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Recurrent Energy Eyes Financing Mix

Recurrent Energy is looking at a mix of bonds and bank debt for its photovoltaic pipeline.

See story page 2

Canadian Power Finance Conference

Check out the hot topics hashed out in Toronto this week.

See page 6

Canadian Power Finance Conference

SKYPOWER TARGETS $700M PV FUNDS

SkyPower will look to the project finance market for up to $720 million to support roughly one-fifth of its 1.2 GW solar photovoltaic pipeline in Ontario this year. The Toronto-based developer has started talking to banks, including relationship lenders **Deutsche Bank** and **NordLB**, president **Kerry Adler** told *PFR*.

"They're one of the few companies that have a track record in Canada," a senior financier in New York says. "You'll see a lot of people pitching them."

The developer wrapped a total of $240 million in a Deutsche Bank-led financing to support six projects totaling 60 MW last year (PFR, 11/9). Prior to that, NordLB was tapped to lead a nearly $75 million financing for a 19 MW PV plant in Ontario (PFR, 9/18/08).

(continued on page 12)

ONTARIO SEEKS PRIVATE DEVELOPERS FOR TRANSMISSION

The **Ontario Energy Board** is inviting private companies to compete for the right to build a roughly $550 million transmission line. The project will alleviate the transmission traffic jam that is causing many generation projects to languish without an entrance to the province's grid.

The OEB, a government entity akin to a state utilities commission, is looking for developers for its proposed East-West Tie in northern Ontario. The 173-mile, 230 kV line would extend between Nipigon and Wawa and is expected to be operational in 2016 or 2017.

The strong response to the **Ontario Power Authority**'s feed-in tariff program has caused a generation project backlog. "I don't think there's a single project or line that has capacity that

(continued on page 6)

PATTERN HUNTS FOR $1B IN WIND FINANCINGS

Pattern Energy is talking to lenders about raising nearly $1 billion to help finance roughly $1.3 billion in wind farms in Nevada, Ontario and Puerto Rico. The deals are expected to wrap by the third quarter.

San Francisco-based Pattern has yet to decide whether it will finance with project loans or via the capital markets, though it is unlikely to mix the two in any deal, says **Hunter Armistead**, executive director. He declined to identify potential

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At Press Time

Barclays Director Exits

Juan Kreutz, director at **Barclays Capital**, left the firm on Tuesday. He worked on several transactions in the past year including a $525 million package backing an acquisition made by an **Energy Capital Partners** affiliate (see story, page 4) and a $275 million B loan backing an **ArcLight Capital Partners** unit (PFR, 1/3). Kreutz and a Barclays official did not return calls. The reasons behind his departure could not be learned.

Kreutz left **WestLB**, where he was a senior director, to join Barclays (PFR, 10/13/06). Prior to that, he was v.p. in the utility group at **AMBAC Financial** (PFR, 8/12/05).

Recurrent Weighs Bonds, Loan Mix

Recurrent Energy is considering a financing mix of bonds and loans backing roughly $700 million in solar photovoltaic projects in Ontario. **WestLB** is in talks with Recurrent to participate in the bank component. Recurrent aims to close the entire deal by the third quarter, a deal watcher says.

The San Francisco-based shop is also looking for equity investors in the projects, says **Arno Harris**, Recurrent ceo. Recurrent is talking to lenders and investors, Harris added, noting that Recurrent has yet to finalize the sources of the debt. He declined to identify potential lenders and investors or to specify Recurrent's desired debt-to-equity ratio.

The **Ontario Power Authority** has offtake agreements for 170 MW across 19 projects, which could be expanded up to 300 MW, a banker says. Recurrent expects the 19 projects to be completed by early 2012.

Prudential Capital Group wrapped an $18 million financing backing the company's 5 MW Sunset Reservoir project in San Francisco, where the developer is based (PFR, 8/13). Whether Prudential will be involved in the new financing couldn't be learned.

Japanese electronics company **Sharp Corp**. bought Recurrent from **Hudson Clean Energy Partners** for $305 million (PFR, 9/24). A Prudential official in Dallas didn't return a call and Sharp did not respond to an e-mail. A WestLB official declined to comment. The size and structure of the financing as well as deal details, including pricing and tenor, also couldn't be learned.

Tell Us What You Think!

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 **Sara Rosner**, managing editor, at (212) 224-3165 or srosner@iinews.com.

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EDITORIAL

STEVE MURRAY
Editor

TOM LAMONT
General Editor

PETER THOMPSON
Executive Editor [Chicago]
(773) 439-1090

SARA ROSNER
Managing Editor
(212) 224-3165

BRIAN ECKHOUSE
Senior Reporter
(212) 224-3624

HOLLY FLETCHER
Senior Reporter
(212) 224-3293

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

KIERON BLACK
Sketch Artist

PRODUCTION

DANY PEÑA
Director

DEBORAH ZAKEN
Manager

MELISSA ENSMINGER, JAMES BAMBARA, DOUGLAS LEE
Associates

JENNY LO
Web Production & Design Director

ADVERTISING

PAT BERTUCCI
Associate Publisher
(212) 224-3890

ADRIENNE BILLS
Associate Publisher
(212) 224-3214

PUBLISHING

ALLISON ADAMS
Group Publisher

GAURI GOYAL
Business Director
(212) 224-3504

ANNA LEE
Marketing Director
(212) 224-3175

ISMAELA BEST
Senior Marketing Manager
(212) 224-3609

VINCENT YESENOSKY
Head of US Fulfillment
(212) 224-3057

DAVID SILVA
Senior Fulfillment Manager
(212) 224-3573

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KEN LERNER
Account Executive
(212) 224-3043

REPRINTS

DEWEY PALMIERI
Reprint & Permission Manager
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

JANE WILKINSON
Chief Executive Officer

STEVE KURTZ
Chief Operating Officer

Customer Service: *PO Box 5016, Brentwood, TN 37024-5016.*
Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6910
E-mail: customerservice@iinews.com

Editorial Offices: *225 Park Avenue South, New York, NY 10003.*
Tel: (773) 439-1090
Email: pthompson@iinews.com

Institutional Investor Hotline:
(212) 224-3570 and (1-800) 437-9997 or hotline@institutionalinvestor.com

Project Finance

First Wind Wraps Vt. Wind Deal

First Wind has landed a $76 million financing backing its 40 MW Sheffield wind farm in Caledonia County, Vt. **KeyBank National Association** is providing the financing comprising a $71.3 million non-recourse construction loan and a $4.5 million letter of credit. The deal wrapped in late December.

JPMorgan will take out a large chunk of the construction loan—up to $60 million—via tax equity when the farm goes in to operation in the fall. The remaining piece of the loan will be converted to a term loan, also with KeyBank. The parameters of the tax equity arrangement as well as pricing and tenor on the construction loan couldn't be learned. A First Wind spokesman in Boston didn't address inquiries by press time, while a KeyBank official and JPM spokesman didn't return calls.

Project offtakers include **Burlington Electric Department**, **Vermont Electric Cooperative** and the **Washington Electric Cooperative**. First Wind initiated construction on Sheffield in September.

KeyBank also helped finance First Wind's 60 MW Rollins wind farm in Penobscot County, Maine, last month (PFR, 12/6).

Citi, Investors Eye CREZ Financings

Citigroup is among lenders and institutional investors looking at financings backing transmission projects in the Competitive Renewable Energy Zones in West Texas. Projects being eyed include a $400 million, 300-mile line being developed by **Wind Energy Transmission Texas**. At least 20 investors also have been approached about financing another 300-mile line in the CREZ sponsored by **Hunt Consolidated** subsidiary **Sharyland Utilities**.

The CREZ projects appeal to banks that play in capital markets and life insurance companies, including **John Hancock Financial Services**, because they're long-term, stable investments, explains a senior financier. Project finance banks, including **Bank of Tokyo-Mitsubishi UFJ**, are also eager to participate because development costs are recovered through the rate base (PFR, 12/23). Financings combining bank debt and bonds is possible, says the senior financier, pointing to a structure of bonds with at least 20-year tenors and loans with five to seven-year tenors.

WETT, a joint venture of Toronto-based **Brookfield Asset Management** and Spanish engineering company **Isolux Corsan Concesiones**, has planned to invest 40% equity in the project and has discussed the line with at least two project finance banks (PFR, 6/28). **Electric Infrastructure Alliance of America**, a real estate investment trust funded by **Hunt Power**, John Hancock, **Marubeni Corp.**, **OPTrust Private Markets Group** and **TIAA-CREF**, is organizing financing for the Sharyland project (PFR, 12/3).

The size of the EIAA investment and potential other investors for Sharyland and WETT couldn't be learned. **Jeff Rosenthal**, Brookfield senior v.p. in Toronto, didn't return a call seeking comment. A Hunt spokeswoman in Dallas didn't make an official available by press time and officials at Citi and John Hancock declined to comment. A BoTM official didn't return a call seeking comment.

Six Banks Commit To Viento Refi

Half of a dozen lenders have made commitments to a $265 million refinancing backing a portfolio of wind farms owned by **Edison Mission Energy** subsidiary **Viento Funding II**. Another five or six lenders are expected to join by Jan. 21, when commitments are due. WestLB is leading the deal.

Lenders mulling participation include **BNP Paribas**, **Dexia Crédit Local**, **Helaba**, **Scotia Capital** and **Siemens Financial Services**, deal watchers say. **Investec**, **KeyBanc Capital Markets** and **Union Bank** are lenders in the original deal and whether they are participating in refinancing couldn't be learned. The identity of the six banks already in the deal couldn't be determined. Bank officials or spokespeople either declined to comment or didn't return calls.

Pricing starts at 250-275 basis points over LIBOR (PFR, 1/4). The loan has a tenor of 10 years. The Viento portfolio includes the 161 MW Wildorado farm in Wildorado, Texas.

EDF Discusses Ontario PV With Dexia

Dexia Crédit Local is talking to **EDF Energies Nouvelles Canada** about leading a financing backing the roughly $48 million, 12 MW St. Isidore B solar photovoltaic plant in Nation, Ontario, later this year. Dexia and **Union Bank** closed a financing backing EDF EN's companion plant, St. Isidore A, earlier this month (PFR, 1/6).

Whether Union Bank is looking at the St. Isidore B deal couldn't be learned. Deal details, including the size of the financing, pricing and tenor, also couldn't be learned. **Jim Peters**, director of project finance for EDF affiliate **enXco** in Burlington, Vt., and a Union Bank spokeswoman in Los Angeles didn't return calls by press time. A Dexia official in New York declined to comment.

The **Ontario Power Authority** has a 20-year offtake agreement for St. Isidore B.

NRG Snags $967M Federal Loan

NRG Solar has scored a conditional $967 million loan from the U.S. **Federal Financing Bank** under the **Department of Energy**'s loan guarantee program. The loan will back NRG's roughly $1.16 billion, 290 MW Agua Caliente Solar photovoltaic plant in Yuma County, Ariz. PV generally costs $4 million per megawatt to develop.

The pricing and tenor on the loan couldn't be learned. Most FFB loans issued under the DOE's loan guarantee program have been priced at 37.5 basis points over LIBOR, with tenors of 12 years (PFR, 1/5). **Bill Miller**, program manager at the DOE's loan guarantee office in Washington, D.C., declined to discuss details of the financing. An NRG spokesman in Houston didn't return a call by press time.

NRG is calling Agua Caliente the world's largest PV facility. It will use thin-film solar panels manufactured by **First Solar**. The plant's proposed generation capacity appealed to DOE. "It's one of the areas that the program is trying to encourage," Miller says. "It also helps California reach its renewable energy standards." **Pacific Gas & Electric** is the offtaker for Agua Caliente.

The financing marks the first DOE loan guarantee for PV. Abengoa secured a guarantee under the program for concentrating solar thermal earlier this month (PFR, 1/5) and **BrightSource Energy** snared a conditional guarantee for its CST plant last spring (PFR, 6/18).

Mergers & Acquisitions

PSEG Offloads Texas Plants To Wayzata, Muni

PSEG Power has agreed to sell a combined-cycle plant to a municipal utility and another to a financial shop for a total of $687 million. The Texas plants generate 1 GW combined. **High Plains Diversified Energy Corp.** is paying about $335 million for the Odessa plant in Ector County, while **Wayzata Investment Partners** is paying $352 million for Guadalupe in Marion, observers say. Both transactions will be finalized this quarter. **Goldman Sachs** advised PSEG.

The Lubbock-based municipal is also purchasing the 550 MW Quail CCGT from **Constellation Energy** for $185.3 million. It will finance both purchases through a municipal bonds issuance. "We're hopeful to get it done in the first quarter but I wouldn't be surprised if [the issuance] flips into the second quarter," says **Scott Collier**, chairman at High Plains in Lubbock. **JPMorgan** will be the bookrunner and the muni will look to fill co-manager slots (PFR, 1/10). The amount of the planned issuance has not been set.

JPMorgan advised High Plains on the Odessa acquisition along with boutique investment bank **FirstSouthwest Co.** in Dallas and **Protos Energy Advisory** in Amarillo.

High Plains is planning to build transmission lines from Odessa and Quail to its member cities in north Texas that are in the **Southwest Power Pool**. The two generation acquisitions plus the development of the transmission project will cost around $650 million, says Collier.

How Wayzata will look to finance its purchase or whether it used an advisor could not be learned. PSEG put the plants on the market this fall and deal watchers anticipated a $700 million purchase price (PFR, 9/16).

A **PSEG** spokesman in Newark, N.J., declined to comment on the individual purchase prices and **Blake Carlson**, partner at Wayzata in Wayzata, Minn., did not respond to an inquiry. A spokeswoman for FirstSouthwest couldn't immediately comment and a call to an official at Protos was not immediately returned. JPMorgan and Goldman Sachs spokeswomen declined to comment.

ECP Loan Pricing Ratchets Down

Pricing on an **Energy Capital Partners** $525 million financing package has been cut to 425 basis points over LIBOR from 450-475 bps due to oversubscription. Leads **Barclays Capital**, **Crédit Agricole** and **Union Bank** also decreased the original issue discount to 99 from 98.5. Commitments are due Jan. 17.

The deal will partly fund ECP subsidiary **EquiPower Resource Holdings**' purchase of the 548 MW combined-cycle Milford plant from a consortium of sellers. EquiPower is said to have agreed to pay roughly $360 million for the Milford, Conn., plant (PFR, 1/7). Remaining proceeds will go toward debt service and capital expenditure reserves and distribution to shareholders.

The package consists of a $425 million term loan B and a $100 million revolver. The B loan carries a 150 bps LIBOR floor. The B loan has a seven-year tenor and the revolver has a five-year tenor.

Investors were expected to find the deal to be attractive due to the credit ratings and the minimized merchant risk. Barclays, **Macquarie Capital**, and Goldman Sachs subsidiary **J. Aron** have a hedge on the power through 2014 to alleviate merchant exposure.

JPMorgan ran the auction of Milford for **BlackRock Real Asset Equity Trust**, affiliates of **Deutsche Bank**, **Merrill Lynch Credit Products**, **Stark Investments**, **Taconic Capital Advisors** and **TIAA-CREF Life Insurance Co**. (PFR, 11/23). EquiPower is a subsidiary set up to run the quartet of natural gas-fired facilities that ECP has bought in the Northeast in the last year.

Paul Parshley, v.p. of investor relations at ECP in Short Hills, N.J., and bank officials did not return calls. **Curt Morgan**, president and ceo at EquiPower in Hartford, Conn., did not respond to an e-mail.

People & Firms

Dexia Looks To Add NY Syndicator

Dexia Crédit Local is looking for a syndicator to replace **Muriel Levi**, v.p. of syndications in New York, who has relocated to its Paris headquarters. Dexia officials expect to hire someone in the next month.

Levi moved last quarter, a banker says, and became a senior v.p. of energy and environment origination. She had been in the New York office since 2006. A Dexia official declined to comment and Levi couldn't be reached via e-mail. The identity of potential candidates couldn't be immediately learned.

Alban de La Selle, former head of project and public finance at Montreal, took over the post of head of project finance in New York after **Guy Cirincione** vacated the spot and headed to **Siemens Financial Services** (PFR, 7/19).

Generation Auction & Sale Calendar

Generation Sale DATABASE

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call ***Holly Fletcher*** *at (212) 224-3293 or e-mail hfletcher@iinews.com.*

Seller	Assets	Location	Advisor	Status/Comments
Brick Power	Tiverton (265 MW Natural Gas) Rumford (265 MW Natural Gas)	Tiverton, R.I. Rumford, Me.	Deutsche Bank	A mix of strategic and financial players will submit final bids next month (PFR, 11/22).
Capital Power Income Fund	Various (1.4 GW in U.S and Canada)	Various	CIBC, Greenhill & Co.	Management presenations for potential second round bidders are underway (PFR, 1/17).
Complete Energy	Batesville (837 MW natural gas-fired)	Batesville, Miss.		Creditors, including JPMorgan, Monarch Alternative Capital and Stark Investments, are in a foreclosure process (PFR, 12/6).
Constellation Energy	Quail (548 MW CCGT)		No advisor	A Texas municipal is buying the plant for $215 million (PFR, 1/10).
Entergy	Vermont Yankee (650 MW Nuclear)	Vernon, Vt.	Morgan Stanley	Existing nuclear operators are expected to be interested in the facility (PFR, 11/15).
First Wind	Various (wind)	Maine, New York	Credit Suisse Macquarie Capital	Looking to sell wind farms to raise capital in addition to secure equity (PFR, 12/20).
First Solar	Sombra (20 MW solar photovoltaic) Moore (20 MW solar photovoltaic) Agua Caliente (290 MW photovoltaic)	Ontario Ontario Yuma County, Ariz.	TBA TBA TBA	NextEra Energy Resources is buying the projects as it looks to fill out its development pipeline (PFR, 12/13). NRG Solar is buying it and will make up to an $800 million equity investment (PFR, 12/20).
Invenergy	St. Clair (570 MW, CCGT) Raleigh (78 MW wind project) Le Plateau (138 MW wind) White Oak (150 MW, wind) Big Otter (24 MW, wind)	Ontario Ontario Ontario McLean County, Ill. Belt, Mont.		The deadline for the final bids for the natural gas plant is being pushed back (PFR, 12/6). Marubeni has taken a 49% stake in Raleigh (PFR, 1/17). NextEra Energy Resources is buying the project that is currently under construction (PFR, 1/10). NorthWestern Energy has an MOU to buy the project (PFR, 1/17).
JPMorgan	Triton (550 MW NatGas)	Jackson, Mich.	JPMorgan	JPMorgan is flipping a facility that unit Arroyo Energy Investors just bought from Kinder Morgan (PFR, 10/4).
LS Power	Bridgeport (460 MW, CCGT)	Bridgeport, Conn.	JPMorgan	Management presentations are currently underway (PFR, 1/10).
Noble Environmental Power	Granite Reliable (99 MW wind)	Coos County, N.H.	No advisor	Brookfield Renewable Power is in the market for an acquisition loan (PFR, 1/17).
PSEG	Guadalupe (1 GW, CCGT) Odessa (1 GW, CCGT)	Marion, Texas Ector County, Texas	Goldman Sachs Goldman Sachs	Wayzata Investment Partners agrees to buy plant for $352M (see story, page 4). High Plains Diversified Corp. agrees to buy plant for $335M (see story, page 4).
Raser Technologies	Thermo 1 (14 MW Geothermal, development assets)	Thermo, Utah	Bodington & Co.	Raser has entered into an early agreement with Evergreen Clean Energy (PFR, 11/8).
Stark Investments	Wolf's Hollow (730 MW Gas)	Hood County, Texas	JPMorgan	Second round bids coming due (PFR, 11/1).
Terra-Gen Power	Alta 1 (150 MW wind)	Tehachapi, Calif.	No advisor	Initial bids for the first phase of the 3 GW Alta wind project were due earlier this month (PFR, 10/25).
Tessera Solar	Calico (850 MW, solar thermal)	California		K Road Power bought it and will convert it to photovoltaic (PFR, 1/17).
U.S. Power Generating Co.	Astoria Generating (1.28 GW Natural Gas) Gowanus (542 MW Fuel, oil and gas-fired_ Narrows (276 MW Fuel oil and gas-fired)	New York City New York City New York City	Goldman Sachs	Sale is postponed to 2011 (PFR, 11/15).

2nd Annual Canadian Power Finance Coverage

Consolidation in the wind sector, feed-in tariffs, transmission and U.S. shops looking for Canadian capital created the buzz at ***Euromoney Seminar****'s 2nd Annual Canadian Power Financing Conference. Bankers, investors, utility executives and developers gathered at the* ***Hyatt Regency Toronto*** *for the event Jan. 19-20. Senior Reporter* ***Holly Fletcher*** *filed the following stories:*

ONTARIO SEEKS

(continued from page 1)

hasn't been spoken for," **Kerry Adler**, president and ceo of **SkyPower**, told attendees regarding the surfeit of projects. The OPA has received about 4,100 applications for projects totaling 16.34 GW as of Jan. 5, said **JoAnne Butler**, v.p. of electricity resources at the OPA. Even with the addition of 1.5 GW of transmission capacity added to the 2.5 GW of existing lines, only a quarter of the projects already submitted will be able to interconnect.

The opportunity to build a line with many potential offtakers has a variety of companies—including many new entrants to the Ontario transmission market—considering tossing in their name. **Brookfield Renewable Power**, **NextEra Energy Canada**, **LS Power**, **Pattern Energy**, **TransCanada** and Spanish firm **Isolux Corsan Conseciones** are eyeing the opportunity, bankers said.

As many as 20 companies, including **Hydro One**, which has won rights for a trio of transmission projects from the OEB, are interested in entering the process, one observer noted. Brookfield has submitted a filing with the OEB regarding its interest in the project, **Peter Bettle**, v.p. of transmission project development at Brookfield, told *PFR*. The identities of other companies could not be immediately learned.

The development of the line will be awarded through a regulatory hearing—not a request for proposals or an open season. Potential new entrants will file with the board and compete in hearings for the right to build. It's an approach that hasn't been tried in Canada or the U.S., several bankers and observers said. "It's a first; this process. I'm waiting to see how it plays out," said one banker. A timeline for the next part of the process has not been set, observers said, with one noting that companies are "trying to get comfortable with the area and the process." The reasons behind the OEB's decision to go through hearings instead of holding an RFP could not be learned.

An LS Power official declined to comment. TransCanada and OEB spokespeople couldn't immediately comment. A spokeswoman at Isolux didn't respond to an inquiry. Spokespeople at NextEra, Pattern and Hydro One didn't immediately return calls. *—Holly Fletcher*

Canada Loan Mart To Feel U.S. Demand

Jonathan Weisz

Canadian sponsors are not likely to find cheaper pricing this year because U.S. developers will be looking north of the border for lenders to finance a slew of projects, bankers said on a panel.

A raft of combined-cycle projects in California as well as renewables projects looking to meet deadlines under the U.S. **Department of Treasury**'s cash grant will see sponsors tap both U.S. and Canadian project financiers. Pricing, which had been falling as banks rejoined the project finance game, will stabilize in Canada as the number of borrowers increases, said **Alex Wernberg**, senior v.p. at **Union Bank**.

Canadian banks are unlikely to go much further than 10-years except on a case-by-case basis, said **Geraint Breeze**, executive director of project finance, power and infrastructure at **CIBC**, pointing to the construction-plus-seven-years tenor on **Northland Power**'s 265 MW North Battleford (PFR, 8/31). Some developers may prefer shorter tenors if they are looking to sell projects to better capitalized shops that would likely refinance the debt, noted **Jonathan Weisz**, moderator and partner at **Torys** law firm.

Experienced developers that are looking for money could find that pricing in the range of 250 basis points over LIBOR, said Breeze. Pricing on some mini-perms and bonds would likely fall just under that, said Wernberg.

Sea Breeze Takes Next Step On DOE Guarantee

Sea Breeze Power has filed the second part of its loan guarantee application with the U.S. **Department of Energy**. It has also started talks with the U.S. **Export-Import Bank** about financing a portion of the Juan de Fuca transmission line, but the precise nature of its possible involvement could not be determined.

The 31-mile, 550 MW line will connect Vancouver, B.C. to Port Angeles, Wash. Funding will come from loans backed by a $240 million guarantee from the DOE, $240 million from other sources, including some project financing, and $170 million from private equity, said **Paul Manson**, ceo and president of Sea Breeze.

Energy Investors Funds has partnered on the project and has the option to be the equity provider. Juan de Fuca co-developer **Boundless Energy** was one of the companies behind **Neptune Regional Electric Transmission**, which developed the 660 MW undersea transmission and got $550 million in financing via lead **Société Générale** (PFR, 7/15/05).

A mix of regulated and unregulated customers could buy capacity on the line including the **Bonneville Power Authority**, independent power producers and power trading shops, Manson said.

David Frantz, director of the DOE's loan guarantee program in Washington, D.C., directed inquiries to a spokeswoman who did not return a call. EIF officials declined to comment through a spokesman. An official at Ex-Im Bank in D.C. did not return a call.

Solar Industry Cooperates For OPA Reqs

Mike Crawley

Developers, lenders and solar manufacturers are working together to meet local content requirements under the **Ontario Power Authority**'s feed in tariff program and to ensure financing for projects.

The OPA has stipulated it will only certify projects that have met the 25% local content requirement and thus grant the FIT once a project closes construction. While the policy had left many lenders and developers wary of whether the OPA would come through with a contract at the last minute (PFR, 5/7), many sponsors are working with manufactures to ensure the content requirements are met and increase lender's sense of security.

International Power Canada was careful to write into contracts with suppliers that they had to meet the requirement so the developer wouldn't have any surprises at financing or the audit process, **Mike Crawley**, president of International Power Canada, told *PFR* on the sidelines of conference. He declined to offer the specifics worked out with suppliers. **David Brochu,** managing director of Canada for **Recurrent Energy,** said on a panel that Recurrent had also worked from the start to document and prepare for the audit process.

Arranging financing for the projects wouldn't have been possible if the lenders hadn't felt comfortable and seen documentation up front that made them confident the projects would pass muster, financiers said.

The local content requirement was, and still is a headache, to provide the proper documentation for, but experienced, utility-scale developers have taken pains to ensure their projects past muster, developers said. The industry would like to see a review process that gives suppliers and manufacturers the local seal of approval, said **Elizabeth McDonald**, president of **Canadian Solar Industries Association**. That way, developers would know which companies were approved, saving each the hassle of extensive documentation.

OPA Preps NatGas Call

The **Ontario Power Authority** is planning to kick off a new request for proposals to ink power purchase agreements for up to 500 MW of generation. It will likely be targeting natural gas-fired projects that are larger than 20 MW.

The initiative is awaiting final approval and is expected to be launched within months, **JoAnne Butler**, v.p. of electricity resources at the OPA told *PFR* on the sidelines.

Renewables projects will also be considered, Butler said on a panel. Due to constrained transmission access across the province, the OPA plans to post maps on its Web site so developers can pinpoint pre-approved locations where projects may be located to connect to existing transmission lines, she said.

TransCanada snagged a power purchase agreement for its $1.2 billion, 900 MW gas-fired plant in Oakville, Ontario from the OPA in its last RFP (PFR, 2/25/10). **Sithe Global**, **Invenergy Canada Development Partnership** and **Northland Power** were among the participants.

Finavera Circles Equity

Finavera Renewables is close to locking in equity via a partner for a portion of its $800 million wind pipeline before targeting a debt financing. The company expects to finalize an agreement by month-end, **Peter Leighton**, president and coo told *PFR* on the sidelines.

The partner would be able to front all the equity on its initial project that needs to be online by the end of 2012, Leighton adds. The developer expects to maintain a 30% stake in the project and operate it. He declined to identify the potential partner. Details surrounding the project could not be immediately learned.

The equity will drive the project forward until Finavera reaches a close on project financing in October or November, Leighton said on a panel. He expects European lenders and the U.S. **Export-Import Bank** to be involved in the financing. The project finance markets are more attractive to his shop than institutional lenders, he said.

Finavera, a $35 million market cap developer out of Vancouver, was the largest winner in **BC Hydro**'s clean power call, winning four 25-year contracts for a 301 MW portfolio in British Columbia. The 47 MW Tumbler Ridge project and the 77 MW Wildmare are slated for operation in 2012, while the 117 MW Meilke and the 60 MW Bullmoose will go online in 2014 (PFR, 6/24).

Finavera tapped boutique advisory shop **Capital West Partners** in July to run a process looking for about $200 million in equity. **GE Energy** has lent up to $7.25 million to the company in July. Whether either of those entities is involved in the latest transaction could not be learned.

Axio Hunts Development Funding

Axio Power is trying to attract investors to solar photovoltaic facilities by offering up minority stakes in development projects for $10 million. Under a promissory note type of transaction, investors get an undetermined stake in the project while Axio gets capital to fund development costs for its 600 MW development pipeline, says an observer.

The San Juan Capistrano, Calif.-based solar developer was in talks with a potential buyer this time last year but negotiations went cool. The buyer wanted late-stage projects and Axio had few projects with power purchase agreements (PFR, 3/10). **Marathon Capital** advised.

The company is currently trying to rope in equity partners for individual projects while still keeping an eye out for an overall buyer, says the observer. Axio has projects, mostly in early to mid-stage development, in Arizona, California, Hawaii, New Jersey, New Mexico, New York, Pennsylvania, Texas and Ontario.

Axio has 90 MW of projects in Ontario that have contracts with the **Ontario Power Authority**. Its 10 MW Cascade project in San Bernardino County, Calif., has a PPA with **Southern California Edison**.

Tim Derrick, ceo, could not be reached. **Kevin Christy**, coo, did not respond to a call. A Marathon official declined to comment. The identity of potential investors could not be learned.

Size Matters For Canadian Financing Costs

Jason Chee-Aloy

Big, well-capitalized power developers active in Canada are expected to continue making acquisitions of projects, especially since they can snag lower development capital costs than smaller sponsors.

Smaller renewable and thermal developers face higher debt pricing than shops with fat wallets, making it attractive for them to bring in a partner or sell out right. The financing process currently requires a good deal more equity than in the past, said **Geoffrey Krause**, the former cfo of **Pristine Power**, which financed its York plant with an 80:20 debt to equity split as opposed to an 85:15 split for a previous project (PFR, 8/25). "A lot of pressure is coming from the lending community to put in more equity," Krause said.

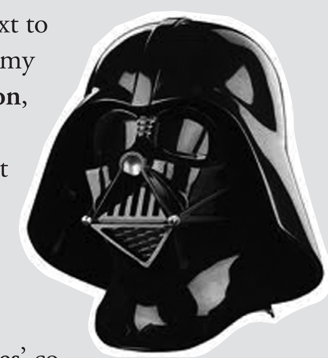
Pristine was recently bought by **Ft. Chicago Energy Partners** for $314 million. **NextEra Energy Resources** bought **Enbridge** is reportedly buying a pair of wind projects in Quebec and Ontario from **Invenergy** (PFR, 12/17) and **International Power** bought a majority stake in **Sea Breeze Power**'s 99 MW Knob Hill project in British Columbia (PFR, 7/29).

Renewables projects top the list of potential acquisitions as developers with PPAs from either the **Ontario Power Authority** or **BC Hydro** have trouble fronting the capital to move the projects toward completion. "Projects of a certain size are for the big guys," said **Chris Ball**, executive v.p. of **Corpfinance International**. Small renewables developers are likely to stick to smaller projects, which will be politically popular in some provinces that want to spread smaller projects around its territory, echoed **Jason Chee-Aloy**, managing director of **Power Advisory**.

Given the limited transmission capacity, projects with sound generation capacity studies and a confirmed place in the transmission queue are the most attractive, said **Juergen Puetter**, president of both **Aeolis Wind** and **Blue Fuel Energy**. Lenders want to see developers clear returns in the mid-to-high teens on wind projects to ensure that the project is profitable enough to pay back debt. Without those figures, sponsors have trouble financing, said Puetter. Solar developers in Ontario that hit challenges associated with building ground mounted projects within the OPA's deadlines and parameters are expected to look for larger companies to come in with equity or to buy the projects outright.

Reporter's Notebook

- **Snack Attack!** Bowls of pretzels, SunChips and potato chips were offered up at the Hyatt Regency Toronto to go along with a choice of spirits, wine and beer at the networking reception following the first day of panels. Attendees got the chewier end of the deal during panels with gummy bears and jelly beans at their tables.



- "I know that **Darth Vader** next to me has been acquiring many of my competitors," said **Peter Leighton**, president and coo of **Finavera Renewables** in Vancouver, about **Waqar Zaidi**, director of business development at of **Enbridge Renewable Energy Infrastructure**.

- **Gary Nevinson**, **TD Securities**' co-head of Canadian credit origination, took a friendly swipe at competitor and fellow panelist **Geraint Breeze**, **CIBC** executive director of project finance power and infrastructure. "We don't care about what market [the deal] goes into as long as CIBC isn't leading it."

- **Vestas** sponsored an on-site automated response system that allowed attendees to cast their votes on questions like where they were from and whether they thought financing for Canadian projects would be less, more or the same for 2011. A little over half of the group said that financing would decrease from its levels in 2010.

Corporate Strategies

SunEdison Lands $50M Revolver

SunEdison has snagged a $50 million non-recourse revolver from **Rabobank** to finance solar plants in the U.S. The deal wrapped late last month.

Rabobank was selected because of its "deep global experience in renewable energy financing and their ability to be a flexible partner," says **William Lee**, v.p. of project finance and corporate development in Beltsville, Md. The revolver is expected to expand over the life of the three-year tenor, once additional lenders are added. Potential lenders and SunEdison's criteria for selecting a lender couldn't be learned. A SunEdison spokesman declined to comment. A Rabobank spokeswoman also declined to comment.

Pricing is tight, indicating a competitive project finance landscape in 2011, says a deal watcher, who didn't specify the figure. "People will be aggressive this year," the longtime project financier says. "Deals will get done."

Projects benefiting from the revolver will include utility-scale plants as well as small commercial plants. A SunEdison spokesman declined to specify the projects.

Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iinews.com.*

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Abengoa Solar	Solana (250 CST)	Gila Bend, Ariz.	DOE/FFB	TBA	$1.45B	12-yr	FFB and DOE finalizes loan, priced at Treasury plus 37.5 bps (PFR, 1/10).
Alpine Energy	Unknown (16 MW Waste)	St. Croix, U.S. Virgin Islands	BNP	TBA	TBA	TBA	BNP mandated to lead deal (PFR, 12/20).
ArcLight Capital Partners	Various (Gas and Transmission)	U.S., Spain	Barclays, Credit Suisse	Term Loan	$275M	7-yr	Leads finalize deal, backing a 1,412 MW operational portfolio (PFR, 1/10).
Brookfield Asset Management, Isolux Corsan	CREZ Transmission	Texas	TBA	TBA	$240M	TBA	Citi eyes financing (see story, page 3).
Caithness Energy, GE EFS	Shepherds Flat (909 MW Wind)	Oregon	BoTM, WestLB, RBS, Citi	TBA	TBA	TBA	Leads close largest wind financing in U.S. (PFR, 12/27).
Cannon Power	Windy (100 MW Wind)	Klickitat County, Wash	TBA	TBA	$180M	TBA	Financial close expected this quarter (PFR, 1/10).
	Aubanel (1 GW Wind)	Baja California, Mexico	TBA	TBA	TBA	TBA	Talking to lenders in Q2, wieghing financing mix (PFR, 1/10)
Calpine	Russell City (600 MW Combined-Cycle)	Hayward, Calif.	TBA	TBA	TBA	TBA	Looking for lenders (PFR, 1/10)
	Los Esteros (300 MW Retrofit)	San Jose, Calif.	TBA	TBA	TBA	TBA	Looking for lenders (PFR, 1/10)
Competitive Power Ventures, GE EFS	Sentinel (850 MW Gas)	Riverside County, Calif.	TBA	TBA	TBA	TBA	GE EFS helping to organize financing (PFR, 1/17).
EDF EN Canada	St. Isidore A (12 MW Solar PV)	Nation, Ontario	Dexia, Union Bank	TBA	TBA	TBA	Deal closes on first phase (PFR, 1/10).
	St. Isidore B (12 MW Solar PV)	Nation, Ontario	TBA	TBA	TBA	TBA	Dexia mulls participation (see story, page 3).
Edison Mission Energy	Various (362 MW Wind)	Neb., N.M., Texas	WestLB	TBA	$265M	10-yr	Six banks commit (see story, page 3).
First Wind	Sheffield (40 MW Wind)	Caledonia County, Vt.	Key Bank	Construction	$76M	TBA	Deal wraps (see story, page 3).
NextEra Energy Resources	Blythe Energy Center (500 MW Gas-Fired)	Blythe, Calif.	Crédit Agricole, Lloyds TSB	TBA	$305M	7-yr	Deal wraps without SMBC (PFR, 12/22).
NRG Energy	El Segundo (550 MW Gas)	Carlsbad, Calif.	TBA	TBA	TBA	TBA	Sponsors plot deal for Q1 (PFR, 1/17).
Pattern Energy	Various (Wind)	Nevada, Ontario, Puerto Rico	TBA	TBA	TBA	TBA	Pattern hunts over $1 billion in debt for projects (see story, page 1).
Radback Energy	Oakley (624 MW Gas)	Contra Costa County, Calif.	TBA	TBA	TBA	TBA	Sponsor plotting deal for Q2 (PFR, 1/17).
Recurrent Energy	Various (170+ MW Solar)	Ontario	TBA	TBA	TBA	TBA	Financing expected in Q2 (see story, page 2).
Western Wind Energy	Windstar (120 MW Wind)	Tehachapi, Calif.	Manulife	TBA	$249M	TBA	Deal closes, with Sun Life participating (PFR, 1/10).

For a complete listing of the Project Finance Deal Book, please go to iipower.com.

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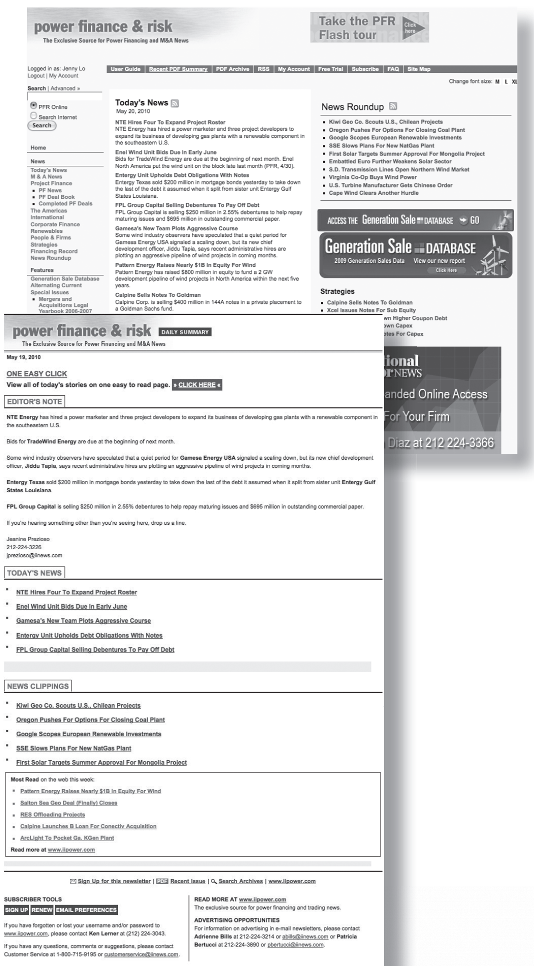

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News In Brief

News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

Americas

• **First Energy**'s proposed $4.7 billion purchase of **Allegheny Energy** has landed the approval of Maryland regulators. The sale is waiting on the approval of Pennsylvania regulators, after snagging approvals from the U.S. **Department of Justice** as well as regulators in Virginia and West Virginia (*Yahoo! Finance*, 1/20).

• Houston-based **Clean Lines Energy**, which is planning a $3.5 billion transmission line from wind farms in Oklahoma to western Tennessee, wants an administrative law judge to grant it public utility status. The designation would give the company the authority, via eminent domain, to force the sale of land for the project (*KFOR*, 1/20).

• Environmental group **Western Watersheds Project** has sued multiple U.S. agencies, including the **Bureau of Land Management**, over the government's fast-tracking of **BrightSource Energy**'s 370 MW Ivanpah solar project in San Bernardino County, Calif. Western Watersheds alleges the agencies violated the National Environment Policy Act and the Endangered Species Act in rushing the projects along to allow the developer to qualify for stimulus subsidies (*Press-Enterprise*, 1/20).

• **Pampa Energia**, Argentina's largest electricity provider, has agreed to spend $276 million to buy large stakes in Argentine electricity companies from Houston-based **Ashmore Energy International**. (*Dow Jones Newswires*, 1/20).

• Renewables, including solar, wind, geothermal and biofuels, will increase their contribution to global generation between 2010 and 2030, from 5% to 18%, according to **BP**'s industry forecast. Over the same period, natural gas is expected to be the fastest growing thermal source, as coal and oil lose market share (*USA Today*, 1/19).

• **Invenergy** is planning a second wind farm in Gratiot County, Mich. The Illinois-based wind developer has yet to line up an offtaker for the farm (*The Morning Sun*, 1/18).

• **Kristina Johnson**, a former member of the **AES Corp.** board of directors, has rejoined the board. Johnson is also a former undersecretary of the U.S. **Department of Energy** (*Yahoo! Finance*, 1/19).

• **Dominion North Carolina Power** has signed a 15-year contract to buy 1.4 MW generated by a solar plant near Jackson, N.C. The plant's sponsor is **510nano**, a Washington, D.C.-based firm specializing in environmentally conscious technology (*Virginian Pilot*, 1/18).

• **Jersey Gardens Mall** in Elizabeth, N.J., will build a 4.8 MW rooftop solar installation, which is expected to be the largest of its kind in North America. The project is slated for operation in August (*Star-Ledger*, 1/18).

• Two Northern California-based scientists have estimated that the world would need roughly 4 million wind turbines—generating 5 MW apiece—to derive 100% of its electricity from renewables. The scientists, **Mark Delucchi** of the **University of California-Davis** and **Mark Jacobson** of **Stanford University**, say a renewables revolution is possible and affordable by 2030 (*National Geographic*, 1/18).

• **Martin O'Malley**, Maryland's governor, is planning legislation that would require utilities to sign power purchase agreements for offshore wind farms. State Republicans contend the mandate will spike costs for consumers (*Bloomberg*, 1/14).

• The Los Angeles **Department of Water and Power** generated 20% of its electricity in 2020 through renewables, including wind solar and solar. Wind generation represented 47% of the renewables, including generation from **First Wind**'s Milford farm in Utah (*Los Angeles Daily News*, 1/14).

• The U.S. **Bureau of Land Management** says it will rate how the 50 renewables projects it expects to assess in 2011 may affect tribal cultural, spiritual and natural resources. Tribal leaders say the department hasn't always taken a pro-active approach (*Desert Sun*, 1/14).

• **Kaua'i Island Utility Cooperative** has inked a deal with **Xtreme Power** of Kyle, Texas to buy a 1.5 MW battery storage system, which will aid the intermittency of a 3 MW solar photovoltaic plant. The deal is Xtreme's first with a utility (*BrighterEnergy.org*, 1/14).

• Massachusetts-based **Evergreen Solar** will close its U.S. solar manufacturing base in Devens, Mass. The company had announced plans in September to manufacture its products in China (*Reuters*, 1/14).

Asia

• **China Resources Power Holdings**, a Hong Kong-listed utility, expects to add 800 MW of wind generation annually—a roughly $970 million expense. The utility may fund the expansion through bonds, loans and operating cash flow (*Bloomberg*, 1/20).

SKYPOWER TARGETS

(continued from page 1)

Adler anticipates that Canadian and Japanese banks—and possibly insurance companies—will hop on the financings, which European project banks are likely to lead. Some of the funds that had been set aside for wind projects may be used by banks to fund solar projects, he said. A NordLB official declined to comment and a Deutsche Bank official did not return a call. Desired pricing and tenor couldn't be learned.

A boilerplate solar financing typically starts at a tick higher than wind, roughly 275-300 basis points over LIBOR, says a syndicator, noting this reflects the newness of the sector. But pricing for SkyPower could rival conventional wind deals—starting at 250 bps—as the shop has a track record and there may be bank competition to get Ontario exposure.

"Certainly Ontario is heating up," a lender for a European project finance bank says. "Fundamentally, their renewables regime is more transparent than what you find in the U.S. They have a feed-in tariff that's very, very attractive. The program is standardized."

SkyPower projects in Ontario's pipeline includes the 10 MW Little Creek Solar project, the 10 MW Glenarm project and the 10 MW Highlight project. Construction is expected to start on Little Creek in spring 2012. The **Ontario Power Authority** offered conditional offtake agreements for Glenarm and the 10 MW Val Caron plants in April. Whether SkyPower is looking to finance these projects this year couldn't be learned.

The sponsor has filed 120 applications with OPA to secure offtake agreements for as many 10 MW projects, Adler says, noting that he expects an imminent response from the agency. An OPA spokesman in Toronto declined to comment on the applications. *—Holly Fletcher & Brian Eckhouse*

PATTERN HUNTS

(continued from page 1)

lenders and desired pricing and tenor on the deals.

First up for financing is the roughly $300 million, 150 MW Spring Valley farm near Ely, Nev. Pattern expects to close a deal this quarter. **NV Energy** has a 20-year power purchase agreement for the farm, which is slated to be operational late next year.

The largest financing—about $600 million—would back two farms in Ontario that have a combined $850 million price tag. Pattern is developing the 270 MW South Kent project in Chatham-Kent and the 140 MW Grand Renewable Energy Park in Haldimand with joint venture partner **Samsung Renewable Energy**. **Korea Electric Power Corp**. may take a stake in the farms before the financing wraps, Armistead says. Pattern is eying a second quarter financial close. How the partners plan to fund the remaining projects' costs could not be learned.

The sponsors were negotiating with the **Ontario Power Authority** last year over a long-term offtake agreement for South Kent. The status of those talks and whether the sponsors landed a PPA for Grand Renewable couldn't be learned. Samsung officials couldn't be reached for comment, while an OPA spokesman in Toronto declined to comment. South Kent is expected to be operational in late 2012.

Pattern is also targeting next quarter for a financing backing the 75-100 MW Santa Isabel project in Santa Isabel, Puerto Rico. **Puerto Rico Electric Power Authority** has a 20-year PPA for the project. The U.S. territory is appealing, a developer explains, because it has mounting power demand at a moment when sluggish demand characterizes much of the U.S. Also, the types of financing structures backing projects in the mainland U.S. can be duplicated in the territory, Armistead adds.

Financiers expect Pattern to face little difficulty landing debt for the projects, even with several gas-fired deals competing for dollars in the first two quarters (PFR, 1/12). The lenders attribute their optimism to increased liquidity in the market (PFR, 1/14), more players in project finance and the sponsor's standing in the sector.

Pattern raised $800 million in equity last year, primarily from **Riverstone Holdings**, to back its 2 GW pipeline of North American wind farms (PFR, 5/18). Whether those funds will be going toward the projects above could not be learned. A Kepco official couldn't be reached for comment. *—B.E.*

Conference Calendar

Geothermal Energy Association will host the Geothermal Energy Finance Forum 2011 Feb. 9 at the Ritz Carlton Battery Park in New York, NY. To register, visit http://www.gifttool.com/registrar/ShowEventDetails?ID=1872&EID=8323.

Quote Of The Week

"A lot of pressure is coming from the lending community to put in more equity." —**Geoff Krause**, *former cfo of* ***Pristine Power****, on financing challenges faced by smaller developers (see story, page 8).*

One Year Ago In Power Finance & Risk

Competitive Power Ventures unit **CPV Canada Development** was in the midst of wrapping up its purchase of **SkyPower** affiliate **Interwind**'s wind pipeline. [SkyPower has turned its focus to solar and is talking to lenders about $720 million in financings for photovoltaic plants in Ontario (see story, page 1).]

