

Power Finance & Risk

The weekly issue from **Power Intelligence**

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Alberta Transmission Call To Lure Big Players

The **Alberta Electric System Operator** will launch in July a call for transmission developers to build a 248-280 mile, 500 kV transmission project in Alberta. **Brookfield Renewable Power**, **Enbridge**, **Enmax** and **LS Power** have all participated in the comment part of the initiative, **Elizabeth Moore**, director of the competitive procurement department, told attendees at **Euromoney Seminar's** 3rd Annual Canadian Power Finance Conference in Toronto.

The line, which will run between the 1,212 MW coal-fired Genesee station in Genesee to a new substation in Fort

McMurray, will reportedly cost upwards of C\$1.649 (\$1.64 billion). The project will serve load for the projected growth of the oil sands industry in Alberta.



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The arrival of international companies and investors surprised the AESO as it expected mostly local companies to be involved, Moore told *PI*. Spanish companies such as **Isolux Corsan Conseciones**, which looked at the East-West Tie transmission project in Ontario, could also be in the bidder mix (*PI*, 1/21/11). The **Ontario Energy Board** held an information meeting Jan. 10 for the eight

(continued on page 12)

THE BUZZ

Two sets of industry players convened this week at the Ritz Carlton Battery Park in New York and the Fairmont Royal York in Toronto, respectively, to hold forth on what the upcoming year will mean for developers, utilities and their financiers.

Utility executives, investment bankers and investors talked trends in corporate and asset-based M&A activity and how the impacts of low natural gas prices are rippling through the sector at **SNL Energy's** 25th Annual Power and Utilities M&A Symposium. Transmission, wind consolidation and gas-fired generation created the buzz at **Euromoney Seminar's** 3rd Annual Canadian Power Finance conference.

For PFR's take on these conferences and the rest of the market, see page 2.

Duke Hunts \$337M For Wind Projects

A **Duke Energy** unit has reached out to lenders about a \$260 million financing supporting two wind projects in Kansas and a separate \$77 million deal backing a project in Pennsylvania. The developer requested financing proposals from lenders for the Kansas projects in the past few weeks.

The Charlotte, N.C.-based developer has historically financed its projects on balance sheet and then levered them up once they become operational, vis-à-vis a \$325 million loan it secured to leverage a portfolio of operating wind projects. It used the proceeds to accelerate its renewables program in the U.S. (*PI*, 5/24/10). Most recently, Duke wrapped a \$231 million financing supporting its 200 MW Top of the World farm near Casper, Wyo., two months after it went into operation (*PI*, 12/7/10).

(continued on page 12)

3rd Annual Canadian Power Conference

Developers, financiers and utility executives talked about wind M&A, transmission build-out and gas-fired generation in Toronto. *See story, page 8*



Generation Call Calendar

Check out our quarterly feature that rounds up the latest requests for proposals for generation in the U.S.

See calendar, page 10

Generation Sale DATABASE

See 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

Infrastructure funds are expected to make plays this year, as lower return targets make generation look more attractive, according to attendees of the SNL conference.

Transmission assets are also on the radar, according to panelists **Paul Dabbar**, managing director in the global M&A group at **JPMorgan**, and **Ralf Rank**, chief investment officer of **Brookfield Renewable Power**.

In Toronto, Senior Reporter **Holly Fletcher** reports on a future call to build a more than \$1 billion transmission line in Alberta that will support the growing oil sands industry in the province. The story follows a similar one from last year about the East West Tie line in Ontario. Many of the bidders for the East West Tie, such as **Isolux Corsan**, will likely go for the Alberta project. Industry veterans **LS Power** and **Enbridge** are also circling the Alberta Line.

Developers and lenders in Toronto also postulated that tight capital markets will lead to M&A activity in the wind industry. Smaller shops have always had a tough time securing funds for early-stage development and the current constraints stemming from the financial crises are causing some to consider selling equity in order to get their projects moving forward.

The story is different for projects backed by strong sponsors and solid power purchase agreements. Bankers continue to insist that good deals will be financed despite the compressed project finance landscape. That theory seems likely given the deals in *PI* this week. **Duke Energy**, **NRG**, **Edison Mission Energy** and **enXco**—a who's who of project finance—are among the sponsors in the marketplace. **Cardinal Gas Storage** may lack the clout of a Duke or NRG, but the Houston-based company is backed by **Energy Capital Partners**, a familiar player with deep pockets.

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@iintelligence.com.

Power Intelligence

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

Katie Segreti
Data Editor

Max Adams
Contributor

Kieron Black
Sketch Artist

PRODUCTION

Dany Peña
Director

Deborah Zaken
Manager

Melissa Figueroa,
James Bambara,
Douglas Lee
Associates

Jenny Lo
Web Production &
Design Director

ADVERTISING

David Blide
Associate Director
(212) 224-3187

Patricia Bertucci
Associate Publisher
(212) 224-3890

Adrienne Bills
Associate Publisher
(212) 224-3214

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 8011

E-Mail: customerservice@iintelligence.com

Institutional Investor Hotline

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

Editorial Offices

225 Park Avenue South, New York, NY 10003

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 Institutional Investor
Intelligence

PUBLISHING

Allison Adams
Group Publisher

Gauri Goyal
Business Director
(212) 224-3504

Anna Lee
Marketing Director
(212) 224-3175

Laura Pagliaro
Senior Marketing Manager
(212) 224-3896

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 [New York]

(212) 224-3675

dpalmieri@institutionalinvestor.com

CORPORATE

Jane Wilkinson

Chief Executive Officer

Steve Kurtz

Chief Operating Officer

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/Comments
Abengoa Solar	45% Stake (250 MW Solana Solar CSP)	Gila Bend, Ariz.	TBA	Banco Santander is taking a 45% stake to fund construction and will look to sell slices (PI, 11/28).
AES	Cayuga (306 MW Coal) Greenidge (105 MW Coal) Somerset (675 MW Coal) Westover (83 MW Coal)	Lansing, N.Y. Dresden, N.Y. Barker, N.Y. Binghamton, N.Y.	Barclays Capital	Creditors are the \$300M stalking horse bid for Cayuga and Somerset in a bankruptcy process that will leave the other two plants shuttered (PI, 1/9)
AES Thames	Thames (208 MW Coal)	Montville, Conn.	Houlihan Lokey	A Texas refurbishment company has bid \$2.35M in cash (PI, 12/12).
AE Investor II	Astoria Energy II (4%, or 23.3 MW)	Queens, N.Y.	Whitehall & Co.	First round bids were scheduled for Sept. 16 (PI, 9/19).
ArcLight Capital Partners	Waterside (72 MW Peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (65-mile Transmission)	Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokaa, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y.	Citigroup, Barclays Capital	First Reserve is buying everything except Hamakua and Neptune (PI, 12/19).
Beacon Power	Stephentown (20 MW Storage)	Stephentown, N.Y.	CRG Partners	Private equity shops are in due diligence preceding a court-run sale (PI, 1/16).
Black Hills Corp.	Stake (29 MW Wind)	Huerfano County, Colo.	No Advisor	Entities with tax appetite have bid for the 50% stake (PI, 11/14).
CIT Group, Carlson Capital	Stakes (Gas-fired peakers)	Various, Calif.		Calpine is buying out the investor stakes (PI, 1/23).
Constellation Energy Group	Rio Bravo Fresno (24 MW Biomass) Rio Bravo Rocklin (24 MW Biomass) Chinese Station (22 MW Biomass)	Fresno, Calif. Lincoln, Calif. Jamestown, Calif.	No advisor	The company has reached out to prospective buyers as it considers selling its stakes (PI, 1/9).
Conti Group, Grupo Arranz Acinas	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went out in late July (PI, 8/1).
Coram Energy	Stake (102 MW Wind project) Farms (22 MW Wind)	Tehachapi, Calif. Tehachapi, Calif.	Marathon Capital	Brookfield Renewable Power is buying out the development project as well as two operating farms (PI, 1/23).
Edison Mission Group	Stakes Mountain Wind I (60 MW Wind) Mountain Wind II (79.8 MW Wind)	Uinta County, Wyo.	TBA	Teachers Insurance & Annuity Association of America and Cook Inlet Region, Inc., are taking preferred equity stakes (PI, 12/19).
First Solar	Topaz (550 MW PV)	San Luis Obispo County, Calif.	No advisor	MidAmerican Energy has agreed to buy the project (PI, 12/12).
GDF Suez Energy North America	Hot Spring (746 MW CCGT) Choctaw (746 MW CCGT)	Malvern, Ark. Ackerman, Miss.	UBS	Quantum Utility Generation has agreed to buy Choctaw while an Arkansas muni is circling Hot Spring (PI, 12/5).
Juwi Solar	Queen Creek (25 MW Solar PV)	Phoenix, Ariz.	TBA	PSEG Solar Source bought the project for \$75M (PI, 1/23).
Kelson Holdings	Dogwood (620 MW CCGT)	Pleasant Hill, Mo.	TBA	A trio of munis is buying minority stakes (PI, 1/16).
Macquarie Capital, Fomento Económico Mexicano	Stakes (396 MW Wind)	Oaxaca, Mexico	TBA	Bidders are in due diligence (PI, 10/10).
Perennial Power	Mid-Georgia (300 MW CoGen)	Kathleen, Ga.	Fieldstone	Shortlist will submit bids in February (PI, 1/16).
Recurrent Energy	Ajo (5 MW Solar) Bagdad (15 MW Solar)	Pima County, Ariz. Yavapai County, Ariz.	Credit Suisse	Duke Energy Renewables completed the acquisition (PI, 12/19).
Ridgeline Energy	30% Stake (79.8 MW Wind)	American Falls, Idaho	TBA	Atlantic Power Corp. is taking the stake although Ridgeline has a repurchase option (PI, 12/12).
RPM Access	Elk (41.25 MW Wind) Vienna (150 MW Wind)	Edgewood, Iowa Iowa	No advisor No advisor	MidAmerican Energy bought the Vienna project last month and RPMA is holding onto Elk (PI, 1/9).
Signal Hill Power, CarVal Investors	Wichita Falls (77 MW CCGT) Rensselaer (79 MW Peaker)	Wichita Falls, Texas Rensselaer, N.Y.	Scotia Capital	Louis Dreyfus Highbridge Energy is buying the Rensselaer plant (PI, 12/26).
► Tenaska	High Desert (800 MW CCGT) Rio Nogales (800 MW CCGT)	Victorville, Calif. Seguin, Texas	Barclays, Citi	Final bids due Jan. 31 (see story, page 7).
Terra-Gen Power	Alta VIII (150 MW Wind)	Tehachapi, Calif.		Brookfield Americas Infrastructure Fund is buying the project (PI, 12/26).
Third Planet Wind Power	Petersburg (40.5 MW Wind)	Petersburg, Neb.	Morgan Stanley	Gestamp is buying the project after EME deal unraveled (PI, 12/26).
Tuusso Energy, Akula Energy Ventures	TA High Desert (209 MW Solar)	Tehachapi, Calif.	Marathon Capital	Said to be close to a purchase sale agreement (PI, 10/17).
Tyr Energy	Stake (100 MW Biomass project)	Gainesville, Fla.	Fieldstone	Starwood is buying 40% of the project (PI, 1/23).
U.S. Power Generating Co.	Gowanus Barges 1 (160 MW Oil)	Brooklyn, N.Y.	Tier One Capital Management	First round bids for the two barges are expected in February (PI, 1/9).

► New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes, contact Senior Reporter **Holly Fletcher** at (212) 224 3293 or e-mail hlfletcher@powerintelligence.com.

PROJECT FINANCE DEAL BOOK

Deal Book is a matrix of energy project finance deals that *Power Intelligence* is tracking in the energy sector.

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Solar	Imperial Valley (709 MW Solar PV)	Plaster City, Calif.	TBA	TBA	\$1.3B	TBA	Sponsor scouts bank debt and bonds for phase one (PI, 1/16).
Bloom Energy	Unidentified (Fuel Cell)	TBA	RBS	TBA	TBA	TBA	Deal priced at LIBOR plus 250 bps (PI, 12/5).
Boralex, Gaz Métro	Unidentified (69 MW Wind)	Seigneurie de Beaupré, Quebec	TBA	TBA	TBA	TBA	Sponsors expect to finance phase two in 2012 (PI, 11/28).
► Cardinal Gas Storage	Cadeville (16.5 bcf Gas Storage)	Monroe, La.	TBA	TBA	\$100M	TBA	Sponsor is talking with CIT, RBC and SunTrust about financing (see story, page 6).
Compania Energética Veracruz	Veracruz (730 MW Hydro)	Mara ón River, Peru	TBA	TBA	TBA	TBA	Sponsor puts out early feelers (PI, 1/9).
Diamond Generating Corp.	Unidentified (200 MW Gas)	Alameda County, Calif.	TBA	TBA	\$150M	10+-yr	Sponsor to scout funds in March or April (PI, 1/9).
► Duke Energy	Cimarron II (131 MW Wind)	Gray County, Kan.	TBA	TBA	TBA	TBA	Sponsor seeks one financing for Cimarron II and Ironwood projects (see story, page 1).
	Ironwood (168 MW Wind)	Ford County, Kan.	TBA	TBA	TBA	TBA	Sponsor seeks one financing for Cimarron II and Ironwood projects (see story, page xxx).
► Edison Mission Energy	Unidentified (Wind Portfolio)	Midwest U.S.	BBVA, Key Bank, WestLB	TBA	\$113.5M	TBA	Pricing emerges (see story, page 5).
► enXco	Shiloh 3 (102.5 MW Wind)	Solano County, Calif.	TBA	TBA	TBA	TBA	Sponsor scouts takeover financing (see story, page 5).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	Financing expected to total at least \$200M (PI, 1/23).
Gradient Resources	Patua (132 MW Geothermal)	Reno, Nev.	BNP, Dexia, Scotia	TBA	\$600M	TBA	Project to be financed in phases (PI, 10/17).
Green Energy Team, Standardkessel	Unidentified (6.7 MW Biomass)	Koloa, Hawaii	WestLB	TBA	TBA	TBA	WestLB tapped to lead deal backing \$70 million project (PI, 12/26).
Inkia Energy	Unidentified (400 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC	TBA	\$525M	12-yr	Sponsor talks to three additional lenders, including Santander (PI, 12/5).
Invenergy	California Ridge (214 MW Wind)	Vermillion and Champaign, Ill.	TBA	TBA	TBA	TBA	Sponsor reaches out to lenders about deal (PI, 12/19).
LS Power	Arlington Valley (127 MW Solar PV)	Maricopa County, Ariz.	Santander, Prudential	Term	~\$400M	12-yr, 25-yr	Developer tags Santander and Prudential to lead financing (PI, 1/23).
Macquarie Mexican Infrastructure Fund, Macquarie Capital, Fomento Económico Mexicano	Oaxaca (396 MW Wind)	Oaxaca, Mexico	Banorte, BBVA, Crédit Agricole, HSBC, IDB	TBA	\$700M	16-yr	IDB plans to lend \$72M to project (PI, 12/5).
NaturEner	Rim Rock (309 MW)	Glacier and Toole Counties, Mont.	Morgan Stanley	Construction/Equity Bridge	\$286M	TBA	SDG&E is providing tax equity (PI, 1/23).
Northland Power	Manitoulin Island (60 MW Wind)	Maitoulin Island, Ontario	Manulife	TBA	TBA	TBA	Manulife expects to name a second lender (PI, 10/31).
► NRG	Alpine (66 MW PV)	Lancaster, Calif.	TBA	Term	\$300M	18-yr	Sponsor reignites financing (see story, page 6).
Odebrecht	Chaglla (406 MW Hydro)	Peru	BNP	TBA	\$650M	TBA	Financial close targeted for February (PI, 11/21).
Pattern Energy	El Arrayan (115 MW Wind)	Santiago, Chile	TBA	Term	\$220M	TBA	Sponsor nears mandates for BoTM and SMBC (PI, 1/9).
	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Sponsor targets financial close in 2012 (PI, 10/24)
Recurrent Energy	Various (Solar PV)	Northern California	TBA	TBA	\$100M+	TBA	Sponsor discusses deal with BoTM, Lloyds, Mizuho and UniCredit (PI, 1/9).
Sempra Pipelines, Pemex	Various (Gas Pipeline)	Mexico	BBVA	Refi	\$400M	TBA	BBVA snags sole bookrunner mandate (PI, 12/12).
Wind Capital Group	Unidentified (150 MW Wind)	Osage County, Okla.	BayernLB, Rabo	TBA	TBA	TBA	Lawsuit delays financing until 2012 (PI, 11/28).

► New or updated listing

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@powerintelligence.com. A full listing of deals for the last several years is available at <http://www.powerintelligence.com/ProjectFinanceDeal.html>.

PROJECT FINANCE

enXco Looks To Takeout Wind Funds

enXco is looking to take out funding backing its 102.5 MW Shiloh 3 wind farm in Solano County, Calif. enXco, a subsidiary of **EDF Energies Nouvelles**, decided to finance two wind projects on its parent's balance sheet—and likely more—after determining that bank debt is more costly than tapping a corporate balance sheet last year (PI, 7/18). How the developer originally financed Shiloh 3 could not be learned.

The San Diego-based shop has begun reaching out to lenders to gauge interest in the deal. **Dexia Crédit Local** and

FAST FACT

enXco decided to tap its parent's balance sheet instead of bank loans to finance two wind deals last year.

Société Générale led one of enXco's more recent non-recourse deals, a \$422 million financing backing the developer's 201 MW Lakefield wind project in Jackson County, Minn. (PI, 5/16). The identity of lenders interested in the deal

could not be learned. **Jim Peters**, enXco v.p. of project finance in Burlington, Vt., didn't return a call by press time. Bank officials didn't return calls.

Shiloh 3 uses 2.05 MW turbines from **Suzlon** subsidiary **REpower** and is operational; enXco began supplying



REpower Turbine

CAISO with generation earlier this month. **Pacific Gas & Electric** is the offtaker for Shiloh 3 under a 20-year power purchase agreement.

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Enrique Herrera
Founder & CEO, Aluz Clean Energy

Cindy Thylfault
Founder & CEO, Westar Trade Resources



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Cardinal Scouts Gas Storage Deal

Cardinal Gas Storage Partners is talking to lenders about a roughly \$100 million club deal backing its Cadeville gas storage project near Monroe, La. Financiers anticipate a second quarter closing. The Houston-based shop is backed by **Energy Capital Partners** and **Martin Resources Management**.

CIT Group, **Royal Bank of Canada** and **SunTrust** are among the lenders considering the financing, deal watchers say. **Dan Hannon**, Cardinal cfo in Houston, declined to comment. Bank officials declined to comment or didn't return calls.

ING and **WestLB** led a \$125 million financing supporting

Cardinal's 7.5 bcf Perryville gas storage facility in Franklin County, La., in May 2010 (PI, 5/21/10). **Banco Espirito Santo** was among the lenders that took tickets.

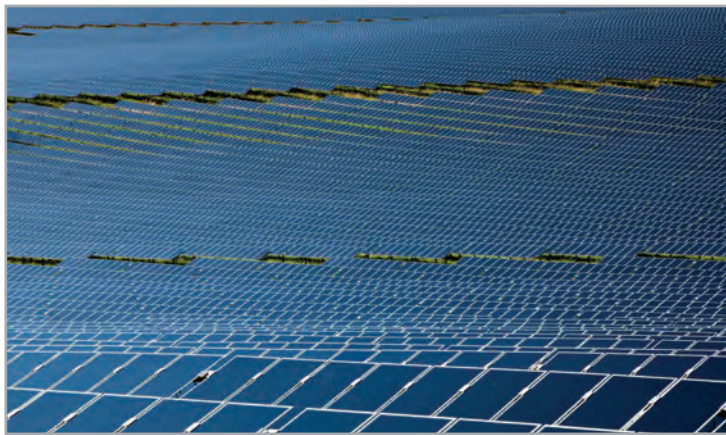
Cadeville is ultimately intended to hold 16.5 billion cubic feet of storage. Whether the financing Cardinal is pursuing will support the entire project or a phase of it couldn't be learned.

FAST FACT

➤ **ING** and **WestLB** led a \$125 million financing supporting Cardinal's 7.5 bcf Perryville gas storage facility in Franklin County, La., in May 2010.

NRG Affiliate Reignites Calif. PV Deal

An **NRG Energy** affiliate is looking for at least two lenders in the next few weeks to lead a nearly \$300 million financing backing its 66 MW solar project after deciding to hold off on the deal late last year.



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NRG had initially targeted December to wrap a deal backing the Alpine solar project in Lancaster, Calif., (PI, 9/13) but ultimately chose to hold off until 2012 after seeing tenors tighten amid the ongoing euro-zone crisis (PI, 10/13). **NRG Solar** is aiming to wrap the financing by the end of the quarter. Pricing will be above LIBOR plus 225 basis points, says a deal watcher. The Carlsbad, Calif.-based NRG Solar had sought an 18-year tenor before it yanked the financing. Whether it is still targeting a deal amortizing beyond 10 years and why the sponsor is rekindling financing efforts right now couldn't be learned.

CoBank, **Lloyds Bank Corporate Markets**, **LBBW**, **Mizuho Corporate Bank**, **Scotia Capital** and **Sumitomo Mitsui Banking Corp.** are among NRG relationship lenders. The lenders eyeing the Alpine financing couldn't be learned. An NRG spokeswoman in Princeton, N.J., didn't return a call seeking comment. Bank officials declined to comment or didn't return calls.

Pacific Gas & Electric has a 20-year offtake agreement for Alpine.

EME Deal Details Surface

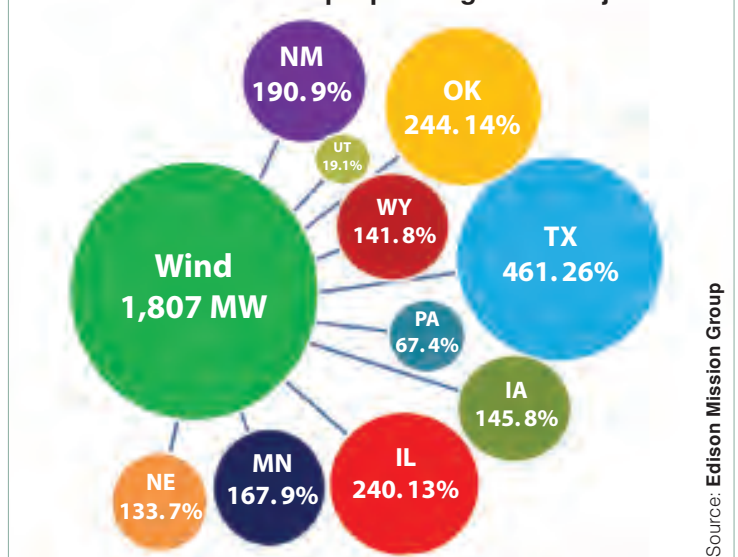
A \$113.5 million financing supporting a pair of **Edison Mission Energy** wind projects has been priced at 287.5 basis points over LIBOR. EME is targeting a 15-year tenor.

The deal supports the \$145 million, 80 MW Broken Bow wind project in Custer County, Neb., and the 40 MW Crofton Bluffs, near Crofton, Neb. EME may tap the production tax credit in lieu of the U.S. **Department of Treasury** cash grant. **BBVA**, **Key Bank** and **WestLB** are leading the financing (PI, 1/10).

The projects are fully contracted. The **Nebraska Public Power District** has 20-year power purchase agreements for 47 MW and 20 MW of Broken Bow and Crofton Bluffs, respectively, **Omaha Public Power District** will offtake 18 MW and 13 MW of Broken Bow and Crofton Bluffs, respectively. Other offtakers for the projects include the **Lincoln Electric System** and the **Municipal Energy Agency**.

Bank officials declined to comment or didn't return calls. An EME spokesman in Chicago was unavailable.

Edison Mission Group Operating Wind Projects



PGE Preps Q2 Gas RFP

Portland General Electric is planning to issue a generation call for 950 MW of gas-fired generation in the second quarter, pending approval of the Oregon **Public Utility Commission**. PGE filed its proposed request for proposals with the commission on Wednesday, says a spokesman in Portland.

The utility is aiming to release the RFP by June 5 and bids would be due Aug. 8, pending the timing of the PUC's decision.

Accion Group, a Concord, N.H.-based independent evaluator, will review and score the bids in six categories. Pricing, experience of applicants and project characteristics, which include interconnection and transmission rights, will be evaluated, according to PGE's Web site. Pricing will be the most heavily weighted criterion.

The RFP would look for roughly 400 MW of baseload generation, 200 MW of year-round peaking resources, 200 MW of winter and summer peaking supply and 150 MW of winter-only peaking power. The utility is looking for generators to be online

between 2013 and 2017.

PGE plans to submit bids into its own RFPs, including generation from its 200 MW Port Westward II plant, near Clatskanie, Ore., that is in development (PI, 11/8). Third-party bidders can submit proposals to build on PGE-owned sites, including areas near the utility's 585 MW coal-fired Boardman plant in Boardman, Ore., for the baseload component of the RFP and its Port Westward plant for the flexible capacity component. PGE, however, ultimately would own and operate resources developed on its sites.



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MERGERS & ACQUISITIONS

MidAm Lassoes Invenergy Wind

MidAmerican Energy Holdings Co. is picking up its fourth wind project in the last six weeks, this time agreeing to buy Invenergy's 81 MW Bishop Hill II wind project. The acquisition is expected to close this quarter, according to a Friday filing with the U.S. **Federal Energy Regulatory Commission**.

The project is currently under construction in Henry County, Iowa, and will be online in the fourth quarter. **Ameren Illinois** has a 20-year power purchase agreement with the project.

Last month MidAmerican agreed to buy the 150 MW Vienna wind project from **RPM Access** and two projects from **Clipper Windpower Development Co.**—the 200 MW Eclipse and the 101

MW Morning Light wind projects.

Joint bookrunners **BayernLB**, **Rabobank** and **Banco Santander** closed a \$422 million financing supporting the first phase of the Bishop Hill wind project—a 200 MW phase that will also be online by year-end (PI, 11/15). **CoBank**, **Dekabank**, **Royal Bank of Canada** and **Siemens Financial Services** are participating in the deal.

Neither the purchase price nor whether either company used an advisor could be learned. How the projects will be financed could not be learned; a MidAmerican spokeswoman didn't return a call. An Invenergy spokeswoman declined further comment.

Lower Return Targets Strengthen Infra Appetite

Infrastructure buyers will continue to throw their names in the hat for generation assets as their internal return targets have come down.

Infrastructure funds have seen a drop in returns across the board on investments in the last few years and have adjusted their internal return requirements, bringing them into the high single digits or low double digits. The return profile combined with access to equity capital has helped make them competitive in auctions for contracted generation, said **John Lange**, global head of power and utilities group at **Barclays Capital**, at **SNL Energy's** Power and Utilities M&A Symposium in New York.

The ability take a lower ROI coupled with the increasing number of live sales of contracted assets means that infrastructure funds are participating in more auctions, said another panelist. **First Reserve Energy Infrastructure Fund**

recently bought four contracted gas-fired plants from **ArcLight Capital Partners** (PI, 12/14).

Successful buyers have tended to be bullish on the growth in margins for the uncontracted, or hedged, portion of the sale of power, said Lange. However, low natural gas prices are capping the interest in merchant generation and will continue to do so until a rebound said **Jim Miller**, ceo and president of **PPL Corp.**, noting it's impossible to predict when gas prices will rise.



Final Offers For Tenaska Duo Come In

Bidders vying for two **Tenaska Capital Management** plants in California and Texas will submit final offers next Tuesday.

Barclays Capital and **Citigroup** are running the sale of the 800 MW Rio Nogales and the 830 MW High Desert in Victorville, Calif.

San Antonio-based **CPS Energy** is said to be a front-runner for the Rio Nogales plant that is about 40 miles away in Seguin, Texas. The utility is looking to purchase a natural gas-fired plant to diversify its portfolio and help replace generation from future coal-fired retirement, a CPS spokeswoman in San

FAST FACT

➤ San Antonio-based **CPS Energy** is said to be a front-runner for the Rio Nogales plant that is about 40 miles away in Seguin, Texas.

Antonio notes via e-mail. She declined to comment on specific transactions. Other players that are said to have been in the mix at some point are **Energy Capital Partners**, **Highstar Capital** and **Quantum Utility Generation**, among a handful more (PI, 12/6).

The merchant plants have no debt attached at the project level.

The auction is being widely watched as a litmus test for the upcoming months, industry officials say. If valuations come out strong then other prospective sellers could look to put gas-fired generation on the market, notes one official. Tenaska tagged advisors for the sale right after Labor Day and teasers went out in late October amid a relatively quiet market (PI, 10/26).

A Tenaska spokeswoman in Omaha, Neb., declined to comment while bank spokesmen couldn't immediately comment.

CONFERENCE COVERAGE

3rd Annual Canadian Power Conference

Hundreds of bankers, developers, lawyers and investors convened for **Euromoney Seminar's** 3rd Annual Canadian Power Finance conference at the Fairmont Royal York in Toronto Jan. 25-26. Big transmission targets, wind development and Ontario's feed-in tariff program created the buzz. Senior Reporter **Holly Fletcher** filed the following stories.

Wind Tipped For Consolidation

Market players in Canada anticipate consolidation of wind developers or sales of projects in the coming year as smaller shops find it difficult to line up the early development capital needed to push toward construction.

Debt is available for projects with power purchase agreements, panelists said, but the trouble lies in bringing a project to shovel readiness. The few million dollars in early development costs are a strain for many small developers and some investors are still gun-shy about taking on early stage risk. "As far as I see... you hear 'yeah, there's a lot of cash,' but there are a lot of hurdles to get over to get the cash," **Michael Magnus**, ceo of **Shear Wind**, a wind developer out of Nova Scotia, said to the crowd.

Independent power producers and larger, well-capitalized

developers are expected to pick up some assets or, possibly, buy some of the remaining independent development companies.

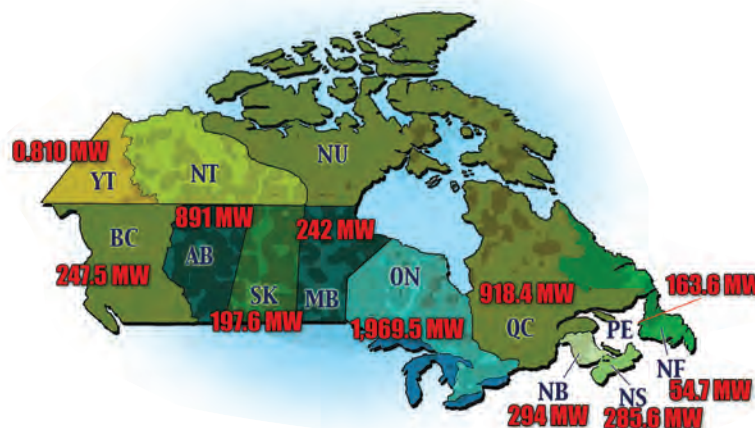
Enbridge, **Pattern Energy Group** and **NextEra Energy Canada** are among the companies talking to shops about projects or strategic M&A, attendees on the sidelines told *PI*.

Finding projects or developers to buy is more difficult than it once was, **Jeff Jenner** president and ceo of **Sprott Power** told attendees. Many attractive projects are already bought and developed leaving either the less attractive ones which can require more due diligence, other developers noted.

Hunting the gems could still be preferable to greenfielding projects as the permitting process is time-consuming, particularly

in Ontario where taking a project from the start of permitting to finish takes between 26-32 months, said **Colin Edwards**, a senior developer in **Pattern Energy Group's** Canada unit.

Operating Wind Projects, Canada



Source: Canadian Wind Energy Association

Gas-Fired Gen Could Replace Some Nuclear

Ontario is likely to turn to developing more natural gas-fired projects as the province moves toward the retirement of several gigawatts of nuclear facilities, said **Jason Chee-Aloy**, managing director at **Power Advisory** at the conference.

Reactors at three nuclear facilities—the 7,276 MW Bruce, the 4,336 MW Pickering and the 3,512 MW Darlington—are slated for retirement between 2016 and 2020. There is a four-year extension under review for one of the facilities.

Turning to gas-fired generation makes sense given low gas prices and the low emissions, panelists said, noting that the province will need more generation than is provided under its feed-in tariff program. The target is to bring 10.7 GW of non-hydro renewables online although a common thread across the panels was skepticism about how much of that will actually come to fruition. Even if it does, Chee-Aloy noted, the province will still need baseload power.

The provincial government remains committed to being a nuclear-powered province, said **Jean-Francois Beland**, executive v.p. at **AREVA Canada**, although politics and

costs could ultimately hinder nuclear development. Concerns regarding safety following the Fukushima crisis last year could play a part in delays.



Bruce Nuclear Generating Station

Advisory Shop Chases LifeCos For Distributed Gen

Travelers Capital Corp., a Burnaby, B.C.-based advisory shop, is working with developers of rooftop, distributed generation and hydro projects to line up financing from Canadian life insurance companies and pension plans.

SunLife Financial, **Industrial Alliance** and **Ontario Pension Board** are all interested in lending to mid-market projects ranging from \$10 million-\$100 million on either side of the border, **Mark Bohn**, managing partner of Travelers told *PI* on the conference sidelines.

There is a growing, and somewhat overlooked, niche for mid-market projects, he said. Developers may have a sizeable queue of distributed solar projects yet still have a hard time attracting the attention of traditional lenders. **Siemens Financial Services** is also willing to play in the field. There is considerable interest

from developers with projects across the U.S., including New Jersey, in arranging financing from alternative lenders north of the border. One advantage to working with Canadian life companies is there is no need to have a project rated by a rating agency, Bohn said.

Travelers recently lined up financing for a 2.2 MW rooftop project developed by energy services company **Ameresco**. The project is smaller than what Travelers typically pursues but it was the first in a pipeline of projects, he said. The financing included a construction loan followed by a 15-year term loan.



iStockPhoto/Thinkstock

Reporter's Notebook

- Attendees got a doughy delight for a Wednesday afternoon snack. The Fairmont Royal York served a variety of warm donuts and bottled **Starbucks** frappuccinos.



- "I'm **Colin Edwards** and I'm one of the four people between you and the cocktail hour right now," Edwards, a senior developer with **Pattern Energy Group**, told attendees who hung around for the 5:45 p.m. panel.

- "I feel very confident that the world will be here after Dec. 21. You know, the Mayan date [for the end of the world]. I'm planning well beyond that."—**Dan Balaban**, president and ceo of developer **Greengate Power Corp.**

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GENERATION CALL CALENDAR

The Generation Call Calendar is a feature that PI runs on a quarterly basis that tracks ongoing calls for generation in the Americas.

Caller	Capacity	Contracts	Deadlines	Requirements	Notes
Arizona Public Service Co.	17 MW (New Solar PV)	TBA	RFP bids and fee were due Nov. 30.	The project must be completed in 2013 and use commercially proven technology.	Short-listed bidders to be notified this month.
Baltimore Gas & Electric, Delmarva Power and Light Co., Potomac Edison Company, Pepco	1,500 MW Maximum (Gas-fired)	Up to 20 years	Bids were due Jan. 20.	Eligible projects must be online between June 2015 and June 2017. Projects that cleared prior PJM base residual auctions for capacity are ineligible.	The Maryland Public Service Commission is running the RFP. Short-listed bidders to be notified Feb. 24; contracts are scheduled to be executed April 13.
Cleco Power	750 MW (Gas-fired)	3- to 5-year PPAs or tolling agreements.	Bids were due Nov. 17.	Generation that originates from new or existing projects eligible.	Utility seeks generation that will be online May 1 (PI, 11/14).
Empresa Eléctrica de Guatemala, Distribuidora de Electricidad de Oriente, Distribuidora de Electricidad de Occidente	800 MW (Renewables and Thermal)	15-year contracts	Utility reportedly anticipated at least 30 bids filed by Jan. 26.	N/A	Award-winners reportedly expected to be announced March 8.
Ontario Power Authority	200 MW (Combined heat and power)	20-yr	Bids for 200 MW call were due Aug. 26.	Targeting projects bigger than 20 MW.	OPA prefers experienced CHP sponsors and projects with favorable costs and EPC contracts (PI, 6/9).
Pacific Gas & Electric	N/A (Renewables)	Long-term	PG&E planned to notify shortlisted bidders Aug. 22.	Projects must be operational within 18 months of contract approval by the California PUC.	Photovoltaic, solar thermal and wind will be eligible (PI, 4/14).
Portland General Electric	50 MW (New Solar PV)	20-year contracts	Targeting RFP for February 2012.	Projects must be 1-20 MW and within PG&E's coverage area.	RFP is part of five-year process to add 250 MW of renewables to portfolio (PI, 4/14).
	400 MW (Gas-fired)	TBA	PGE to issue RFP in Q2, pending approval from Oregon PUC.	The utility is targeting baseload resources.	PGE plans to bring resources into its portfolio between 2013-2017 (see story, page 7).
	200 MW (Gas-fired)	TBA	PGE to issue RFP in Q2, pending approval from Oregon PUC.	The utility is seeking winter and summer peaking supply generation.	PGE plans to bring resources into its portfolio between 2013-2017 (see story, page 7).
	150 MW (Gas-fired)	N/A	PGE to issue RFP in Q2, pending approval from Oregon PUC.	The utility is looking for winter-only peaking capacity.	PGE plans to bring resources into its portfolio between 2013-2017 (see story, page 7).
Public Service Co. of New Mexico	120-140 MW (Renewables)	Asset purchases, PPAs and joint-ownership agreements available.	Formal bids were due June 10.	Projects must be operational by 2014 and may be outside of the state.	Finalists scheduled to be picked by Feb. 3 (PI, 7/28).
Puget Sound Energy	385 MW (All Sources)	TBA	Bids were due Nov. 1.	Eligible projects must be online between December and 2015.	Utility to consider PPAs and stakes in proposed projects (PI, 10/24).
San Diego Gas & Electric	N/A	Up to 30 years.	Offers were due July 18.	N/A	Potential generators include peaking and baseload facilities.
Southern California Edison	50 MW (New Solar PV)	TBA	TBA	TBA	Utility is planning to issue a call for 50 MW of new photovoltaic generation in early 2012.
Virgin Islands Water and Power Authority	10 MW (New Solar PV)	20-year contracts	Short-listed bidders named in November.	Selected projects must be operational 18 months after contracts approval. Operation guaranteed for Dec. 2013.	AES Solar, SunEdison and SunPower among six short-listed bidders.

The entries above are of new calls since Jan. 1, 2011 or calls that have been changed in their parameter or status since that date. To report updates or new request for proposals or to provide additional information, please contact Senior Reporter Brian Eckhouse at (212) 224-3624 or beckhouse@iiintelligence.com.

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Alberta Transmission *(Continued from page 1)*

registered transmitters that will submit bids for the East-West Tie.

AESO has asked the provincial regulators to approve the call by June so it can launch in July. The plan is to have the project online by 2017, Moore told *PI* on the sidelines of the conference. She anticipates there will be five to 10 bidders, most of whom will likely have been in the comments period.

Bidders will have three months to submit qualifying applications once the call launches. Bids will be evaluated, and shortlisted, on technical, financial and environmental criteria, Moore told *PI*. AESO will be the offtaker for the line.

The line is the first of two phases. The second phase of the project is slated to be online in 2020 or in the years thereafter.

—Holly Fletcher

Registered Transmitters For Ontario's East-West Tie

Bidder	Affiliations
AltaLink Ontario Management	Alberta-based transmission company
Canadian Niagara Power	FortisOntario
EWT LP	Brookfield Infrastructure Partners, Hydro One and First Nation
Iccon Transmission	Isolux Corsan
Oncor Electric Delivery Co.	Oncor
RES Canada Transmission	RES Group
TransCanada Power	TransCanada
Upper Canada Transmission	NextEra Energy Resources

Source: Ontario's Energy Board

Duke Hunts \$337M *(Continued from page 1)*

The 131 MW Cimarron II wind project in Gray County, Kan., and the 168 MW Ironwood project in Ford County, Kan., are under construction and slated to go online this summer. The 69 MW Laurel Hill wind project in Lycoming County, Penn., will go into operation this fall. Duke bought Cimarron II last summer from **Competitive Power Ventures**, which wrapped a financing backing the first phase in late December (*PI*, 1/13).

Relationship banks are expected to submit bids, says a deal watcher.

Those lenders include **Banco Santander**, **Bank of Tokyo-Mitsubishi UFJ**, **BBVA**, **CoBank**, **Crédit Agricole**, **Lloyds Bank Corporate Markets**, **Mizuho Corporate Bank** and **Royal Bank of Canada**.

"There's no question that if they want to do a deal that they'll get a deal," says a longtime banker. "They have a very nice following and they treat their banks right. Are they aggressive? Yes. But



ALTERNATING CURRENT

Paint The Town Solar

Researchers at the **University of Notre Dame** have begun fiddling with a new way to harness solar power: paint.



The Notre Dame team has devised a paint that suspends semiconducting nanoparticles in a paste of water and alcohol. The paste produces energy that can be tapped when applied to



Prashant Kamat

a conductive surface. It's a first step in the pursuit of solar-derived electricity without the benefit of silicon-based technology, says **Prashant Kamat**, a chemistry and biochemistry professor and an investigator in Notre Dame's **Center for Nano Science and Technology** in South Bend, Ind.

Kamat and his team are looking to boost the light-to-energy efficiency of the spreadable compound from 1% to 5%, which is still lagging behind the 15% efficiency of silicon solar cells.

It will take a couple more years to complete the project, Kamat says, noting that the U.S. **Department of Energy** partially backs it—not a solar giant interested in rapid product development. "The DOE is supporting basic research," Kamat told *PI*.

If Kamat's team is ultimately successful, one thing is certain: distributed generation could come in liquid form.

they're reasonable."

Duke's desired terms, including pricing and tenor, and the deadlines to submit bids couldn't be learned. A Duke spokesman in Charlotte, N.C., declined to comment. Bank officials declined to comment or didn't return calls.

Kansas City Power & Light and **Westar Energy** have 20-year offtake agreements for Cimarron II and Ironwood, respectively. The **Delaware Municipal Electric Corp.** has a 25-year offtake agreement for Laurel Hill.

—Brian Eckhouse

QUOTE OF THE WEEK

"As far as I see... you hear 'yeah, there's a lot of cash,' but there are a lot of hurdles to get over to get the cash."—**Michael Magnus**, CEO of **Shear Wind**, a wind developer out of Nova Scotia, at **Euromoney Seminar's** 3rd Annual Canadian Power Conference in Toronto on lining up early-stage development funds (see story, page 8).

ONE YEAR AGO

Banco Espirito Santo was looking to unload EUR2.6 billion (\$3.37 billion) of project finance and infrastructure debt. [BES sold at least three loans from the portfolio (*PI*, 2/15). Other lenders, including **BNP Paribas** and **Société Générale**, initiated similar sales campaigns last quarter (*PI*, 10/14).]