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Exclusive Insight on Power M&A and Project Financing

Power Finance & Risk

The weekly issue from **Power Intelligence**

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Footprint Zeroes In Salem Harbor Equity, Debt

Scott Silverstein

Footprint Power, the developer behind the $1 billion gas-fired redevelopment of a coal-fired plant in Salem, Mass., is on track to have debt and equity financing in place by the end of the quarter.

Footprint is in the final round of selecting an equity investor for the 674 MW project, says **Scott Silverstein**, president and coo in Bridgewater, N.J. The fundamentals of the New England power market and obstacles associated with building in the greater Boston area combined with the project's capacity contract have lured a variety of potential investors into talks, he told *PFR*.

The company has held talks with private equity, infrastructure funds as well as strategics in the equity raise process that is being run by **Macquarie Capital**. **Toyota Tsusho** is already an investor in the project that is near the end of its permitting process and is expected to be online in June 2016.

Silverstein says that the outcome of the equity raise will directly impact financing details of the project, such as debt to equity ratio. "Exactly how it will look will depend on who the equity investor is," says Silverstein, adding that the company is trying to "optimize" the debt structure with the equity component now. The debt financing could be in the neighborhood of $650-700 million, depending on the equity investment from a sponsor.

(continued on page 7)

Fund, Residential Platform Open Energy Efficiency Window

*A burgeoning market for both the residential and commercial assets is on the horizon as lenders and investors try to find ways to play in the space. Senior Reporter **Holly Fletcher** talked to **Joule Assets** and **Kilowatt Financial** about their plans to open the commercial and residential spaces, respectively, to investors. Initial deal flow will lend capital to individual projects with the ultimate aim to securitize the cash flows.*

Fund Plots Energy Efficiency Lending, Securitization

Joule Assets is raising a $100 million fund to lend to commercial and industrial energy efficiency assets as a step toward securitizing the cash flows from the projects.

The Bedford Hills, N.Y.-based company has commitments from institutional investors, endowments, hedge fund and individual investors totaling about $100 million, says **Mike Gordon**, ceo and co-founder. A 401k plan has also committed to

(continued on page 8)

Citi Funds Resi Energy Efficiency Loan Shop

Kilowatt Financial, a financial services company focused on residential energy efficiency and solar, has received a $100 million debt facility from **Citigroup** to fund its residential energy efficiency loan unit.

The company will use the proceeds to finance its national program to lend unsecured debt up to $30,000 to individual homeowners for energy efficiency upgrades, such as roofing,

(continued on page 8)

Canadian Power Finance Conference

Check out our coverage of trends and deals in Canada at the Euromoney Seminars event in Toronto Jan. 28-29.

visit www.powerintelligence.com

New Project Finance Loans

We've added updates to our weekly round-up of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

Generation Sale DATABASE

Check out the latest asset trades in *PI's* weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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THE BUZZ

Exelon is the first power company to tap the institutional loan market this year. It launched a $300 million refinancing for a portfolio of 13 wind farms—the same baker's dozen that backed $635 million in bonds in the second quarter of 2013 (see story, page 5). The Chicago-based company is planning to put leverage on parts of its unregulated fleet this year so the market could expect to see Exelon-bannered deals on gas-fired generation as well (*PI, 11/22*).

Pattern Energy LP, or Pattern Development, is buying **BP Wind**'s Fowler Ridge IV project in Indiana, a sign that Pattern will be more acquisitive on both the development and operational wind fronts following the initial public offering of its affiliate (see story, page 6). **Pattern Energy**, Inc., is expected to be on the hunt for operational assets to add to its spinning fleet, not waiting solely for drop downs from its development branch, which will separately be looking to deepen its project pipeline.

Longview Power, LLC, is close to starting a new chapter in it's three-year old story. The 700 MW super critical pulverized coal-fired facility in Maidsville, W.Va., is set for a bankruptcy court hearing in February to approve a takeover plan that puts affiliates of **American Securities**, **KKR Asset Management** and **Sankaty Advisors** in the owner's seat (see story, page 7).

A smattering of deals in the project finance world this week. Near the very beginning of the process, Texas shop **FGE Power** has mandated **Goldman Sachs** as debt arranger and **Fieldstone Private Capital Group** as equity advisor for its merchant gas-fired project in the Lone Star state (see story, page 5). Closing a deal in Latin America for the second week running was **Globeleq**, after it secured debt from two agencies backing an expansion to the Cerro de Hula wind facility in Honduras (see story, page 5). And finally, **NextEra Energy Resources** closed a 20-year bond issuance refinancing its Trillium portfolio of wind facilities in Ontario (see story, page 5).

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.

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Institutional Investor Intelligence

Generation Sale DATABASE

GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comment
Apex Clean Energy	Balko (300 MW Wind)	Oklahoma	Macquarie Capital	Apex is running independent sales of assets in Oklahoma (PI, 12/16).
	Various (600 MW Wind)	Oklahoma	Morgan Stanley	
BP Wind Energy	Various (3.7 GW Wind project portfolio)	Various	TBA	NextEra is looking at the development assets (PI, 1/20).
▶	Fowler Ridge IV (150 MW Wind)	Indiana		Pattern is buying the project (see story, page 6).
BlackRock, Quintana, Starwood	Richland-Stryker (460 MW Oil, Gas)	Ohio		ECP has launched a C loan add-on for the financing (PI, 12/16).
Canadian Solar	Shasta (4.4 MW Solar)	Shasta County, Calif.		PSEG Corp. subsidiary is buying the project (PI, 1/13).
Direct Energy	Portfolio (1.3 GW Gas)	Texas	Barclays	Blackstone is buying the assets (PI, 1/13).
EDF Renewable Energy	Shiloh IV (102.5 MW Wind)	Solano County, Calif.		Marubeni affiliate is buying it (PI, 1/20).
Edison Mission Energy	Various (7.5 GW Coal, Wind, Gas)	Various	JPMorgan, Perella Weinberg	NRG is issuing bonds to partially fund the acquisition (PI, 1/20).
Energy Capital Partners	Odessa (1 GW CCGT)	Odessa, Texas	Goldman Sachs	Koch Energy Services is buying the plant (PI, 10/21).
Entegra Power Group	Various	Arizona and Arkansas	Houlihan Lokey	Retained Houlihan to advise on restructuring (PI, 1/13).
Essar Group	Algoma (85 MW CCGT)	Algoma, Ontario	Barclays	Teasers are on the market (PI, 1/13).
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Houlihan Lokey	Equity offers to come in by Labor Day; finalizing final permits (PI, 7/8).
FirstEnergy	Various (1,181 MW Hydro)	Ohio, Virginia, Pennsylvania	Goldman Sachs	LS Power is buying a portion (PI, 9/9).
GE Energy Financial Services	Linden (Stake, 942 MW Cogen)	Linden, N.J.	TBA	GE EFS, Highstar reverse flexed a B loan (PI, 11/25).
Gamesa	Stake (400 MW Wind)	Various		Algonquin is buying out the remainder of Gamesa's stake (PI, 12/9).
▶ Greenwood Energy, Soltage	Portfolio (12 MW Solar)	Various	Ambata Securities	John Hancock is financing construction with a equity stake (see story, page 6).
Hess Corp.	Stake (512 MW Gas)	Bayonne, N.J.	Goldman Sachs	Sale is said to be launching (PI, 9/9).
	Stake (655 MW Gas)	Newark, N.J.		
Horn Wind	Shannon (200 MW Wind)	Clay County, Texas	TBA	Alterra Power has agreed to buy it (PI, 11/25).
Infinity Wind Power	Roosevelt (300 MW Wind)	Roosevelt County, N.M.		EDF Renewable Energy is buying it (PI, 1/20).
K Road Power	Various (Solar Development Pipeline)	Various	TBA	Looking to wind down the solar development (PI, 10/21).
LS Power	Doswell (708 MW CCGT)	Ashland, Va.	Citigroup, Credit Suisse and Morgan Stanley	Process has slowed and LS is tipped to be mulling a B loan (PI, 11/4).
	Cherokee (98 MW CCGT)	Gaffney, S.C.	Suntrust Humphrey Robinson	Teasers are on the street (PI, 11/18).
Longview Power	Longview (695 MW Supercritical Coal)	Maidsville, W.Va.	Lazard	Filed for bankruptcy (PI, 9/3).
Maxim Power Corp.	CDECCA (62 MW Gas)	Hartford, Conn.	Credit Suisse	Rockland is seeking to terminate its deal to buy the assets (PI, 12/9).
	Forked River (86 MW Gas)	Ocean River, N.J		
	Pawtucket (64.6 MW Gas)	Pawtucket, R.I.		
	Pittsfield (170 MW Gas)	Pittsfield, Mass.		
	Basin Creek (53 MW Gas)	Butte, Mont.		

▶ **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 Senior Reporter ***Holly Fletcher*** *at (212) 224-3293 or e-mail hfletcher@iiintelligence.com.*

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~$4B	TBA	Sponsor sells three equity stakes to offtakers (PI, 5/27).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU	TBA	TBA	TBA	The sponsor was able to secure a tightly priced mezzanine tranche from PensionDanmark (PI, 7/15).
Cheniere Energy	Sabine Pass Trains 3 & 4 (LNG Export Facility)	Sabine Pass, La.	TBA	TBA	$4.4B	TBA	Sponsor ups the original bank loan to $4.4 billion and taps Korean entities for a further $1.5 billion (PI, 6/3).
Dalkia/Fengate	Merrit (40 MW Biomass)	Merrit, B.C.	BTMU	TBA	$168M	TBA	Sponsor aims to wrap the financing early next year (PI, 12/2).
Duke Energy	Los Vientos III & IV (Wind)	Starr County, Texas	TBA	TBA	~$600M	TBA	The sponsor is slated to look for bank debt (PI, 10/7).
EDP Renewables North America	Headwaters (200 MW Wind)	Randolph County, Ind	TBA	Tax Equity	$350-400	TBA	The sponsor is looking to secure both equity and tax equity investment (PI, 6/24).
▶ FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	Golman Sachs	TBA	TBA	TBA	The sponsor is close to lining up equity and will tap Goldman Sachs to launch a B loan (see story, page 5).
First Wind	Oakfield (147 MW Wind)	Aroostook County, Maine	TBA	TBA	$300M	TBA	The sponsor is looking to line up the debt, with tax equity (PI, 10/21).
	Route 66 (200 MW Wind)	Amarillo, Texas	TBA	TBA	TBA	TBA	The sponsor will likely follow its traditional route of securing debt and tax equity (PI, 10/28).
Freeport LNG	Freeport (LNG Export Termial)	Freeport, Texas	Credit Suisse	TBA	~$4B	TBA	The deal is slated to launch in mid-November (PI, 10/21).
GDF Suez/ Marubeni	GNL del Plata (LNG Re-gas)	Montevideo, Uruguay	BBVA	TBA	TBA	TBA	GDF brings in Marubeni and taps BBVA to lead the financing (PI, 8/12).
▶ Globeleq	Cerro de Hula (24 MW Wind)	San Buenaventura, Honduras	U.S. Ex-Im Bank	TBA	$49.6M	TBA	Deal wraps with Ex-Im and CABEI financing (see story, page 5).
Innergex	Three projects (153 MW Hydro)	B.C., Canada	TBA	TBA	$590M	40-yr	Innergex wrapped on one of its hydro facilities, the 17.5 MW Northwest State River (PI, 6/3).
Invenergy	Nelson (584 MW Gas)	Rock Falls, Ill.	GE EFS	TBA	TBA	TBA	Sponsor is looking for a bank loan backing the merchant facility (PI, 9/2).
KSPC, Samsung	Kelar (517 MW Gas)	Chile	Natixis	TBA	TBA	TBA	The JV appoints Natixis as lead on the deal (PI, 1/13).
Lake Charles Exports	Lake Charles (LNG Export Facility)	Lake Charles, La.	TBA	TBA	TBA	TBA	Sponsor begins preliminary financing search for the potentially $11B project (PI, 8/26) .
Magnolia LNG	Magnolia LNG (LNG Export Facility)	Lake Charles, La.	BNP, Macquarie	TBA	$1.54B	TBA	Sponsor expected to mandate leads by year end (PI, 12/9).
Pattern Energy	Panhandle II (TBA Wind)	Carson County, Texas	Credit Ag, NordLB, BayernLB	Construction	~$500M	C	The deal will likely be a "copy, paste" of the Panhandle I deal, say observers (PI, 11/18).
	K2 (270 MW Wind)	Huron County, Ontario	TBA	Mini-perm	$750M	TBA	The sponsor is aiming for pricing of L+175 (PI, 1/13).
Radback Energy	Oakley (586 MW Gas)	Contra Costa County, Calif.	BTMU	Term	$990M	4-yr	Deal is temporarily put on hold following an appellate court decision (PI, 11/11).
Sempra U.S. Gas & Power	Copper Mountain III (250 MW Solar)	Boulder City, Nev.	BTMU, SMBC	TBA	~$400M	TBA	The sponsor has tapped BTMU and SMBC as leads on the deal (PI, 10/21).
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	Morgan Stanley	TBA	$450M	TBA	Sponsor taps Morgan Stanley to secure debt, tax equity and equity (PI, 8/26).
Tenaska	Imperial Solar Energy Center West (150 MW CPV)	Imperial County, Calif.	TBA	TBA	TBA	TBA	The company has started talking to banks as it looks to line up debt for the facility (PI, 9/23).

▶ **New or updated listing**

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PROJECT FINANCE

Globeleq Nets Honduras Wind Debt

Wind developer Globeleq has netted a debt package backing the $69 million, 24 MW expansion to the existing 101 MW Cerro de Hula wind facility in San Buenaventura, Honduras.

The **Export-Import Bank of the United States** will lend $28.6 million to the expansion, with the **Central American Bank for Economic Integration** lending $21 million. The remaining roughly $20 million in equity will be provided by Globeleq and its partner **Mesoamerica Power** through subsidiary **Globeleq Mesoamerica Energy**, which manages the project. Further details on the debt, such as pricing and tenor, could not be learned by press time.

"The first transaction was good because of the level of sponsor support and the strength of the sponsor group as well as the sovereign support," said **John Schuster**, v.p. of project and structured finance at the Ex-Im bank. "The biggest thing is that this is a win-win project. You have an economic resource, it is good for the people of Honduras, good for U.S. wind companies and good for project sponsors. Rarely do we get an opportunity for such a win-win project."

The Ex-Im bank is bullish on Latin America, with three ongoing power transactions and possibly four or five more coming down the pipeline, notes Schuster.

Globeleq secured the original $159 million construction and term loan from the U.S. Ex-Im bank and roughly $41 million from CABEI in 2010 (*PI, 8/30/2010*). That Ex-Im debt had a 17-year tenor. "The second time around we still had a good level of support from the government and they were happy how the first phase had gone," says **Steven Mayo**, senior project officer at the Ex-Im bank.

Empresa Nacional de Energia has a 20-year power purchase agreement with the facility.

FGE Taps Goldman For Merchant Financing

Houston-based independent power producer **FGE Power** has mandated **Goldman Sachs** to lead a financing backing its more than $500 million, 739 MW combined cycle gas-fired project near Westbrook, Texas. **Fieldstone Private Capital Group** is the equity advisor on FGE Texas.

The debt will likely be structured as a term loan B, according to a deal watcher. FGE is also finalizing an equity investment in the project, the deal watcher says, adding that multiple entities are interested in the facility. The identity of potential equity investors could not be learned.

Houlihan Lokey advised on, and secured, a tranche of development capital for FGE Texas and **Protos Energy Advisory** provided development consulting.

A 345 kV transmission line runs through the project site, which is near the Morgan Creek substation. Operation is slated for 2016.

to comment. Officials at Goldman Sachs also did not respond to inquiries by press time.

STRATEGIES

Pricing Emerges On Exelon Wind B Loan

Exelon Corp. is floating its $300 million term loan B backing a portfolio of contracted wind assets at LIBOR plus 450-475 basis points.

The senior secured loan is being pitched to investors with a 99 original issue discount and a 1% LIBOR floor, says a deal watcher. There is a 102 soft call in the first year and a 101 soft call in year two. Commitments are due to sole arranger **Barclays** on Feb. 5. The bank meeting was held Wednesday at 12:30 p.m. EST (*PI, 1/21*).

The B loan—the power sector's first of 2014—will be a first lien holding company loan that will sit at **ExGen Renewables 1**, a subsidiary that owns 13 wind farms. Proceeds will be used for a distribution up to the parent for general corporate purposes. Ratings are expected to come in from **Moody's Investors Service** and **Standard & Poor's** as Ba3 and BB-, respectively.

The ExGen Renewables 1 portfolio is comprised of contracted wind farms totaling 667 MW in six states. Exelon borrowed $635 million in 20-year senior secured notes against the same portfolio, called **Continental Wind**, **LLC**, in the third quarter (*PI, 9/18*).

NextEra Seals Canadian Wind Refi

NextEra Energy Resources has closed a C$315.462 million ($296 million) refinancing of the 147 MW Trillium wind portfolio in Ontario via a 20-year bond issuance.

The Royal Bank of Canada, **Scotiabank**, **TD Securities** and **CIBC** led the deal, which priced at 5.803%. The notes have an original issue discount of 100.

The proceeds of the bonds repay intercompany debt from NextEra, the sponsor, to **Trillium Windpower**, the project company. NextEra also guarantees about C$24 million ($23 million) in unpaid construction costs and spare parts costs, but apart from that exposure, the bonds are non-recourse to NextEra.

The Trillium portfolio consists of the 22.9 MW Conestogo and 124.4 MW Summerhaven facilities in Wellington and Haldimand counties, Ontario, respectively. The two projects have 20-year power purchase agreements with the **Ontario Power Authority**. **DBRS** rates the bonds BBB. The deal was announced on December 12 in an 8-K filed with the U.S. **Securities and Exchange Commission** and closed recently.

MERGERS & ACQUISITIONS

Hancock Commits Equity Financing To Solar DG

Greenwood Energy and **Soltage**, joint developers of a commercial solar portfolio in four states, have lined up $40 million in equity financing from **John Hancock Financial** and **Libra Group**.

John Hancock is taking a majority stake in the six project portfolio totaling roughly 12.6 MW. The projects do not have debt financing in place so the equity investors get unlevered cash flow distributions, says **Camilo Patrignani**, interim ceo of Greenwood and head of Americas for Libra, a privately owned international business group that owns Greenwood.

The developers closed a tax equity investment for the portfolio in October with an unidentified investor that worked previously with Soltage, Patrignani told *PFR*, citing confidentiality agreements. The companies could look to arrange a portfolio financing in the second or third quarter, he says, adding that John Hancock is content with its unlevered deal right now.

The portfolio consists of a 548 kW project in Newport, Del., a 2 MW project in Wilmington, Del., a 2 MW project Chemung, N.Y., a 2.5 MW project in Gardner, Mass., 2.7 MW project in Coventry, Vt., and a 2.9 MW project in Walpole, Mass.

Greenwood, based in New York City, is also hunting commercial solar project acquisitions. The company is not focused on a particularly area and is currently looking at opportunities in, California, Hawaii, New England, the Southeast as well as Latin America, says Patrignani.

Nick Sangermano, managing director of merchant bank **Ambata Securities**, is advising the Greenwood.

BP's Fowler Ridge IV Set For Pattern

BP Alternative Energy has agreed to sell a wind project in Indiana to **Pattern Energy LP**. The deal could close late in the first quarter.

Pattern is buying the 150 MW Fowler Ridge IV project in Benton and Tippecanoe Counties, Ind. The project is one of **BP Wind**'s near-construction projects getting the most attention as the company tries to offload its development pipeline (*PI, 1/13*).

Pattern LP is known internally around Pattern as Pattern Development to differentiate it from public affiliate **Pattern Energy** that owns operating wind assets.

A Pattern spokesman confirmed the deal but declined further comment, citing a non-disclosure agreement.

AESO Transmission RFP Moves To 2d Round

The **Alberta Electric System Operator** has shortlisted five for the final round of a request for proposals to develop and own the roughly 310-mile Fort McMurray West 500 kV transmission project in Alberta.

Affiliates of U.S. based companies **American Electric Power**, **LS Power**, **MidAmerican Energy Holdings Co**. each partnered with Canada-based companies on proposals that made the cut.

This is the first time that AESO has opened up transmission to third party ownership in hopes that a competitive RFP will drive down development costs. "Whoever comes in with the best bid wins," says the spokeswoman, adding that the AESO is looking for the "best value at the best price."

The line, which could cost upwards of C$1.649 billion ($1.5 billion), is set to run between the 1,212 MW coal-fired Genesee station in Genesee, Alberta, to a new substation in Fort McMurray that will serve load for the projected growth of the oil sands industry in the province. There is no pre-set route; the proposals will pitch prospective routes.

The selected partnerships will work with AESO and its independent consultants to develop the final bids, the spokeswoman told *PFR*, who added that a deadline for final bids has not been set. The AESO expects to select a winning proposal in December.

The winning proposal's route will need approval from the **Alberta Public Utilities Commission**. If the original route is ultimately rejected by the APUC then the selected joint venture will re-work the submission, says the spokeswoman. The line is targeted to be operational in 2019.

Shortlisted Alberta Transmission Joint Ventures

Joint Venture	Partners
Alberta Power Line	Canadian Utilities Limited, Quanta Capital Solutions
Athabasca Transmission	AltaLink, LP, AEP Transmission Holding Co.
NorSpan Partners, LP	EPCOR Utilities, LS Power Associates
TAMA Transmission LP	MidAmerican Energy Holdings Co., TransAlta
TransCanada/Elecnor	TransCanada Pipelines Limited, Elecnor S.A.

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Court Hearing On Longview Takeover Set

Longview Power, LLC is set for a bankruptcy court hearing in February for final approval on a plan that converts debt held by affiliates of three heavyweight creditors to equity.

According to a plan filed recently with the U.S. **Federal Energy Regulatory Commission**, affiliates of **American Securities**, **KKR Asset Management** and **Sankaty Advisors** will convert debt to equity and emerge as the majority owners of the 700 MW super critical pulverized coal-fired facility in Maidsville, W.Va.

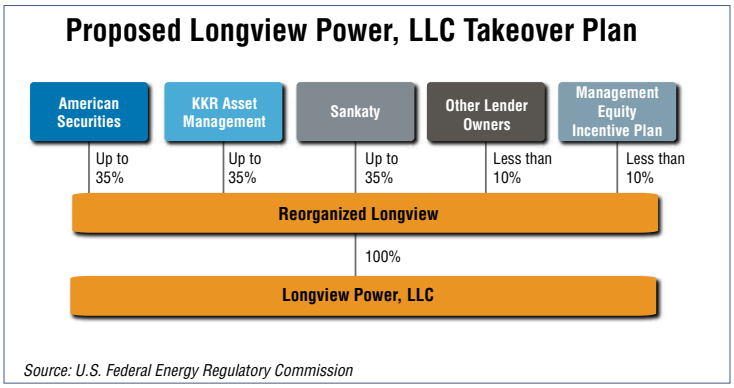
The plan will be heard in the U.S. **Bankruptcy Court District of Delaware** on Feb. 10. The deal is expected to close early March. First Reserve, the primary backer of Longview, will not have not have an equity stake in the facility, according to organizational charts in the filing.

The lenders entered into a $150 million debtor in possession facility last quarter to tide the plant over through the bankruptcy process. Longview Power, LLC, filed for Chapter 11 bankruptcy protection late in the third quarter (*PI, 9/3*).

The facility had $1.03 billion in debt and has had technical and operational problems since it came online in December 2011 that have limited its capacity to 68% or 476 MW. The power market has been duller than projections in 2007: the plant has sold power into PJM year-to-date on an average day-head price of $33 per MWh, about half of price forecast for 2013.

Lazard has been working with the Longview for over a year and will continue as Longview Power's investment bank during the court process. Boutique restructuring advisor **Alvarez & Marsal North America** has been advising Longview as well. Creditors are working with **Houlihan Lokey**.

A spokeswoman for Longview Power declined to comment citing bankruptcy court rules while a First Reserve spokeswoman did not respond to an inquiry about whether First Reserve will retain stakes in affiliates of Longview Power.



Footprint Zeroes *(Continued from page 1)*

Peter Furniss

The project has piqued the appetite of lenders who at first expected term sheets from Macquarie—also the advisor on the debt financing—to be out this month, financiers say. However, the equity talks slid the financing process to closer to March, say financiers who hope to make commitments to the project. Silverstein characterized the interest from lenders up to this point as "very competitive."

Footprint bought the 748 MW Salem Harbor coal-fired project from **Dominion Energy** in the summer of 2012 with the plans to redevelop the site as a gas-fired plant (*PI, 7/6/12*). The existing coal and oil-fired facility will be shutdown at the end of May.

Silverstein says Salem Harbor is the first project to be a complete tear down of an existing coal-fired plant in a non-regulated market and that it has attracted the attention of companies considering this route for other existing coal-fired plants. Footprint, founded in 2009 by Silverstein and **Peter Furniss**, ceo, has a development pipeline but is focused on illustrating the process with this project before moving to another. "We need to get this one done and done right," he says.

—Holly Fletcher

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Citi Funds *(Continued from page 1)*

windows, lighting, back up generation and appliances. "This is not an easy business to get into. You can't just show up with a checkbook and make money," says **Dan Pillemer**, chairman and ceo of Kilowatt Financial, noting the challenges about identifying which consumers are attractive borrowers as well as standards for energy efficiency equipment installers. Kilowatt Financial is currently active in 40 states and plans to rollout programs in additional states this year.

The average loan size is just under $10,000 as the majority of projects are not near the maximum loan limit, Pillemer tells *PFR*. An upgrade consisting of a new roof and a backup generator is an example of a project that could cost in the $20,000s.

This is the first debt facility arranged by the company, which is backed by venture capital fund **Kleiner, Perkins, Caufield & Byers**. **Marshal Salant**, managing director and global head of **Citi Alternative Energy Finance**, arranged the loan.

The team at Kilowatt Financial has its roots in consumer financing and retail banking and found the power space to be "tremendously interesting," Pillemer says. The company has units that do solar loans as well as solar leasing and power purchase agreements. On the energy efficiency front, its primary competitors are affiliates of corporations and banks that have consumer lending branches, including **General Electric**, **Wells Fargo** and **Medallion Bank**. "We have been seriously looking for ways to finance energy efficiency lending," says Salant, who has been listening to investors for a few years who want to invest but are unable to find a way.

Kilowatt Financial plans to aggregate its 10 to 12 year unsecured loans into securitizations. "The fortunate thing for us is we're not beholden to a specific timeframe. We'll go when we have sufficient portfolio scale," says Pillemer, noting that the company would aim to do a $200 million deal but would consider tapping the asset-backed security market with a $100 million deal.

ABS investors have indicated there is interest in consumer energy efficiency deals, say observers, noting there is strong demand for other consumer products such as auto and student loan deals. A securitization could be either a private placement or a rated ABS. Some investors have told potential arrangers in discussions that they like the asset class enough to do a privately placed deal without a rating. While others, however, would like to see a rating agency stamp. Citi has spoken with rating agencies about energy efficiency deals.

Salant says that energy efficiency securitizations should be less complex upfront than the newly established residential solar asset class, in large part because there is not a tax equity component to work around (PI, 9/18). ***—Holly Fletcher***

Fund Plots *(Continued from page 1)*

the fund although that hasn't been finalized.

Joule is looking to aggregate the contracts on energy efficiency and demand response assets at industrial and commercial sites then repackage the streams into securitizations. For example, several hundred buildings make up a 1 GW portfolio of energy reduction assets, which include demand response revenue, rebates, energy efficiency credits, renewable energy credits as well as tax equity and equity investments.

The fund managed by Joule is registered with the U.S. **Securities and Exchange Commission** as **Joule Energy Reduction Asset Fund**. It has not yet completed a first close, according to a Jan. 7 filing. The fund will focus on assets in the U.S., Europe and Australia.

Joule will lend money to entities that develop and own the energy efficiency or demand response asset in exchange for a cash flow from a contract, or what it calls an energy reduction asset—a unit of saved energy is converted into a financial product. The cash flow streams will then be bundled and sold to investors as asset-backed securities.

The company has spent the last two years building an adequate supply of small to medium assets in the range of $50,000-500,000 to deploy its initial capital, Gordon says. It sources the assets, looking for low-risk opportunities that have long-term contracts in place. It also looks to work with program managers such as **GE Energy Consulting**, **Lockheed Martin Energy Solutions**, **DNV KEMA**, and **TRC Energy Services** that have programs that work utilities and agencies, energy retailers, municipalities, Gordon says. The company also works with real estate and technology ventures to find assets.

The energy efficiency and demand response market is largely untapped, both from the financial markets and installation perspectives. As the U.S. market matures, meaning more buildings have energy efficiency or participate in rebate programs there will be a growing need for financing as well as cash streams to bundle.

Investor interest is in the "untouched sector," says Gordon. He adds, the asset aggregation is more time intensive consuming than selling investors on the opportunities. A securitization would be structured with asset and geographical diversity to reduce risk to investors. Joule would consider either a private placement or a rated deal.

Joule Assets is backed by individual investors separate from the entities committing capital to its fund.

Prior to Joule, Gordon founded **ConsumerPowerline** that managed a 1 GW of energy reduction assets. That company was sold to **Constellation New Energy**. ***—Holly Fletcher***

QUOTE OF THE WEEK

"This is not an easy business to get into. You can't just show up with a checkbook and make money."—**Dan Pillemer**, chairman and ceo of **Kilowatt Financial** in Minneapolis, on lending to homeowners for energy efficiency upgrades (see story, page 1).

ONE YEAR AGO

LS Power was nearing a pair of club deals on its Doswell and Riverside gas-fired plants. [The sponsor had been mulling weather to proceed with a term loan B refinancing of Doswell, after a sale process cooled (*PI, 10/29*).]

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