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# Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing By the publisher of GlobalCapital

**PROJECT FINANCE**

### Investors Jockeyed for Solar Thermal Tax Equity

Three investors proposed tax equity deals for a **SolarReserve** solar project before the sponsor opted for **Capital One**'s offer. Page 7

**MERGERS & ACQUISITIONS**

### Ex-SunEd Team Nets Solar Portfolio, Eyes Debt

A solar developer founded by ex-**SunEdison** employees has bought a 3 GW development pipeline and is looking for debt. Page 8

**PEOPLE & FIRMS**

### RET Capital Winds Down Renewables Ops

The renewables sponsor has sold off its assets as it prepares to wind down its operations three years after its founding. Page 12

## Q4 League Tables: MUFG on Top as Sponsors Tap New Pools of Capital

Richard Metcalf

MUFG topped the power project finance league table for North America in 2016, arranging loans totaling some $3.7 billion, according to data from *PFR* affiliate **Dealogic**.

That figure puts the Japanese bank far ahead of its nearest rival, **Morgan Stanley**, which was credited with arranging $1.1 billion of loans backed by power projects last year.

MUFG's consistently high volumes—the bank also placed first in the Dealogic league table in 2015 and 2014—are in part due to its ability to play in a wide range of debt markets, says **Alex Wernberg**, the firm's Los Angeles-based head of U.S. power project finance.

"One of the things that sets us apart from other institutions is that we play consistently across all aspects of project finance, not just bank financings but we're also active in the term loan B institutional mar- PAGE 6 »

North American Power Project Loan Arrangers, Full Year, 2016

dealogic

| Pos. | Mandated Arranger | Amount ($m.) | No. | % Share |
|---|---|---|---|---|
| 1 | MUFG | 3,691.916 | 38 | 18.130 |
| 2 | Morgan Stanley | 1,103.707 | 6 | 5.420 |
| 3 | Bank of America Merrill Lynch | 778.802 | 5 | 3.825 |
| 4 | Crédit Agricole | 773.301 | 11 | 3.798 |
| 5 | Citigroup | 729.267 | 5 | 3.581 |
| 6 | Société Générale | 698.363 | 8 | 3.430 |
| 7 | Goldman Sachs | 676.728 | 2 | 3.323 |
| 8 | GE Energy Finanical Services | 650.190 | 5 | 3.193 |
| 9 | ING | 568.869 | 6 | 2.794 |
| 10 | CoBank | 558.334 | 7 | 2.742 |
| | Total eligible loans | 20,363.019 | 62 | 100.000 |

All bookrunners, data to Jan. 17, 2017

## Projects & Money: Deal Flow Stagnates amid Tax Reform Uncertainty

Olivia Feld

Uncertainty around the tax reform agenda of **President Trump** and the Republican-controlled **U.S. Congress** is causing stagnation in renewable project deal flow.

Unanswered questions about changes to corporate taxation and renewable energy tax credits are causing live deals to grind to a halt, attendees told *PFR* on the sidelines of the **Infocast** Projects & Money conference in New Orleans on Jan. 18 and 19.

Renewable activity has slowed because of nervousness about tax rates and consequently appetite in the tax equity market, they said. Smaller sized devel- PAGE 5 »

## Panda Looks to Refi Texas CCGT Duo

Olivia Feld, Richard Metcalf

**Panda Power Funds** has mandated an investment bank to refinance two struggling combined-cycle gas-fired projects in Texas.

**Jefferies** has been hired by Panda to arrange a refinancing for the 758 MW Temple I and 758 MW Temple II projects in Synergy Industrial Park in Temple in a deal totaling roughly $750 million.

The Temple I project missed a payment that was due at the end of last year under its existing financing, says a deal PAGE 2 »

## sPower Sale Process Reaches "Final Stages"

Olivia Feld

Final round bids for the solar-focused independent power producer sPower are due next week. Hedge fund **Fir Tree Partners** is selling its position in the shop, which owns 1.3 GW of projects and a 5.4 GW development pipeline.

The sale process, which began in September, is in its final stages and the results are slated to be announced in roughly three weeks' time, a deal watcher tells *PFR*. PAGE 7 »

**POWER UP:** CHECK OUT A SELECTION OF THE WEEK'S POWER AND UTILITY NEWS ON TWITTER @POWERFINRISK

## IN THIS ISSUE

**PROJECT FINANCE**

5 | Spruce Closes Portfolio Financing

6 | Project Finance Outlook 2017

7 | Tax Equity Investors Jostled for Solar Thermal Deal

**MERGERS & ACQUISITIONS**

7 | AES Unit Tees Up First Brazil Wind Purchase

8 | Ex-SunEd Staffers Land Solar Portfolio, Eye Debt

**STRATEGIES**

8 | Solar IPP Closes Equity Raise

8 | Starwood Fund Raise Passes Halfway Point

9 | Mosaic Offering Thaws Solar ABS Mart

12 | Pattern Yieldco Markets H.Y. Bond

**PEOPLE & FIRMS**

12 | RET Sells Assets, Winds Down Ops

12 | AMP Hires Americas Infra Director

**INDUSTRY CURRENT**

10 | How the Prospect of Tax Reform is Impacting the Renewable Energy Sector

**CONFERENCE COVERAGE**

5 | Reporter's Notebook

**DEPARTMENTS**

3 | Generation Auction & Sale Calendar

4 | Project Finance Deal Book

## PROJECT FINANCE

# Panda Looks to Refi Texas CCGT Duo

« FROM PAGE 1

watcher.

The sponsor is currently negotiating a deadline to make up payments under the loan, says a second financier.

Jefferies is aiming to close the refinancing later in the first quarter, he adds.

Panda financed the Temple II project in 2013 with a $372 million term loan B arranged by **Credit Suisse** and **Goldman Sachs** (PFR, 4/3/13).

The existing financing for Temple I was put in place more recently, in 2015, when Goldman Sachs, Credit Suisse and **Ares Management** arranged a $380 million term loan B for the project (PFR, 3/9/15).

**S&P Global Ratings** downgraded Temple II's debt from B to B- a year ago and revised the outlook for the downgraded rating to negative in April. Then in May, the rating agency downgraded the loan backing the Temple I from B to B-, citing weak "unexpectedly weak debt service coverage ratios".

The size and expected terms of the potential refinancing could not immediately be learned. Representatives of Panda in Dallas and Jefferies in New York did not respond to inquiries.

It is not the first time that Jefferies has worked with Panda to refinance a plant in Texas. The investment bank arranged a privately placed $360 million senior secured loan backing the 758 MW Sherman CCGT project last year. **Beal Bank** provided the entirety of the loan, which priced in the high 800s basis points over Libor (PFR, 5/24).

### RECOVERY IN ERCOT?

Gas-fired projects in Texas have been hit recently by poor demand growth, low power prices and the construction of large amounts of renewable generation.

"We think recovery is a question of when, not if," **Kevin Phillips**, m.d. at Jefferies, said of the state's power market at the **Infocast** Projects & Money conference in New Orleans on Jan. 19. Phillips noted that reserve margins are declining and predicted that coal retirements and demand growth in the next few years could bring greater equilibrium in the **Electric Reliability Council of Texas** market.

Panda, which has invested almost $2.2 billion in the Temple and Sherman projects in Texas, sued ERCOT last year, accusing the system operator of publishing misleading capacity, demand and reserve reports to encourage investment (PFR, 3/25).

The case is proceeding in the **District Court of Grayson County**.

Separately, Panda is trying to sell three projects in **PJM Interconnection**. Goldman Sachs is advising the sponsor on the sale of a close to 2.5 GW portfolio of three recently completed CCGT facilities (PFR, 10/26). ■

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Do you have questions, comments or criticisms about a story that appeared in ***PFR***? Should we be covering more or less of a given area? The staff of ***PFR*** is committed as ever to evolving with the markets and we welcome your feedback.

Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## 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 |
|---|---|---|---|---|
| ● 7X Energy | Portfolio (3 GW Solar) | U.S. | | Longroad Energy Holdings has acquired the development-stage portfolio (see story, page 8). |
| Actis (70%), Mesoamerica (30%) | Globeleq Mesoamerica Energy (394 MW Solar, Wind) | Costa Rica, Honduras, Nicaragua | | Corporación Multi Inversiones has acquired GME (PFR, 1/9). |
| 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 Flordia has closed its acquisition of the project (PFR, 1/9). |
| Competitive Power Ventures | Woodbridge Energy Center (725 MW, 20%) | Woodbridge Township, N.J. | | Osaka Gas is acquiring the stake from CPV (PFR, 1/9). |
| EDF Renewable Energy | Salt Fork (174 MW Wind) | Donley and Gray counties, Texas | | Southern Power closed its acquisition of both projects in December (PFR, 1/9). |
| | Tyler Bluff (126 MW Wind) | Cooke County, Texas | | |
| ● Enercon Canada | Niagara Region (230 MW Wind, 25%) | Ontario | | Boralex has closed its acquisition of Enercon's 25% stake, upping its shareholding in the project to 50% (PFR, 12/16). |
| Enel Green Power North America | Cimarron Bend (400 MW Wind, 59%) | Clark County, Kan. | | GE Energy Financial Services has closed its purchase of a 59% stake in each of the projects (PFR, 1/17). |
| | Lindahl (150 MW Wind, 59%) | Williams County, N.D. | | |
| 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 (PFR, 1/9). |
| 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). |
| FLS Energy | Portfolio (330 MW Solar) | North Carolina | Marathon Capital (seller) | Cypress Creek Renewables has acquired FLS Energy, which comes with an 870 MW development pipeline in addition its operational portfolio (PFR, 1/17). |
| 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 (PFR, 1/9). |
| 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). |
| ● OCI Solar Power | Alamo 6 (110 MW Solar) | Pecos County, Texas | | BHE Renewables has closed its acquisition of the project (PFR, 12/12). |
| Origis Energy | Mississippi Solar 2 (52 MW Solar) | Lamar County, Miss. | | D.E. Shaw has acquired the project (PFR, 1/9). |
| 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). |
| ● Renova Energia | Portfolio (386.1 MW Wind) | Bahia, Brazil | | AES Tietê has entered into exclusive negotiations to acquire the portfolio, which would represent its first wind assets in Brazil (see story, page 7). |
| 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. | | |
| ● sPower | Portfolio (6.7 GW Solar) | U.S. | Barclays (lead), Marathon Capital, CohnReznick, Citi (co-leads) | Final round bids on the solar independent power producer are due next week (see story, page 1). |
| Starwood Energy Group Global | Electra (230 MW Wind) | Wilbarger County, Texas | Whitehall & Co. | Starwood is seeking offers from potential purchasers (PFR, 12/14). |
| SunEdison | Portfolio (805 MW Wind, 62.5%) | U.S. | | Two funds of DIF are acquiring SunEdison's interest in TerraForm Private, a warehouse facility that holds the portfolio (PFR, 1/17). |
| SunPower Corp. | Rio Bravo I (20 MW Solar) | Kern County, Calif. | | Duke Energy Renewables has acquired the projects from SunPower (PFR, 1/17). |
| | Rio Bravo II (20 MW Solar) | | | |
| | Wildwood Solar II (15 MW Solar) | | | |
| 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*

## ● 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 |
|---|---|---|---|---|---|---|---|
| ● 7X Energy | Longroad Energy Holdings (3 GW Solar) | U.S. | TBA | Debt | | | Longroad Energy Holdings plans to seek debt financing for the first of the projects later this year (see story, page 8). |
| ● ACS Group, SolarReserve | Crescent Dunes (125 MW Solar Thermal) | Nye County, Nev. | Capital One | Tax Equity | $78M | | Capital One has acquired all of the tax equity, having outbid MUFG and Toyota. An earlier plan for a three-way investment fell by the wayside (see story, page 7). |
| Advanced Power | Cricket Valley (1 GW Gas) | Dover, N.Y. | Whitehall | Equity | TBA | | ICBC and BAML are also participating in the term loan, which is priced at Libor+325 bps and could close as soon as today The sponsor and its adviser, Whitehall, have lined up several equity investors (PFR, 1/17). |
| | | | GE EFS, BNP Paribas, Crédit Agricole | Term Loan A | $700M | C+5-yr | |
| | | | | LOC Facility | $337M | | |
| 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 (PFR, 1/9). |
| 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 (PFR, 1/9). |
| 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 (PFR, 1/9). |
| | Jericho Rise (77.7 MW Wind) | Franklin County, N.Y. | | | | | |
| Enel Green Power North America | Chisholm View II (64.8 MW Wind) | Grant and Garfield counties, Okla. | GE EFS | Tax Equity | TBA | | GE Energy Financial Services has closed its tax equity investment in Chisholm View II (PFR, 1/17). |
| Enel Green Power North America | Cimarron Bend (400 MW Wind) | Clark County, Kan. | BAML, JP Morgan, Wells Fargo | Tax Equity | $500M | | BAML, JPM and Wells Fargo have acquired the project's tax equity. MetLife, which was expected to participate, did not (PFR, 1/17). |
| Enel Green Power North America | Drift Sand (108.8 MW Wind) | Grady, Okla. | MUFG, Citizens Bank | Tax Equity | TBA | | MUFG and Citizens Bank have acquired 50.99% and 49.01% of the project's tax equity, respectively (PFR, 1/17). |
| GE Capital | Homer City (1,884 MW Coal) | Indiana County, Ind. | Morgan Stanley | Term Loan | ~$150M | | GE has tapped Morgan Stanley to arrange exit financing for the project, which filed for Chapter 11 earlier in January (PFR, 1/17). |
| 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 (PFR, 1/9). |
| | | | 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 | TBA | |
| Panda Power Funds | Mattawoman (850 MW Gas) | Brandywine, Pa. | BNP Paribas, ICBC, Investec | Loan | | TBA | Panda has mandated three banks to raise debt for the project (PFR, 12/5). |
| ● Panda Power Funds | Temple I (758 MW Gas) | Temple, Texas | Jefferies | Refinancing | ~$750M | TBA | Jefferies is aiming to close the refinancing later this quarter (see story, page 1). |
| | Temple II (758 MW Gas) | | | | | | |
| Spruce Finance | Portfolio (Residential Solar) | U.S. | Investec, Silicon Valley Bank | Loan | $105.4M | 5-year | Spruce Finance closed the financings in December and January (see story, page 5). |
| | Portfolio (Residential Solar) | | Citigroup | Tax Equity | TBA | | |
| 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 (PFR, 1/9). |
| | | | Institutional investors | Debt | | 18-yr | |
| Tenaska | Westmoreland (925 MW Gas) | South Huntington Township, Pa. | J-Power | Equity | TBA | | J-Power has acquired an equity stake in the merchant project (PFR, 1/17). |
| Vivint Solar | Portfolio (214 MW Resi Solar) | U.S. | Bank of America Merrill Lynch | Term Loan | $204M | 18-yr | BAML syndicated the loan out to institutional investors (PFR, 1/17). |

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## Reporter's Notebook

A key fixture in the power finance calendar, **Infocast**'s annual Projects & Money conference at **Harrah's New Orleans** drew the great and the good of the industry. Managing editor **Olivia Feld** attended.

- Discussing new trends in the market, **Jonathan Cody**, managing partner at **Whitehall & Co.** told attendees that this year would be a bumper one for coal-fired asset M&A, referring to one deal in which he says the seller has told potential bidders, "buy three CCGTs and we'll throw in a coat plant for free".
- **Ralph Cho**, co-head of power and infrastructure finance, North America, at **Investec**, gave his ninth annual round-up of the previous year's top ten project finance deals. Presenting alongside **Mark Smith**, m.d., syndications, at **MUFG**, Cho also revealed the results of an unofficial survey taken by over 50 project finance colleagues. The poll, or "underground market gossip", as the accompanying slide was titled, found that a whopping 99% of respondents believe their end-of-year bonus will be flat compared to the previous year, although 85% admitted that they had missed or barely achieved budget targets.
- As ever, beignets and café au lait were served during the afternoon breaks. Many a dark-suited attendee debated the best way to enjoy the iconic New Orleans treat without covering oneself in powered sugar.

# Projects & Money: Deal Flow Stagnates amid Tax Reform Uncertainty

« FROM PAGE 1

opers are most at risk of encountering difficulties as renewable project financing deals seize up, said a project finance attorney.

Tax equity investors are willing to take some risk, but they will not do a ton of deals with the uncertainty around tax reform, added a project financier banker.

Any unpredictability about the future for coal-fired assets and the timeline for retirements seems to not be worrying investors, however. Despite headwinds to **Environmental Protection Agency** action, the economics of coal continue to be challenging, said **Sara Graziano**, senior v.p., corporate development & strategy, at Dallas-based **Vistra Energy**.

"I just don't know what the administration is going to do," she said. "There's not a lot you can do on a long-term basis while gas prices remain so low."

The future for the EPA's Clean Power Plan, which President Trump has said he wants to abolish, was also discussed.

"The U.S. has not had a unified energy policy ever," said **Emerson Farrell**, ceo and president of **FGE Power**. Despite the lack of an alternative federal plan, states and local-level entities are likely to continue to legislate to end reliance on coal and possibly even natural gas, said Farrell.

### SOUTH KOREA, SOUTH KOREA, SOUTH KOREA

Perhaps the second most mentioned topic at the conference, after the uncertainty around the new tax and regulatory environment, was increased investment in the U.S. power sector by South Korean investors.

**Ralph Cho**, co-head of power and infrastructure finance at **Investec**, in his analysis of what is driving the wave of interest, suggested that the upgrades of the country's credit rating by the major rating agencies and a rise in its GDP growth is causing South Korean-based investors to look for opportunities not just in the U.S., but in Europe and Australia as well.

A number of panelists over the two day conference predicted an increase in the involvement of investors from the Asian country in deals this year, with one, **Jonathan Cody**, managing partner at **Whitehall & Co.**, suggesting that they will also move further down the capital stack.

### YIELDCO RESURGENCE?

Roughly a year and an half after the yield company dislocation began, conference chatter on the yieldcos was muted compared to previous years.

Not everyone was silent on the topic, however. "There's an investor pool that want it," said **Andrew Redinger**, m.d. and group head, **KeyBanc Capital Markets**, highlighting that the yieldcos have outperformed the S&P 500 Index and that all but one is trading above its initial public offering price. "I contend that it has come back". ■



# Spruce Seals Tax Equity, Back Leverage

**Spruce Finance** sealed three separate financings for residential solar projects in the last two months, closing one back leverage loan, expanding an existing one and securing a tax equity commitment.

**Investec** and **Silicon Valley Bank** arranged the new $105.4 million back leverage facility, which has a five-year tenor.

The loan closed in December.

**BankUnited**, a savings and loan association based in Miami Lakes, Fla., meanwhile chipped in an additional $20 million to an existing back leverage deal which was originally arranged for Spruce by Investec in 2016 (PFR, 5/25), increasing the total size of the facility to $140 million.

The commitment from BankUnited closed on Jan. 4.

**Citigroup** provided the tax equity investment, which will back Spruce's acquisition and installation of residential projects totaling over $200 million, some of which are structured as solar leases and others as power purchase agreements.

A spokesperson for Spruce in San Francisco declined to disclose the size of Citi's investment, which closed in December. A spokesperson for Citi in New York declined to comment.

**Wilson Sonsini Goodrich & Rosati** was Spruce's legal adviser on the tax equity transaction.

Details of the portfolios backed by the debt and tax equity deals, such as their total capacity, could not immediately be learned.

San Francisco-based Spruce was formed as the result of the 2014 merger of **Kilowatt Financial** and **Clean Power Finance**, both of which are backed by Silicon Valley venture capital firm **Kleiner Perkins Caufield & Byers**. ■

PROJECT FINANCE

# Q4 League Tables: MUFG on Top as Sponsors Tap New Pools of Capital

« FROM PAGE 1

ket as well as private placements," he says. "There's only a handful of institutions out there that can do all three markets well, and so that has been one of the key factors in our success."

The Japanese bank's league table standing was cemented in part by the roles it played in a number of large deals backing quasi-merchant gas-fired projects, several of which involved some combination of commercial bank loan, institutional term loan B and private placement.

Among them was the $675 million mini-perm refinancing for **Ares-EIF**'s 705 MW Newark project in New Jersey, about half of which was placed with South Korean investors (PFR, 4/20).

The financing was sealed toward the end of a period when the institutional debt market was considered closed for gas-fired project finance, prompting MUFG and the other arranger on the deal, **Citigroup**, to structure the deal on a "bespoke" basis, according to a deal watcher, who described the deal as "kind of a private execution in the institutional market."

More recently, the $1 billion financing for **Invenergy**'s 1,485 MW Lackawanna Energy Center in Scranton, Pa., which reached a dry closing at the end of the year, also put capital to work from a variety of sources, again including South Korean financial institutions (PFR, 1/6).

The debt included fixed- and floating-rate commercial bank loans as well as a privately placed bond. **BNP Paribas** and **GE Energy Financial Services** joined MUFG as initial coordinating lead arrangers on the deal and **Prudential Capital Group** acted as institutional placement advisor.

"Traditional bank project financing has been the preferred way to finance greenfield quasi-merchant deals, but as that fills up there are lots of other liquid pools of capital," says Wernberg. "I think you're going to see those, whether it's the institutional market, the Koreans or other foreign investors, or the private placement market, you'll see people be more creative in accessing capital. So these deals will still get done despite a more limited appetite by the traditional banks." ■

# Project Finance Outlook 2017

Project finance bankers will be watching carefully this year to see how **President Trump**'s administration will handle issues affecting the power industry, but other topics such as the rise of the non-traditional power purchase agreement and the availability of new pools of capital are also on their radars.

*Power Finance & Risk* asked several project finance bankers what they think will be the main trends this year in debt financing for renewables and conventional generation assets.

The increased complexity of power purchase agreements for renewable projects and the recycling of gas-fired project debt were two of the themes that emerged, but upheaval in the U.S. political establishment made bankers cautious to make firm forecasts.

"Political uncertainty makes it exceedingly difficult this year to make predictions, especially when looking at renewables, but even more generally it'll be very interesting to see what this new administration does in terms of the energy nexus and more generally," said one project finance banker at a European institution in New York at the end of last year. "Having said that my first quarter is looking very, very strong," he added.

## PORTFOLIOS OF RENEWABLES

Last year, deals backed by diverse portfolios of renewable projects, sometimes with combinations of wind and solar generation and utility and non-utility offtakers, gathered pace, according to deal watchers, who expect such transactions to be a major feature of 2017.

"I think you're going to see more of that, because one of the trends on the renewables side is smaller offtakes and [commercial and industrial] offtakes, and community solar is also a new area. To get the scale where it makes sense, you need to look at portfolios rather than single assets," says **Alex Wernberg**, m.d. and head of U.S. power project finance at **MUFG** in Los Angeles.

"Also, to the extent you have C&I offtakes, or if there's some other risk, you're getting diversification by putting these portfolios together. So while there is a cost for the complexity, it's better to do that than do a $30 million single-asset deal," he adds.

Not only are smaller, non-utility offtake arrangements affecting deal structures, but power purchase agreements with the utility companies themselves are changing, too.

"The days of just getting a kind of very boring long-term investment grade utility offtake are long gone," laments a New York-based banker. "Utilities are still signing contracts, but they're more complicated, he notes, adding: "There's more optionality embedded in them and they are more price competitive." At the low end, he sees PPAs in the range of $20/MWh to $30/MWh.

## QUASI-MERCHANT GAS-FIRED DEALS

Several greenfield gas-fired projects in **PJM Interconnection** remain in the queue for debt financing this year. Bankers say they expect the deals to get done as bank loans that financed older projects continue to be replaced with institutional debt, as happened last year.

There will also be opportunities to participate in acquisition financings, say deal watchers.

"I think the expectation is probably that it is going to be a little bit more of what we saw in '16," says **Jean-Pierre Boudrias**, v.p. and head of project finance at **Goldman Sachs** in New York. "So probably a little bit more acquisition financing than we have seen of late, just because the financials tend to be acquirers these days rather than the strategics." ■

 

PROJECT FINANCE

# Investors Jockeyed for Nevada Solar Thermal Tax Equity

Several investors expressed interest in providing tax equity for **SolarReserve**'s 110 MW Crescent Dunes solar thermal project in Nye County, Nev., before the sponsor selected **Capital One**.

The Virginia-based bank committed $78 million to acquire all of the tax equity associated with the project after two expected co-investors left the deal last year (PFR, 1/10).

A number of tax equity investors expressed interest in the project in the early stages of negotiations, and SolarReserve had initially selected Capital One, **MUFG** and **Toyota Tsusho** to each take a portion of the tax equity stakes, says a person familiar with the transaction.

Capital One and MUFG were each to acquire 37.5% of the tax equity and Toyota Tsusho the remaining 25% under the terms of a deal described in a February 2016 filing with the U.S. **Federal Energy Regulatory Commission** (PFR, 2/24).

But the developer ultimately chose to partner with Capital One after the three would-be investors proposed what the source described as "significantly different" solo deals.

"SolarReserve entered into negotiations with a number of potential investors, but ultimately selected Capital One as the investor that offered the optimal structure for the project," says a spokesperson for SolarReserve in Santa Monica, Calif., via email.

A spokesperson for Capital One in Washington, D.C., declined to comment on the departure of MUFG and Toyota Tsusho from the deal and whether it plans to syndicate the tax equity out to other investors.

Representatives of Toyota Tsusho in Nagoya, Japan, and MUFG in New York did not respond to inquiries.

SolarReserve co-owns the Crescent Dunes project with **ACS Group** and **Santander**. SolarReserve and ACS each own 36.6% of the asset and Santander has a passive 26.8% stake. SolarReserve and ACS each have half of the voting rights.

**CohnReznick Capital Markets Securities** and **Chadbourne & Park** served respectively as the financial and legal advisers to Solar Reserve, ACS and Santander, while **Milbank Tweed Hadley & McCloy** acted as Capital One's legal adviser.

Crescent Dunes came online last year and has a 25-year power purchase agreement with **Nevada Power**.

### SOLAR THERMAL PLANS

SolarReserve is developing a series of solar thermal projects, collectively called Sandstone Energy 10X, near Crescent Dunes in Nye County.

The complex is expected to include up to 10 solar projects with individual capacities of 150-200 MW. SolarReserve plans to seek debt financing for the projects in late 2018, the company's ceo, **Kevin Smith**, tells *PFR* from Santa Monica.

Meanwhile, the company is increasingly focused on international opportunities.

Among the projects in its international portfolio, SolarReserve owns late-stage development assets in Chile. SolarReserve, which participated in the last Chilean energy auction of 2016 but was unsuccessful in securing a contract for any of its projects, plans to take part in the first auction of this year. ■

MERGERS & ACQUISITIONS

# AES Unit Circles First Brazilian Wind Assets

A subsidiary of **AES Corp.** has entered into exclusive negotiations with **Renova Energia** to purchase a portfolio of wind assets totaling 386.1 MW in Brazil.

The portfolio that **AES Tietê** is seeking to acquire comprises 15 separate projects, collectively called Alto Sertão 2, in the northeastern state of Bahia. All of the projects have 20-year contracts won at Brazil's power auctions in 2010 and 2011.

The proposed purchase price for the projects is R$650 million ($202 million), according to a Jan. 13 filing with the **Securities and Exchange Commission of Brazil**.

Under the terms of the exclusivity agreement, AES has exclusivity over the projects for a 45-day period starting on Jan. 12.

AES Tietê already owns 2,658 MW of hydro generation in the Brazil, but the Alto Sertão 2 complex would be its first foray into wind in the country.

Spokespeople for AES Tietê in Barueri, São Paulo, and Arlington, Va., declined to comment on how the acquisition would be financed. A spokesperson for Renova Energia in Salvador, Bahia, was not immediately available for comment. ■

# sPower Sale Process Reaches "Final Stages"

« FROM PAGE 1

sPower is being advised by **Barclays**, **Marathon Capital**, **CohnReznick Capital Markets Securities** and **Citi**.

Fir Tree does not need to exit its investment should final bids not be favorable, says the deal watcher, adding that he does expect a sale agreement to be reached with one investor.

The sale could lead to an outright sale or some type of partnership between a new partner or partners and Fir Tree, PFR exclusively reported in September. It was initially said that a multi-round auction would not take place (PFR, 9/26).

sPower has a 1.3 GW portfolio of operating, under-construction and shovel-ready solar and wind projects in the U.S. and U.K. in addition to an approximately 5.4 GW development portfolio and 80 employees in offices in Salt Lake City, San Francisco, Long Beach and New York.

A spokesperson for sPower in Salt Lake City declined to comment. Representatives for Barclays, Marathon Capital, CohnReznick Capital Markets and Citi did not respond to inquiries. ■

MERGERS & ACQUISITIONS

# Ex-SunEdison Team Snags Solar Portfolio, Plans Debt Raise

**Longroad Energy Holdings**, a developer and asset manager founded by ex-**SunEdison** and **First Wind** employees, has acquired a 3 GW portfolio of solar assets spread across the U.S.

The company acquired the portfolio from Austin-based developer **7X Energy**. The purchase price could not immediately be learned.

None of the projects is yet contracted, but Longroad plans to raise non-recourse debt for the first of the assets later this year, according to a deal watcher familiar with the company's plans. Financing of the remaining facilities will continue over the next several years, he adds.

In the meantime, Longroad is shopping for power purchase agreements, exploring opportunities with both utility companies and corporate offtakers, says the deal watcher.

**Paul Gaynor**, **Michael Alavarez**, **Pete Keel** and **Charles Spiliotis**, all formerly of SunEdison and First Wind, founded the company last year.

Wellington, New Zealand-based **Infratil** and the **New Zealand Superannuation Fund** each own a 45% equity stake in the developer. The management team holds the remaining 10% (PFR, 10/5).

**K&L Gates** advised Longroad on the acquisition.

Officials at Longroad in San Francisco declined to comment. A spokesperson for 7X Energy in Austin did not respond to an inquiry. ■

STRATEGIES

# Tennessee-based Solar IPP Closes Equity Raise

Budding solar independent power producer **Silicon Ranch Corp.** has closed a $55 million equity raise from its existing investor group, led by **Partners Group**.

The IPP has an almost 350 MW operating portfolio of solar assets across the U.S., a further 200 MW of contracted projects either under construction or in late-stage development, and a 400 MW as-yet-uncontracted development pipeline.

Silicon Ranch's aim is to amass a 1 GW operating portfolio over the next three to four years.

Swiss private equity firm Partners Group committed $40 million in the firm's latest capital raise. The company's other institutional investors, **Greystone Infrastructure Fund** and **Mountain Group Partners**, supplied the remaining $15 million.

Partners first acquired a stake in Silicon Ranch during its previous equity placement, which closed last year, becoming its largest shareholder with a $100 million commitment. Greystone and Mountain Group provided a combined $11 million (PFR, 4/27).

### PROJECT FINANCE PLANS

Silicon Ranch typically finances its projects, which range from less than 5 MW to just over 50 MW in size, with a combination of construction and term loans and tax equity.

About half of Silicon Ranch's 200 MW plus contracted but not yet operational portfolio has already secured financing, says **David Vickerman**, the company's vice chairman and chief corporate development officer in Nashville.

The shop is in talks with tax equity providers and lenders regarding the remaining contracted projects with a view to sealing financing during this year and next year, he adds.

Silicon Ranch financed the construction of a portfolio of projects last year with a $100 million construction loan arranged by **SunTrust** and **CoBank** in February. The deal was priced at around 250 basis points over Libor.

The company has arranged permanent financing to take out the loan, the details of which could not immediately be established.

Silicon Ranch has worked with different lenders to arrange construction financing for other individual projects.

"In terms of our specific project financings, we've been able to diversify our portfolio by provider," says Vickerman. "We don't try to do each project with a new provider, but do we want some diversification."

The company's offtakers include utility companies such as the **Tennessee Valley Authority**, **Mississippi Power** and **Georgia Power**, rural electric co-operatives, commercial and industrial customers and the **U.S. Navy**. ■

# Starwood Infra Fund III Passes Half-way Mark

**Starwood Energy Group Global** has raised more than half of the $1.5 billion it is targeting for its third infrastructure fund.

The Greenwich, Conn.-based private equity shop has raised $854 million for its Starwood Energy Infrastructure Fund III, according to a Jan. 1 filing with the U.S. **Securities and Exchange Commission**.

The firm announced that it had closed its second fund, Starwood Energy Infrastructure Fund II, in January 2014. Capital commitments totaled $983 million, surpassing the firm's target of $750 million.

Starwood is in the process of selling two of its Texas wind assets, the 230 MW Horse Creek project in Haskell and Knox counties, and the 230 MW Electra facility in Wilbarger County. **Whitehall & Co.** is advising the firm on the sale (PFR, 12/8).

Starwood recently acquired two gas-fired projects, the 790 MW Marcus Hook Energy Center and the adjacent 50 MW Marcus Hook 50 Energy Center, both located primarily in Marcus Hook, Pa., from **NextEra Energy Resources** last year (PFR, 6/29, PFR, 11/8).

An official at Starwood in Greenwich declined to comment. ■

STRATEGIES

# Pattern Yieldco Lines Up Maiden High Yield Offering

« FROM PAGE 12 leftover proceeds, net of transaction costs, to finance other renewable projects, according to the SEC filing.

**Moody's Investors Service** has given the bond a Ba3 rating.

While noting the stability of cash flows from Pattern Energy's assets—which have offtake contracts with an average life of 14 years—**Swami Venkataraman**, senior v.p. at the rating agency, wrote that the rating is limited by the company's high leverage and "the unproven nature of the yieldco business, which is only now beginning to recover from a loss of confidence in the capital markets."

Moody's estimates Pattern Energy's consolidated leverage, which includes project-level debt, at about eight times Ebitda for 2017.

"While this appears to be high for the Ba3 rating, this level mainly reflects the relatively new fleet in Pattern's portfolio, and the company's policy of using long-term amortizing debt supported by long-term contracted cash flows," reads the rating agency's report.

### ROADSHOW

The first investor meetings for the offering took place Jan. 17. There was an investor call at 10:30am and a lunch at noon in New York. A breakfast meeting in Boston was scheduled for Jan. 18 at 7:30am and the roadshow was then expected to move to the West Coast, said the person familiar with the deal.

> **"The rating is constrained by Pattern's high consolidated leverage of about 8x Debt/EBITDA for 2017 as well as the unproven nature of the yieldco business."**

The offering was to be marketed as a green bond, the source added. There will be no special ring-fencing of the proceeds but since the yieldco only invests in renewable projects, this is not considered necessary.

### YIELDCOS AND THE HIGH YIELD MARKET

Unsecured high yield bonds issued by yieldcos have had a sometimes turbulent history. **Abengoa Yield**—the vehicle of Spanish conglomerate **Abengoa** that was renamed **Atlantica Yield** in the wake of its sponsor's bankruptcy—withdrew the first such deal from the euro market in 2014 to issue it in dollars instead, as reported in *PFR's* sister publication, *GlobalCapital* (GC, 6/11/14).

In January 2015, **TerraForm Power** came to the market with an $800 million high yield note that was hailed as a sign of the **SunEdison** yieldco's status and recognition in the market (PFR, 1/27/15).

The eight-year TerraForm Power bond was priced at 5.875%, but in August of last year, in the midst of its sponsor's bankruptcy case, the yieldco agreed to increase the coupon and pay a fee to avoid a technical default as a result of its failure to file financial reports on time (PFR, 9/1).

**NRG Yield** and **TerraForm Global** have also issued corporate-level high yield bonds.

Representatives of Pattern Energy and Morgan Stanley in New York either declined to comment on the offering or did not immediately respond to inquiries. ■

**FAST FACT**

**5%**

Pricing on a 10-year note issued by NRG Yield in August, which was the last high yield bond issued by a yieldco.

# Mosaic Offering Thaws Solar ABS Pipeline

California-based solar finance company Mosaic is preparing to hit the ABS primary market with an offering backed by loans on residential rooftop solar systems, the first such transaction since early 2016.

The company filed an ABS-15G form with U.S. **Securities and Exchange Commission** on Jan. 17 for Mosaic Solar Loans 2017-1.

The size of the deal could not be immediately determined, though the filing states that Mosaic submitted data on 5,595 assets for independent accounting review by Deloitte.

**Guggenheim Capital Markets** is listed in the filing as the bank working with Mosaic on the deal.

A spokesperson for Guggenheim in New York was not immediately able to confirm the bank's precise role. Representatives from Mosaic in Oakland, California, could not be reached by press time.

The market for ABS backed by rooftop solar assets has slowed precipitously over the past year. 2016 was predicted to be a breakout year for the asset class, with over $1bn in primary issuance volume predicted by many market observers. However, only two deals emerged, both from **SolarCity**.

Speaking on a panel at the ABS East conference held in Miami in last September, Mosaic ceo **Billy Parish** said that he expects the company to be a frequent issuer of solar ABS.

Some market participants have similarly lofty projections for 2017, but others view the ABS market as one among many viable sources of funds for solar finance companies. Last year, for example, SolarCity completed several levered cash equity financing transactions, selling solar assets to **John Hancock Financial**, **Soros Fund Management** and **Sammons Enterprises** (PFR, 12/23).

Sources say that issuers' use of securitization will depend on many factors, including capital markets volatility and investor demand for more esoteric ABS.

*A version of this story first appeared in PFR's sister publication, GlobalCapital.* ■

INDUSTRY CURRENT

# How the Prospect of Tax Reform is Impacting the Renewable Energy Sector

Eli Katz

Developers and financiers are searching for solutions to problems caused by looming changes to the tax code. This week's Industry Current, written by **Eli Katz** and **Julie Marion**, partners at **Latham & Watkins**, examines the impact of potential tax reforms under the new Trump administration.

With Republicans moving to take full control of Congress and the White House, the odds of an overhaul to the federal income tax code have increased dramatically. The renewable energy industry, heavily dependent on U.S. tax policy, is watching developments in this area closely and grappling with ways to transact during this period of uncertainty.

This is not the first time the industry has faced the prospect of changing tax rules.

Renewable energy credits in the United States have long been subject to imminent expiration, only to be renewed again, often with retroactive effect. Sponsors and financial institutions wishing to transact in this sector must now weigh a number of key risks and find commercially viable ways to allocate these risks among the transactions parties.

This article briefly describes the current status of tax reform in the U.S., some of the key provisions that might change and how looming change is affecting transactions in the renewable energy sector.

### TAX REFORM—WHAT'S ON THE TABLE?

While the final shape of tax reform cannot yet be known, the starting point for negotiations is likely to be the "blueprint" for tax reform released by House Republicans in June of last year. Any tax bill is also likely to be heavily influenced by the Trump administration, which announced its own tax reform proposals during the presidential campaign.

The renewable energy industry is closely watching for any change to at least three parts of the tax code. The first and most likely change is a proposed reduction in the top U.S. corporate income tax rate from its current level of 35%. The blueprint proposes to lower the top tax rate to 20%, while Trump's proposal is to reduce it all the way down to 15%. A lower marginal corporate tax rate means corporations would owe less tax in future years, reducing their appetite for tax credits. It also means that tax deductions, such as depreciation deductions, would be worth less. A dollar of tax deductions is worth $1 multiplied by the tax rate.

A second potential change is the elimination, phase-out or reduction of production tax credits (PTCs) or investment tax credits (ITCs). Both of the leading proposals call for elimination of "tax expenditures" or "special interest deductions and credits," references that certainly could encompass renewable energy tax credits. These changes could be as draconian as the elimination of tax credits with little to no transition periods, although it seems more likely that the tax credits would be allowed to die of natural causes, as they are phased out under current law.

**"Any tax bill is also likely to be heavily influenced by the Trump administration, which announced its own tax reform proposals during the presidential campaign."**

Production tax credits are already scheduled to disappear for projects that begin construction after 2019 and the investment tax credit falls to 10% at the end of 2022. More subtle changes, such as a change to the tax credit rate (currently at $0.23 per kW/h) or eligibility criteria, or the rules for how tax credits may be allocated among partners in tax equity transactions are also plausible and could dramatically affect the after-tax returns from renewable energy investments .

Lastly, both tax reform proposals call for immediate expensing of the cost of new equipment purchased by U.S. businesses. Under current law, wind and solar projects are depreciated over five years. Depreciation deductions make up almost 20% of the after-tax return on solar and wind investments. Expensing—or writing off the full cost of an asset in the year of purchase—may increase the after-tax returns of wind and solar investments, although much of this new value may be eroded by a lower tax rate and the potential difficulties with tax equity investors absorbing large depreciation deductions in the first year of a tax equity transaction. In the past, many tax equity partnerships have elected out of and foregone the similar benefit of first-year bonus depreciation.

**"A lower marginal corporate tax rate means corporations would owe less tax in future years, reducing their appetite for tax credits."**

### TRANSACTING IN UNCERTAIN TIMES

Despite the uncertainties of future tax reform, parties in the renewable energy sector continue to transact with an increased eye towards protecting against and properly allocating the risks of future

## INDUSTRY CURRENT

Julie Marion

changes to the tax law.

Renewable energy projects in the U.S. generally have three streams of value: cash flows from operation, tax credits (PTCs or ITCs) and tax losses (accelerated depreciation deductions). Developers deciding on whether to buy, sell or invest in projects must now assess how much value to place on the tax streams from these projects.

Similarly, the uncertainty around project valuation has begun to affect the terms and availability of project financing.

Sponsors often obtain bank loans to fund construction of their projects. Construction lenders typically advance funds with the expectation that all or most of their loans will be repaid by proceeds supplied by a tax equity investor. At the time the construction loan is signed up, the tax equity investor commits to fund its investment when the project is completed with adjustments for changes that happen between the commitment and funding. This allows the tax equity investor to resize its investment to match the expected tax streams in the project or decline to invest if the tax law has changed

**"Similarly, the uncertainty around project valuation has begun to affect the terms and availability of project financing."**

in a meaningful way.

Construction lenders have now begun to size their loans more conservatively, anticipating the possibility that future changes to the tax code may reduce the tax equity investment.

Another important question is how the parties agree to define when a tax law change has occurred. Tax law change can take numerous routes, with the earliest indicator likely coming from a "mark" (draft) from the Chairman of the tax writing committees (or perhaps a Presidential "tweet"). Sponsors have begun to consider what should happen if the tax equity investor funds based on a proposed change to tax rules, where the final rules end up in a different form than anticipated at funding.

Most developers of wind and solar projects in the U.S. monetize the tax benefits

**"Tax equity investors and developers are now beginning to grapple with how changes in tax law during the tax equity period might affect their arrangements."**

through tax equity arrangements, most commonly partnerships or leases. In both cases, the tax equity investor—usually a bank—funds against an expected return that includes tax benefits. The tax equity investor earns a preferred return, denominated on after-tax basis, after which a majority of project economics revert to the developer.

Tax equity investors and developers are now beginning to grapple with how changes in tax law during the tax equity period might affect their arrangements.

In a yield-based partnership flip arrangement—the most common form of tax equity—the key issue becomes how to preserve the relative deal economics to the sponsor and the tax equity investor if the tax law changes before the tax equity investor has earned its preferred return. For example, what happens if the tax credits are eliminated or reduced, a tax rate reduction decreases the value of future tax deductions, or the partnership tax rules change in a way that makes current structures no longer viable?

Some of these risks may well be appropriately shared by the parties, so that tax benefits that do not materialize lead to delays in the tax equity investor reaching its preferred return but do not result in automatic adjustments to the economics of the partnership through cash flow diversions or cash flow traps.

Other changes may be so extreme as to require immediate changes to the deal economics, in which case the sponsor might negotiate for a right to pay down the tax equity investment and seek alternate forms of capital that are less sensitive to tax subsidies.

Tax equity investors also must decide if they want to fund against a projected 35% tax rate or drop the funding to a lower amount (perhaps 15-25%) and rely on future fundings to "top up" the investment once the tax rate becomes clearer. This decision likely requires running a downside sensitivity to see how a lower tax rate affects the investment.

Other complications include how the parties might deal with changes to depreciation methods and recovery periods during the transaction, whether these changes are elective or not and how these changes might factor into the investor's after-tax return metrics.

Tax reform uncertainty is also impacting sponsor negotiations with back-leverage

**"Tax reform uncertainty is also impacting sponsor negotiations with back-leverage lenders."**

lenders. Many renewable energy developers have raised capital against their wind and solar projects by borrowing against, issuing securities or selling the cash flow streams from their projects. These so-called cash equity transactions rely heavily on an evaluation of the cash flow that is needed to repay the tax equity investor. Because changes to tax law can affect the cash flows in the tax equity investment, back-leverage lenders and other investors in cash equity positions are now more closely evaluating how changes to tax rates or other tax law changes can affect the valuation of their collateral. ■

PEOPLE & FIRMS

# RET Capital Sells Assets, Winds Down Operations

**Renewable Energy Trust Capital** has sold its operating and developing assets and is planning to repay investors as it winds down its operations three years after the company was founded.

"We were built as a yieldco from the start," writes **Karen Morgan**, president and ceo of the San Francisco and New York-based shop in an e-mailed statement to *PFR*. "With the collapse of the yieldco model in the wake of the **TerraForm Global** offering, we decided to sell our assets and retool."

RET Capital describes itself as an independent finance platform which provides developers and other stakeholders with takeout financing for renewable projects in North America.

The firm has been offloading assets in a steady stream of transactions, most recently agreeing to sell the 102 MW Coram wind project, near Tehachapi, Calif., to **Consolidated Edison** and a portfolio of five solar projects in Georgia, California and Ontario to **Axium Infrastructure** (PFR, 10/19, PFR, 11/23).

"Fortunately, we were able to divest the assets at prices in excess of what we paid," writes Morgan. "Although we intend to wind up our operations and repay our investors, we intend to continue to pursue other investment opportunities," she adds.

A number of senior staff have left RET Capital in the last six months, including **Christian Fong**, formerly chief operating officer and chief investment officer and **Yury Gimburg**, previously director of acquisitions. Both were based in the San Francisco office.

"We are proud of the work we have done in renewables and we intend to continue to adapt to the changing standards in wind and solar to increase reliance on renewables," the statement concludes. It could not immediately be established what types of investments RET Capital will target in the future.

Hedge fund **Blue Mountain Capital Management** is listed as RET Capital's lead investor on the company's website and the **California Clean Energy Fund**, described as a family of non-profit organisations, is the company's seed investor. ■

## AMP Capital Appoints Americas Infra Director

AMP Capital has hired an institutional director to oversee the distribution of its infrastructure debt and equity funds as it grows its Americas team.

**Julia Szlakowski** joined the firm in December and is based in the San Diego area, according to her LinkedIn profile. She was previously v.p. at boutique fund placement agency **Champlain Advisors** in San Diego.

AMP is preparing to open an office in Orange County, Calif., in February.

Szlakowski's appointment follows the hiring by AMP earlier last year of **Adam Heath**, formerly associate director of finance at **Caithness Energy**.

Heath joined AMP's New York office in September as a v.p. responsible for originating and executing infrastructure debt investments in North America (PFR 9/16).

AMP also hired two institutional directors last year to focus on real asset investments in the Americas. **Mark Miness** and **Craig Watkins** were both formerly vice presidents at asset manager **Cohen & Steers**.

AMP Capital is a division of **AMP Group**, an Australian financial services provider headquartered in Sydney. ■

STRATEGIES

# Pattern Yieldco Lines Up Maiden High Yield Offering

**Pattern Energy Group** was expected to price its first corporate-level bond with a $350 million high yield offering on Jan. 20, primarily to finance wind project dropdowns from its sponsor.

The proposed deal was slated to be a seven-year note with a three-year non-call period. The expected pricing of the bond could not immediately be learned.

**Morgan Stanley** is lead left on the deal, which was to be marketed at a series of investor meetings across the U.S. last week, with a view to pricing on Jan. 20 if market conditions were favorable, a person familiar with the deal told *PFR*.

**Bank of America Merrill Lynch**, **BMO Capital Markets**, **Citigroup** and **RBC Capital Markets** are the other bookrunners.

### DROPDOWNS

The yield company plans to use about $215 million of the proceeds to partially fund its acquisition of the 324 MW Broadview wind project in New Mexico from its sponsor, **Pattern Development**, according to a filing with the U.S. **Securities and Exchange Commission**.

A further $128 million will be used to repay debt the yieldco incurred under its $500 million revolving credit facility to finance its acquisition of a 50% stake in the 180 MW Armow project in Ontario.

The acquisition of the Broadview project in Curry County, N.M., marked the resumption of dropdowns from Pattern Development into its yieldco after a hiatus of almost a year when it was announced in June. The acquisition was initially financed with additional project-level debt and cash on hand (PFR, 7/1).

Pattern announced the dropdown of the stake in the Armow project, which is located in Kincardine, Ontario, a few weeks later (PFR, 8/17).

Pattern Energy will use any PAGE 9 »