ratios, rather than the 60% or 65% debt that earlier projects were able to raise.

**Whitehall & Co.** is running the equity raise for South Field, which is expected to cost \$1.1 billion and will be supplied with **General Electric** turbines. ■

## PROJECT FINANCE ●

## Quinbrook Asset Wins Debt, Tax Equity Commitment

◀ FROM FRONT

owned by **Elawan Wind** (formerly **Gestamp Wind**).

GE EFS, which has committed \$190 million of tax equity to the Persimmon project, was also the bookrunner and administrative agent on a \$252 million debt raise for the project, with **CIT Bank**, **MUFG** and **Rabobank** acting as joint lead arrangers and lenders.

The debt financing comprises a \$78 million construction loan and a \$174 million letter of credit facility.

Pricing on the construction loan was 125 basis points over Libor, according a deal watcher familiar with the financing. The tenor of the loan could not immediately be learned.

A spokesperson for GE EFS in Washington, D.C., declined to comment. Officials at Quinbrook did not immediately respond to inquiries.

The project, which has a long-

term power purchase agreement with an undisclosed party, will be supplied with 73 2.5 MW turbines and seven 2.3 MW turbines by **GE Renewable Energy**.

Quinbrook, which plans to add 165 MW of capacity to Persimmon in a second phase, agreed to acquire a nearly-250 MW portfolio of contracted U.S. wind assets late last year (PFR, 11/15).

That deal followed the firm's purchase of wind developer **Scout Clean Energy**, which has a 1.6 GW development pipeline in nine states, in April (PFR, 11/15, PFR, 5/17). ■

FAST FACT

**L+125  
bps**

Pricing on the construction loan

## Curb Your Enthusiasm, Says Xcel

The euphoria that accompanied the record low \$21/MWh wind-plus-storage bids **Xcel Energy** recently received in Colorado may be premature, says the utility.

Recent media reports cited record low renewables-plus-storage bids in Xcel's 2017 All Source Solicitation 30-Day Report on Dec. 28. The median bid for wind-plus-storage was \$21/MWh while solar-plus-storage came in at \$36/MWh, making them the lowest renewables-plus-storage bids in the U.S. according to London-based *Carbon Tracker*.

However, we are a long way from seeing projects built at those rates, cautions Xcel's spokesman, **Mark Stutz**. "Some bids are being evaluated as we speak," he says, "but last Friday [Jan. 12] we filed to allow bidders to refresh their bids".

The bidding process has been reopened to give bidders a chance to refresh their offers in light of the 2017 tax reform bill and the forth-

coming solar panel tariff decision, expected to be announced on Jan. 26. Xcel expects refreshed bids in early February.

Additionally, the Colorado Energy Plan has not yet been accepted as part of the larger Electric Resource Plan by the state's **Public Utility Commission**. The ERP was filed in May 2016, and by August 2017 a requirement of 450 MW of new generation had been identified.

Xcel filed the CEP proposal separately in late August 2017, calling for up to 1 GW of wind, 700 MW of solar, 700 MW of gas-fired capacity and the retirement of two coal plants (PFR, 8/31). The Colorado PUC will choose whether or not to accept the CEP on March 21, following public and evidentiary hearings in early February.

If the CEP is accepted, the refreshed bids will be published in Xcel's 120-Day report on Apr. 27 and the final decisions on the bids will be made on July 26. ■

## MERGERS &amp; ACQUISITIONS ●

## Shell to Purchase Stake in Silicon Ranch

**Royal Dutch Shell** has agreed to acquire a 43.83% stake in **Silicon Ranch Corp.** from one of its backers, a Swiss private equity firm, making the Anglo-Dutch oil and gas giant the solar developer's largest shareholder.

Switzerland-based **Partners Group** will sell the stake for up to \$217 million and Shell will have the option to increase its position after 2021, according to a statement issued by Silicon Ranch.

Shell, along with fellow European energy companies **Engie**, **Innogy** and **Total**, has been exploring opportunities to further investment in U.S. renewables for some time (PFR, 8/11). Denmark's **Ørsted** (formerly **Dong Energy**) is also said by deal watchers to be eyeing the American renewables market.

Based in Nashville, Tenn., Silicon Ranch has an 880 MW portfolio of construction-stage and operational assets in 14 U.S. states, as well as a 1 GW

development pipeline. The company will continue to operate under its existing brand and retain its management team, according to the statement.

The acquisition is expected to close in the first quarter of this year.

In tandem with Shell's acquisition, Partners Group is expected to provide a junior debt financing to Silicon Ranch, which is separately in the process of raising debt and tax equity to back four contracted solar assets in Georgia totaling 200 MW (PFR, 9/8).

The size of the junior loan

could not immediately be learned. The deal is expected to close in the first quarter of this year.

Partners made its initial \$100 million investment in Silicon Ranch in 2016, becoming the company's largest shareholder, with co-investors **Greystone Infrastructure Fund** and **Mountain Group Partners** committing an additional \$11 million (PFR, 4/27/16).

Within a year, Partners Group had committed an additional \$40 million, with Greystone and Mountain Group investing another \$15 million (PFR, 1/18/17). ■

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# Pricing Squeezed Amid Intense Lender Competition

Loan pricing is grinding ever tighter amid tough competition and an unrelenting influx of lenders to the U.S. project finance market, said deal watchers at the **Info-cast** Projects and Money conference in New Orleans last week.

Margins on “plain vanilla” term debt for contracted projects have been penciled in as tight as 137.5 basis points over Libor, versus 162.5 bps previously, while construction loans—which typically serve as a bridge to tax equity and sometimes also to term debt—have come in between 112.5 bps and 125 bps over, according to a presentation by **Ralph Cho**, co-head of North American power at **Investec**, and **Nuno Andrade**, head of North American project and acquisition finance at **Santander**.

**“The banking market had been very disciplined and had some red lines on structuring, but we saw, for the first time, things that had been considered red lines being stepped over.”**

Construction loans with particularly short tenors could even be priced as low as 100 bps, added Cho.

A \$78 million construction loan inked by **Quinbrook Infrastructure Partners** for its 200 MW Persimmon wind project in Okla-

homa came in at the wide end of the range given by Cho, 125 bps over Libor, a person familiar with the deal tells *PFR*. **CIT Bank**, **MUFG** and **Rabobank** were the joint lead arrangers (see story, page 1).

Pricing in Canada is even tighter, noted Cho, with plain vanilla term debt getting priced at CDOR-plus-125 bps.

Banks have historically commanded a premium for back-leverage, which lenders consider to be riskier for structuring reasons, but this too is vanishing, say deal watchers. The premium on recent deals has been between 12.5 bps and 25 bps, “if there’s a premium at all,” said Cho.

Pricing on deals for merchant gas-fired projects, which appeal to a more limited audience of lenders, remained steady last year at 325 bps over Libor, but even this could tighten this year, according to Cho.

**Advanced Power** could be the first sponsor to test this theory. The developer is in the market with a debt package for its 1,100 MW South Field gas-fired project in Columbiana County, Ohio. **GE Energy Financial Services**, **CIT Bank** and **Crédit Agricole** are running the deal. Price talk could not be learned by press time (see story, page 1).

The price squeeze also extends to what Cho referred to as plain vanilla holdco loans, which are being circled in the area of 300 bps to 350 bps over Libor, rather than 400 bps, which was the norm until recently.

Borrowers in the term loan B market, such as **Atlantic Power**, **Calpine Corp.**, **Starwood Energy Group Global** and **Vistra Energy**,

took advantage of market conditions by executing a wave of repricings throughout 2017, in some cases repricing the same loan twice in the same year (*PFR*, 10/11, 12/5).

**“It’s all good news if you want to borrow money right now”**

A surge of lenders into the project finance arena is behind the ratcheting in of margins, with some 70 to 90 institutions vying for shorter-term deals, said Cho. “The market for lenders is crazy crowded,” he said, adding that for longer tenors, the lender universe comprises around 20 to 30 firms.

## RED LINES

And it was not just on pricing that banks were caving in to borrower demands in 2017, added Andrade.

“This was the first year that we saw lenders competing aggressively on structure,” he said. “The banking market had been very disciplined and had some red lines on structuring, but we saw, for the first time, things that had been considered red lines being stepped over.”

Among those red lines: Giving some credit to merchant cash flows beyond the life of a power purchase agreement, treating power hedges more generously and looking more favorably on back-levered structures.

“It’s all good news if you want to borrow money right now,” Cho concluded. ■

## Reporter’s Notebook

Delegates traveling to Louisiana from frigid northern cities had their hopes of a respite from the cold dashed as temperatures in New Orleans hovered around freezing point for the duration of the conference this year.

Attorneys venturing away from the **Roosevelt Hotel** for breakfast with *PFR* made their way tentatively across the

treacherous ice, only to discover that the **Ruby Slipper Cafe** was closed owing to the inclement weather. It was, however, a convenient excuse for an upgrade to the **Ritz**.

In the comfort and warmth of the conference hall, meanwhile, **Akin Gump** lawyers were under strict instructions from **Keith Martin** to adopt his distinctive

moderating approach, roaming the floor, mic in hand.

On the sidelines, Martin revealed a little of his reading habits. The tax and projects maven is currently devouring ‘Fire and Fury, Inside the Trump White House’ by **Michael Wolff**.

**Ralph Cho** and **Nuno Andrade**’s review of the year in project finance was a big draw, with rival bankers spotted eagerly snapping photos of

Cho’s slides. We won’t name them, as photography is against **Infocast**’s house rules.

One slide produced a minor controversy over the **Investec** banker’s description of market dynamics as “white hot”, which baffled some folks in the room. Cho is right, however, that “white hot” is hotter than “red hot”. Anyone who disputes this must never have seen a blacksmith in action. ■

## ● PEOPLE & FIRMS

# Mizuho M&A Maven Moves to Marathon

The former head of North American energy mergers and acquisitions at **Mizuho Securities** joined **Marathon Capital's** growing New York team at the beginning of the year.

**Antonio Memmo**, known as Tony, was a managing director at Mizuho in Houston prior to the move. He had been with the Japanese firm for four years, according to the U.S. **Financial Industry Regulatory Authority**. Representatives from Mizuho did not respond with information on his replacement in time

for press.

Memmo joins Marathon as senior advisor in New York, where the Chicago-based boutique has grown its team with a number of senior hires over the past year.

**Bob Simmons**, founder and former executive partner at **Panda Power Funds**, joined the firm in summer to expand its capabilities in gas-fired generation (PFR 7/20/17). Other recent hires in New York include **Scott Chabina**, who was previously at **Carl Marks Advisors** (PFR

4/24/17), and **Leonardo Hernandez**.

More high-profile hires are expected to be announced shortly, and the firm has been scouting locations for a new office near Grand Central Station in Midtown. **Gary Greenblatt**, who leads the New York group, joined Marathon in 2008 from **Dresdner Kleinwort** (PFR, 3/21/08).

Memmo began his investment banking career at **Lazard** in New York, where he spent nine years, helping to establish the firm's power and utilities group in 1997.

He moved to **Bank of America** in 2005, staying there for two years in the natural resources group and focusing on the power and utilities sector.

He then joined **Silverfern Group** as managing director in 2008 to lead the New York-based group's energy and infrastructure merchant banking business, before relocated to Houston when he joined Mizuho in 2012.

Memmo was at Silverfern during its acquisition of the 878 MW Broad River simple-cycle project in May 2017 (PFR, 5/11). ■

## ● PPA PULSE

# Facebook Likes N.M. Renewables — Nike Nets Wind — Solar Deal Inked in Florida

**Facebook** and **Nike** have been among the companies procuring renewables in the U.S. recently, while **Origis Energy** has lined up an offtaker for a solar project in Florida.

## FACEBOOK LIKES N.M. RENEWABLES

**Public Service Co.** of New Mexico has filed with the **New Mexico Public Regulation Commission** for approval of long-term power purchase agreements with three renewable projects in the state, the costs of which it will recover through a special service contract with Facebook.

The contracts are for 51 MW from **NextEra Energy's** Casa Mesa wind-and-battery storage project in Quay and De Baca counties, 50 MW from the same sponsor's Route 66 solar project in Cibola County and 166 MW from **Avangrid Renewables' La Joya** wind project in Torrance County.

The utility would pay NextEra \$28.12/MWh under a proposed 25-year PPA for the Casa Mesa project, which is expected to be online by the end of the year, and \$29.98/MWh under a 25-year PPA for the Route 66 project, which has an expected commercial operations date of Nov. 1, 2020.

The 20-year PPA for Avangrid's La Joya project, which is due to begin operations by the end of 2021, is priced at \$27.92/MWh.

Facebook plans to use the generation at its data center in Los Lunas, N.M.

## AVANGRID NETS NIKE PPA

Sports shoe maker Nike has meanwhile signed a power purchase agreement with Avangrid for 86 MW from the developer's 286 MW Karankawa wind project in Texas.

The project, on which construction is expected to begin this fall, is located in Bee and San Patricio counties, Texas. The remaining 200 MW is contracted with **Austin Energy** under a PPA that was signed last year.

Nike says that its virtual PPA, together with another for the output of three Avangrid wind farms in Columbia Gorge, Ore., will cover 100% of the electricity requirements of its North American operations.

Avangrid is a Portland, Ore.,-based subsidiary of Spanish utility holding company **Iberdrola**.

## SUNSHINE STATE SOLAR

Origis Energy has signed a power purchase



agreement with the **Reedy Creek Improvement District** in Orange County, Fla., for the output of a 50 MW project known as FL Solar 5.

Construction of the project, the exact location of which has not been disclosed, is expected to begin in late spring and be completed by the end of the year.

Details of the PPA agreement, including the duration, will be communicated at a later date, according to Origis. ■

## ● MERGERS & ACQUISITIONS

# Quinbrook Buys, Look to Repower Vintage Wind Projects

A **Quinbrook Infrastructure Partners** fund has closed its purchase of a 223.5 MW portfolio comprising six older wind assets that it plans to repower in three U.S. states.

**Glidepath Power Solutions**, which is owned by Quinbrook Low Carbon Power Fund and develops battery storage facilities and distributed generation projects, acquired the facilities from **NextEra Energy Resources**.

The facilities are all between 17 and 15 years old, with power purchase agreements that mature between 2021 and 2024.

Repowering will extend the life of the facilities for another quarter century, Quinbrook co-founder and managing partner **David Scaysbrook** said in a statement.

A pair of Pennsylvania projects—the 15 MW Mill Run facility in Fayette County and the 9 MW Somerset facility in Somerset County—are the oldest of the bunch, each having come online in 2001.

Mill Run and Somerset each have PPAs with **Exelon Generation Co.** which expire in 2023 and 2021, respectively.

The portfolio also includes the 66 MW Backbone facility, also known as Mountaineer

Wind, in Tucker and Preston counties, W. Va.

Backbone, which came online in 2002 and is the largest single asset of the six, has a PPA with Exelon that expires in 2022.

The remaining three projects began commercial operations in 2003. Of those, two have PPAs expiring in 2023—the 64.5 MW Waymart facility in Wayne and Lackawanna counties, Pa., which is contracted with Exelon, and the 30 MW Meyersdale facility in Somerset County, Pa., which has a PPA with **FirstEnergy Corp.**

Rounding out the portfolio is the 39 MW Cabazon facility in Riverside County, Calif., which has a 10-year PPA with the **City of Riverside**, expiring in 2024.

NextEra will continue to manage the facilities.

Quinbrook initially filed for regulatory approval with the U.S. **Federal Energy Regulatory Commission** to acquire seven assets, but ultimately did not purchase the youngest of the projects—the 21 MW Diablo facility in Alameda County, Calif., which came online in 2004. Diablo has a 27-year PPA with **Pacific Gas & Electric** which does not expire until

2031 (PFR, 11/15).

The NextEra deal is just the latest in an acquisition spree heralded by Quinbrook's purchase of developer **Scout Clean Energy** in April of last year. With that acquisition, Quinbrook became the owner of a 1.6 GW U.S. development pipeline comprising nine wind projects spread across as many states which represents an expected capital investment of \$1.7 billion (PFR, 5/17).

Later in 2017, the firm acquired a 75% stake in the 200 MW Persimmons wind project from **Elawan Wind**. Quinbrook recently lined up a \$190 tax equity commitment from **GE Energy Financial Services** backing the facility, as well as a \$174 million letter of credit facility and a \$78 million construction loan (see story, page 1).

Quinbrook has also been active across the Atlantic, acquiring a U.K. portfolio comprising 84 MW of distributed gas-fired assets in England and Wales at the end of last year.

Officials at Quinbrook in Surfers Paradise, Australia, were not immediately available for comment. Representatives of NextEra in Juno Beach, Fla., did not respond to inquiries. ■

## Fund Seals Tie-up with Renewables and Cogen IPP

A **Basalt Infrastructure Partners** fund has acquired a stake in a generation portfolio owned by independent power producer **DCO Energy**. In a separate deal, the two entities have wrapped the joint purchase of a Michigan biomass facility.

Basalt Infrastructure Partners II sealed the acquisition of the portfolio, which includes U.S. cogeneration assets, through a joint venture with DCO called **DB Energy Assets**.

The portfolio also includes four district energy systems in Hartford, Conn., Wilmington, Del., Atlantic City, N.J., and at **Montclair State University** in Montclair, N.J.

The acquisition and formation

of the joint venture closed in December.

The size of each party's stake in the portfolio after the acquisition and the locations and sizes of the cogeneration facilities could not immediately be learned.

**Jeff Neil**, a partner at Basalt in New York, and a spokesperson for DCO in Mays Landing, N.J., did not immediately respond to inquiries.

Separately, the two organizations announced the closing of their joint acquisition of **Detroit Renewable Energy**, which owns the 68 MW Detroit Renewable Power waste-to-energy project located in its namesake city, last week.

Detroit Renewable Energy

also owns underground steam-distribution system **Detroit Thermal** and **Hamtramck Energy Services**, which operates powerhouses at five **General Motors** facilities, four of which are located in Michigan and one of which is in Louisiana.

DCO owns distributed generation and renewable assets, according to its website. The developer acquired 50% of the 50 MW Albany Green Energy biomass project near Albany, Ga., from **Exelon Corp.** on Oct. 6 (PFR, 8/18). ■

### ● QUOTE OF THE WEEK

**“The banking market had been very disciplined and had some red lines on structuring, but we saw, for the first time, things that had been considered red lines being stepped over.”**

**Nuno Andrade**, head of North America project and acquisition finance at **Santander**, discussing the impact of fierce competition among lenders in 2017 at the **Infocast** Projects & Money conference in New Orleans last week (see story, page 9).





## 15TH ANNUAL DEALS AND FIRMS OF THE YEAR AWARDS

*Power Finance & Risk* is accepting pitches for Deal of 2017 as part of its 15th Annual Deals and Firms of the Year Awards, recognizing excellence in power asset M&A and project finance across the Americas.

Market participants are encouraged to provide details of asset sale and project finance transactions that they believe represented the highlights of calendar year 2017 using forms available online.

Send completed forms via e-mail to [richard.metcalf@powerfinancerisk.com](mailto:richard.metcalf@powerfinancerisk.com)

### DEAL CRITERIA:

PFR will consider M&A and non-recourse project finance deals relating to both individual assets and portfolios. The awards cover generation, transmission and mid-stream gas assets. The project finance category includes commercial bank loans, institutional market loans and project bonds. Renewable deals may include a tax equity component. Refinancings are permitted.

The assets involved must be located in North or South America, and the transactions must have closed on or before Dec. 31, 2017, for the deals to qualify for the award.

### TIMINGS:

Submissions must be sent to *PFR* by midnight Eastern Time on Jan. 31, 2018.

The *PFR* editorial team will then compile a short list of deals that will be put to voters in our annual poll of industry insiders. We will consider criteria such as deal size, complexity, innovation and market challenges that have been overcome when compiling the short list.

The poll will also be an opportunity for industry participants to vote for the best lead arrangers, investment banks, law firms, institutional investors and sponsors in the power sector in the Americas.