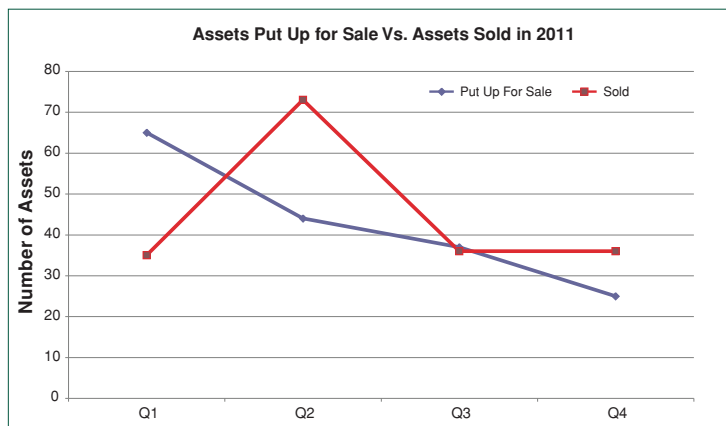


Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

M&A Sputters At End Of Modest Year



Source: PI Generation Sale Database

The market for new assets was in the doldrums during the last months of 2011—little more than two dozen generation facilities hit the market in the fourth quarter, a 60% drop from the same period in the prior year, according to exclusive data from *PI*'s Generation Sale Database. The 36 assets that changed hands in the quarter, however, edged out the 33 in the fourth quarter of 2010.

Biomass and solar assets comprised the bulk of the activity in the fourth quarter with nine and five assets put up, respectively. Owners of natural gas-fired generation put up a total of seven facilities, down from 15 in 2010.

Sale launches fell by 25% last year, with 229 in 2010 and 171 in 2011, but the year as a whole saw a gain in closures. In 2011 there

(continued on page 12)

Sponsors Hunt LC Replacements To Avoid PPA Default

Sponsors are reaching out to U.S., Canadian and Japanese lenders to replace struggling European banks on letters of credit to avoid defaulting on power purchase agreements.

Utilities in offtake agreements frequently require sponsors to have LCs to ensure that they have access to generation at a fixed price. For example, if a project is unable to deliver its

(continued on page 11)

THE BUZZ

Wind is making the top headlines this week in project finance and M&A, as developers look for funds and put some merchant assets on the block.

See *PI*'s take on the market, page 2.

Gamesa Hangs 'For Sale' On Wind Quartet

Gamesa Energy USA has put four wind projects up for sale. **JPMorgan** kicked off the auction early this year.

The projects, including one in Pennsylvania and another in Iowa, each have tax equity investors, industry officials say. **JPMorgan Capital Corp.** and **MS**

Wind, a unit of **Morgan Stanley**, have committed to taking tax equity positions in the 50

MW Sandy Ridge in Blair and Centre counties in Pennsylvania

(continued on page 12)



Gamesa Turbine blades

Editor's Pick Podcast

Tune in to our monthly podcast and listen to the *PI* team highlight the big stories of the last month. Visit <http://www.powerintelligence.com>.



Generation Sales Report Q4

Check out the full quarterly feature that rounds up the latest generation asset sales and trends in power M&A. Visit <http://www.powerintelligence.com>.

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

While gas-fired assets have long been the order of the day in the M&A market, wind was the hot ticket this week with **Gamesa Energy USA** looking to offload some assets in the Midwest and Pennsylvania and **Atlantic Power Corp.** taking a majority stake in **Apex Wind Energy's** 300 MW project in Oklahoma.

The next act in the **First Wind** saga also played out this week as **Algonquin Power & Utilities Corp.** opted to leave a joint venture with **Emera**. The JV, which was first reported by *PI* (PI, 3/25), would have taken a 49% stake in more than 300 MW of First Wind's assets in the Northeast but delays at the **Maine Public Utilities Commission** prompted Algonquin to pull out of the deal. Emera will take over Algonquin's commitment to keep the nine-month-old deal alive. The developer has been looking to raise equity ever since it attempted an initial public offering in late 2010.

PI also took an overall look at generation M&A activity from 2011 in the Generation Sale Database Quarterly Report. The number of assets that hit the market, 171, fell by 25% from the previous year while the number that closed or had announced buyers rose to 180 from 115. The 2011 boost was carried mostly by activity in the first half of the year.

In project finance, bankers have been expecting a host of modest-sized club deals supporting wind projects in the next few months as sponsors rush to wrap deals in the first half of 2012 to qualify for the production tax credit. **BP** unit **BP Wind Energy** is talking to banks about a roughly \$200 million deal for a wind project in Pennsylvania though it's unclear whether the sponsor is aiming for the PTC. **E.ON** is also in the market looking for bonds to lever up a portfolio of operating wind projects in the U.S. Bonds have been tagged as a popular tool for raising funds amidst a diminished pool of project finance lenders.

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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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 buying two operating farms (PI, 1/23).
Edison Mission Group	Stakes Mountain Wind I (60 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 Wind	Mountain Wind II (79.8 MW Wind) Stakes (Various Wind)	Various, Northeast	Credit Suisse, Macquarie	Algonquin is dropping out of a JV with Emera to take minority stakes. Emera is taking over the investment (see story, page 8).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) N/A (Wind) N/A (Wind)	Pocahontas County, Iowa Blair County, Pa.	JPMorgan	Selling four merchant wind projects that have tax equity investments (see story, page 1)
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	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 came in 1/31; CPS Energy is frontrunner (PI, 1/30).
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)	Gainesville, Fla.	Fieldstone	Starwood is buying 40% of the project (PI, 1/23).
U.S. Power Generating Co.	Gowanus Barges 1 (160 MW Oil) Gowanus Barges 4 (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@piintelligence.com.

PROJECT FINANCE DEAL BOOK

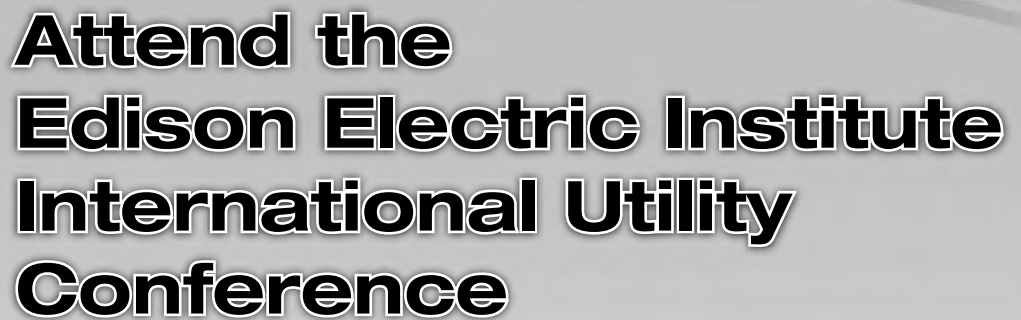
Deal Book is a matrix of energy project finance deals that *Power Intelligence* is tracking in the energy sector.

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
▶ ACCIONA	Lamèque (45 MW Wind)	Acadian Peninsula, New Brunswick	Manulife	TBA	TBA	TBA	Deal wraps (see story, page 6).
AES Solar	Imperial Valley (709 MW 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).
▶ BP, Sempra	Mehoopany (141 MW Wind)	Wyoming County, Penn.	TBA	TBA	TBA	TBA	BP hunts deal backing a Pennsylvania wind project (see story, page 7).
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 (PI, 1/30).
Compmania 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	\$260M	TBA	Sponsor seeks one financing for Cimarron II and Ironwood projects (PI, 1/30).
	Ironwood (168 MW Wind)	Ford County, Kan.	TBA	TBA	\$260M	TBA	Sponsor seeks one financing for Cimarron II and Ironwood projects (PI, 1/30).
	Laurel Hill (69 MW Wind)	Lycoming County, Penn.	TBA	TBA	\$77M	TBA	Sponsor hunting funds for wind project (PI, 1/30).
▶ E.ON	Various (Wind)	TBA	UniCredit	TBA	TBA	TBA	UniCredit readies a bond deal (see story, page 6).
Edison Mission Energy	Unidentified (Wind Portfolio)	Midwest U.S.	BBVA, Key Bank, WestLB	TBA	\$113.5M	TBA	Sponsors taps banks to lead financing (PI, 1/16).
enXco	Shiloh 3 (102.5 MW Wind)	Solano County, Calif.	TBA	TBA	TBA	TBA	Sponsor scouts takeout financing (PI, 1/30).
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).
LS Power	Arlington Valley (127 MW 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).
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 (PI, 1/30).
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 (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).
▶ Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW PV)	Imperial Valley, Calif.	TBA	TBA	\$600M	TBA	Sponsor settles on bank-only deal (see story, page 6).
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>.



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PROJECT FINANCE

Tenaska Steers Toward Bank-Only PV Deal

Tenaska has opted to use only a bank loan for a \$600 million financing backing its 130 MW Imperial Solar South project. Financial close is expected this quarter. The Omaha, Neb.-based developer had been considering having a bond tranche in the financing (PI, 10/24). Why Tenaska opted against a bond tranche couldn't be learned. **Greg Van Dyke**, cfo, didn't return a call seeking comment, while a spokeswoman said the developer planned a bank-based financing.

Bonds tend to be more expensive than bank loans and also carry penalties for repayment before maturity, bankers say. However, several sponsors of large solar photovoltaic projects are pursuing deals with bank debt and bonds in light of reduced lending capacity among European project finance banks (PI, 1/20).

The Tenaska financing was initially priced at LIBOR plus 200 basis points. The tenor couldn't be immediately ascertained.

Bank of Tokyo-Mitsubishi UFJ, **BBVA** and **Union Bank** are among the lenders discussing the deal with Tenaska. **Lloyds Bank Corporate Markets** and **Royal Bank of Scotland** are also considering participating. Bank officials declined to comment or



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didn't return calls.

San Diego Gas & Electric has a 25-year offtake agreement for Imperial South.

E.ON Scopes Bond Deal For U.S. Wind

E.ON is hunting a bond deal to lever up a portfolio of operating small wind farms in the U.S. **UniCredit** is leading the deal.

UniCredit's bond unit in London is handling the financing in conjunction with **Greg Hutton**, v.p. of project and commodity finance in New York, deal watchers say. The E.ON financing is among a handful of U.S. deals that UniCredit committed to before it began winding down its North American project finance unit based in New York (PI, 1/6).

NextEra Energy, née **FPL Energy**, was the first sponsor to use bonds to lever up a wind portfolio in 2003 (PI, 2/11/05). The sponsor targets private placements supporting operating projects that it

FAST FACT

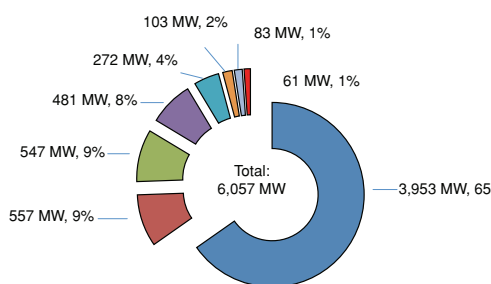
➤ **NextEra Energy**, née **FPL Energy**, was the first sponsor to use bonds to lever up a wind portfolio in 2003.

initially financed on balance-sheet at least twice a year, says a syndicator in New York. A refinancing of **Pattern Energy's** 101 MW Hatchet Ridge wind project in Burney, Calif., also had a bond component, bankers say.

E.ON deal details, including size, pricing and tenor, couldn't be learned. The projects that the financing supports and why E.ON is pursuing a bond deal also couldn't be immediately ascertained. An E.ON spokesman in Austin, Texas, declined to comment. Hutton didn't return a call seeking comment.

ACCIONA Scores Canadian Wind Funds

Acciona Operating Wind Assets



Legend: Spain, Mexico, EU, Australia, Canada, India, South Korea

Source: Power Intelligence via Acciona Energy

Manulife Financial has wrapped a financing backing **ACCIONA Energy's** 45 MW Lamèque wind project on the Acadian Peninsula in New Brunswick, Canada. The deal closed last month.

Lamèque reportedly will cost C\$115 million (\$114.6 million). The size of the Manulife financing as well as terms, including pricing and tenor and how the sponsor plans to fund remaining project costs, couldn't be learned. A Manulife official in Toronto declined to comment, while an ACCIONA spokesman didn't immediately address an inquiry.

New Brunswick Power has a 25-year offtake agreement for Lamèque. ACCIONA expects the project—ACCIONA's fourth wind farm in Canada—to be operational early this year.

BP Unit Hunts Penn. Wind Funds

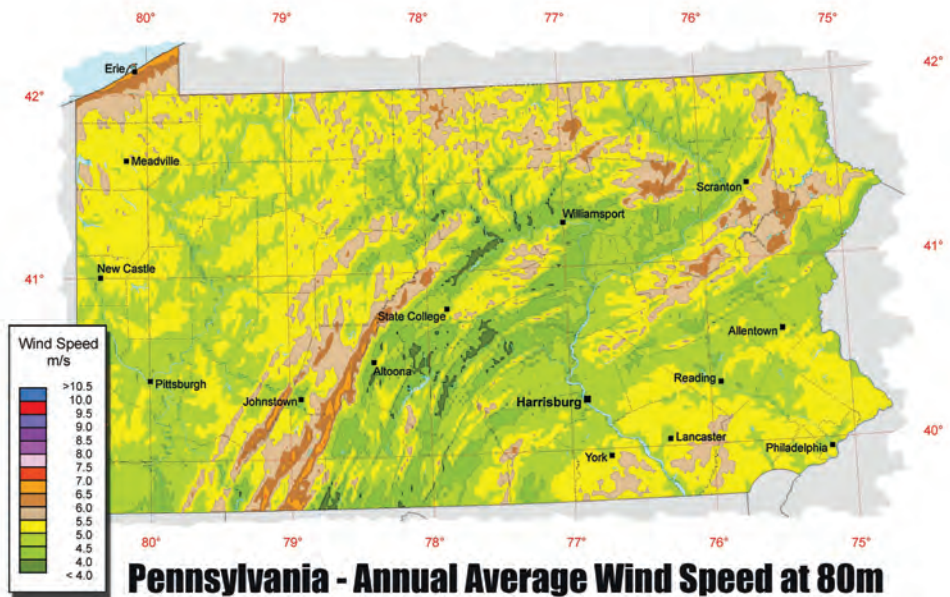
BP unit **BP Wind Energy** is talking to lenders about a roughly \$200 million financing backing a wind project in Pennsylvania.

BP relationship lenders include **Banco Sabadell, Banco Santander, Bank of Tokyo-Mitsubishi UFJ, BBVA, ING, Lloyds Bank Corporate Markets** and **Mizuho Corporate Bank**. Those banks financed the developers' \$500 million, 250.8 MW Cedar Creek II wind project in Weld County, Colo. (*PI*, 12/21/10).

Terms in BP's latest financing, including pricing and tenor, couldn't be learned. A BP spokesman in Houston didn't return a call by press time. Bank officials declined to comment or didn't return calls.

BP and **Sempra U.S. Gas & Power** are jointly developing the 141 MW Mehoopany wind project in Wyoming County, Penn., near Scranton. A Senpra spokesman in San Diego declined to comment. Whether the financing supports Mehoopany couldn't be learned.

Construction of Mehoopany began in November. **RES**



Americas is overseeing construction. Operation is expected by year-end. The farm will use 88 **GE** 1.6 MW turbines. **Old Dominion Electric Cooperative** and **Southern Maryland Electric Cooperative** are the offtakers of Mehoopany

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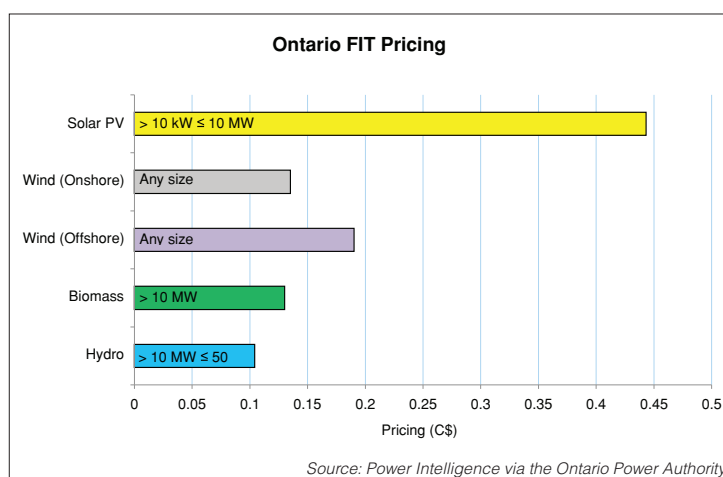
Ontario Reviews FIT Program

The **Ontario Power Authority** is evaluating the province's feed-in tariff program and is considering ways to make the process more efficient. It aims to meet the province's target of 10.7 GW of renewables in addition to 9 GW of hydro online by 2018.

The OPA is considering reducing FIT pricing as well as reforming the application process under a review of the program, says **JoAnne Butler**, v.p. of electricity resources at OPA in Toronto. Ontario, like most of the Canada, relies heavily on hydro so the plan is to incentivize the development of other renewable generation.

The review started Oct. 31 and intends to improve the program so that companies continue to develop renewable projects and establish ways to make the regulation and integration of renewables smoother. Integration of the projects will be key to developers who have run into difficulties finding transmission capacity for larger projects (PI, 1/21/2011). Another issue under evaluation is streamlining the local consultation and renewable approval process so that projects can move through the development stage more easily. The authority remains committed to creating jobs through its local content rule.

A comment period on the FIT program hosted by the OPA



ended in December with remarks from over 3,000 people. Butler expects information to be made public about how the FIT will evolve in the coming months. There's no deadline for the revision.

Fareed Amin, a deputy minister in the Ontario government, is leading the review. The program launched in 2009 and has offered about 2,500 power purchase agreements to medium and large renewable projects as well as more than 11,000 microFIT projects (i.e. residential solar).

MERGERS & ACQUISITIONS

Algonquin Quits Wind Deal, Emera Assumes Stake

Emera will take over the \$85 million investment that was slated to come from **Algonquin Power & Utilities Corp.** to become the sole minority owner of 370 MW of **First Wind's** operating projects in the Northeast.

Algonquin and Emera had announced they would take a combined \$333 million, 49% stake in the wind farms in the Northeast under joint venture **Northeast Wind** in late April. The JV has yet to be approved by the **Maine Public Utilities Commission** and the delay in the approval process prompted Algonquin



to back out. Now Emera will be the sole owner in Northeast Wind.

Credit Suisse and **Macquarie Capital** advised First Wind on the sale, which was launched after it nixed an initial public offering (PI, 12/17/10).

The acquisition is still awaiting the MPUC, says an Emera spokeswoman in Halifax, Nova Scotia. Spokespeople for First Wind and Algonquin didn't respond to inquiries.

Bicent First Lien Tags Rock Point

First lien debt holders in **Bicent Power** have selected boutique **Rock Point Associates** as their advisor ahead of a potential covenant breach by the company. Debt holders **Strategic Value Partners**, **GSO Capital**, the credit unit of **Blackstone**, and

FAST FACT

► **Barclays Capital** and **Goldman Sachs** arranged the debt, which consists of \$480 million in first lien debt and \$130 million in second lien debt.

Barclays Capital heard pitches Jan. 11-13 and made the selection last week, deal watchers say. The next step for Bicent could not be learned.

The aggregate \$610 million debt backed **Natural Gas Partners** and energy veteran **Paul Prager's** acquisition of 416 MW of gas-fired

generation and the 116 MW Hardin coal-fired plant in Montana from **MDU Resources** for \$636 million in 2007. **Moelis & Co.** is advising Bicent Power, an affiliate of Prager's **Beowulf Energy**.

Barclays Capital and **Goldman Sachs** arranged the debt, which consists of \$480 million in first lien debt and \$130 million in second lien debt. Two term loans mature in 2014. A first lien revolver and letter of credit mature in July. The amount of debt outstanding could not be learned.

Rock Point, a Paramus, N.J.-based shop, is also advising the first lien holders of **AES Eastern Energy**, which filed for bankruptcy Dec. 30 (PI, 1/4). Calls to officials or spokespeople for Rock Point, Bicent and the investors were not immediately returned.

Atlantic Takes Stake In 300MW Apex Wind

Atlantic Power Corp. has bought a majority stake in a \$460 million, 298.45 MW wind project from **Apex Wind Energy Holdings** and has the right to buy the remaining interests. Boston-based Atlantic paid \$23 million for the 51% stake of the Canadian Hills project near Oklahoma City, Okla., according to the Atlantic Web site. The investment will be used to fund late stage development.

Atlantic has the option to pay \$170 million for full equity ownership.

The project has power purchase agreements for 250.45 MW with the **Oklahoma Municipal Power Authority** and **American Electric Power** subsidiary **Southwestern Electric Power Co.** OMPA will buy 49.2 MW for 25-years; SWEPCO has a 20-year agreement for 200 MW. There are on-going negotiations for a PPA to cover the rest of the project, according to the companies.

The project will use **REpower** 2.05MW MM92 turbines and **Mitsubishi** 2.4 MW MWT 102 turbines.

Apex Wind Energy parent **GreenLight Energy Resources**, an early stage investor out of Charlottesville, Va., has been looking to sell its wind unit since the fall of 2010, working first with **Marathon Capital** then approaching investors itself (PI, 3/16). Apex Wind has a project pipeline around 7 GW in various stages of development.

Whether the shops used advisors or a timeline for construction could not be learned. A call to an investor relations official for Atlantic was not returned while Apex officials in Charlottesville, Va., could not immediately comment.



REPower Turbine

PEOPLE & FIRMS

Langel Exits BES

Oliver Langel, executive director at **Banco Espirito Santo**, has left the bank. BES has been downsizing amid capital constraints, says a banker. Langel departed the Portuguese bank's New York office late last month.

"The troubles of Portugal are pretty clear," Langel says. "It's not surprising." Langel didn't specify

future employment plans. He joined BES from **WestLB** in 2009 (PI, 3/6/09) and will not be replaced at BES. Langel reported to **Carl**

Adams, head of structured finance. Adams declined to comment.

In the Americas, BES is increasingly focused on Latin American project finance, encompassing advisory and arranging, though the bank would consider deals in the U.S., says the banker. With Langel's departure, BES employs six people on its project finance team in the Americas.

BES was one of the first European banks to begin offloading project finance loans to help boost liquidity. It has sold at least three loans from a EUR2.6 billion (\$3.43 billion) portfolio (PI, 2/15).

FAST FACT

Langel reported to **Carl Adams**, head of structured finance.

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.



- The U.S. **Nuclear Regulatory Commission** has denied safety exemptions proposed by **Entergy Corp.** for its nuclear reactors in New York. The NRC rejected 42 out of 50 exemptions that had been put forth three years ago by Entergy for the Indian Point nuclear plant near New York City (*Yahoo! Finance*, 2/2).

- The California **Public Utilities Commission** is expected to approve solar and wind power purchase agreements in the Western U.S. **First Solar** plans to sell power from its Silver State South solar project to **Southern California Edison**, while **NextEra Energy Resources** will sell power from its North Sky wind farm to **PG&E Corp** (*Bloomberg*, 2/1).

- New Jersey company **Footprint Power** has plans to buy a coal-fired plant in Massachusetts from **Dominion Power** and convert it into a natural gas facility. The company, which was formed with the intention of buying and converting older generating facilities, is looking to buy the Salem Harbor plant (*Boston.com*, 2/1).

- A suspension in an environmental assessment application review for **Finavera Wind Energy's** 47 MW Tumbler Ridge project has been lifted by the **Environmental Assessment Office** in British Columbia. The EAO will submit a recommendation to the Ministers of Energy and the Environment of the province in the next 33 days (*Digital Journal*, 1/30).

• **Arlington Valley Solar Energy II**, a subsidiary of **LS Power**, has awarded a contract to **Fluor Corporation** to engineer and construct an Arizona solar project. The solar facility in Maricopa County, Ariz., will generate 125 MW (*MarketWatch*, 1/31).

• **El Paso Electric Company** CEO **David W. Stevens** will resign from the company in March of this year. The company has appointed current vice chairman **Thomas V. Shockley** to serve as interim ceo while it searches for a permanent replacement (*Yahoo! Finance*, 1/31).

• Wind energy now accounts for 5% of California's total generating capacity. The state installed more wind turbines than anywhere else in the U.S., constructing a total of 921.3 MW in 2011, according to the **California Wind Energy Association** (*The Los Angeles Times*, 1/31).

• A federal court in Kansas has ruled that **Sunflower Electric Corp.**'s proposed coal-fired plant cannot go forward without further environmental review. The 895 MW plant would be near Holcomb, Kan (*LJ World*, 1/31).

• Swiss electrical equipment developer, **ABB**, will pay \$3.9 billion to acquire U.S. transmission equipment supplier **Thomas & Betts Corp.** ABB aims to increase its exposure to the U.S. electrical supply markets with the acquisition (*The Wall Street Journal*, 1/30).

• The **North Carolina Utilities Commission** has approved **Duke Energy Carolinas** request to increase rates by about \$309 million, or an average increase of 7.2% per customer. The increase is needed to address costs associated with environmental regulation compliance and generation retirement (*Energy Business Review*, 1/30).

• Wind energy developers in the U.S. added 6.81 GW of capacity in 2011. Development was up 31% from the previous year, with capacity increasing 3,444 MW in the fourth quarter alone. Cumulative wind energy capacity in the U.S. has reached 46 GW (*REVE*, 1/30).

• **Iberdrola Renewables** has halted development of a planned 300 MW wind project in North Carolina. The company cannot proceed with its plans for the \$600 million Desert Wind project unless it can secure a long-term power purchase agreement (*Recharge News*, 1/30).

• **Minnesota Power** has signed an agreement with Canadian company **Manitoba Hydro** to purchase 250 MW of power from Manitoba's generating assets in Winnipeg. The power purchase agreement will go into effect in 2020 and will last 15 years (*Twin Cities*, 1/30).

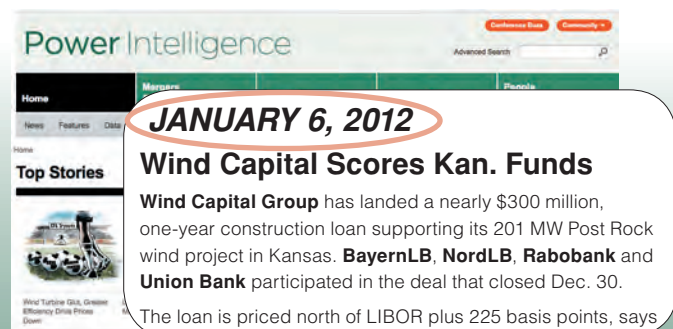
• **Dominion Power** will retire its 515 MW State Line energy station in Indiana by March 31. Economic and environmental factors contributed to the decision to close the plant (*IndyStar.com*, 1/31).

• **Blue Ridge Energy Development** is moving forward with plans for a facility that will derive generation from scrap tires. The company has received funding for the \$140 million P.T. Power Plant from the **Wilkinson County Development Authority**. The plant will sell power to state utilities companies (*Macon.com*, 1/30).

• Iowa governor **Terry Branstad** will consider allowing **MidAmerican Energy** to bill its customers for the cost of construction of a proposed nuclear plant in the state. A state panel approved the proposal and it must now go to the Senate Commerce Committee (*Businessweek*, 1/30).

• Wind energy companies are awaiting a decision from Congress to extend production tax credits for projects. PTCs only apply to wind farms that are completed by the end of 2012 (*The Wall Street Journal*, 2/2).

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JANUARY 6, 2012

Wind Capital Scores Kan. Funds

Wind Capital Group has landed a nearly \$300 million, one-year construction loan supporting its 201 MW Post Rock wind project in Kansas. **BayernLB**, **NordLB**, **Rabobank** and **Union Bank** participated in the deal that closed Dec. 30. The loan is priced north of LIBOR plus 225 basis points, says



JANUARY 23, 2012

Wind Capital Nets Financing For 201 MW Kansas Wind Project

Wind energy developer Wind Capital Group says it has closed on financing for the 201 MW Post Rock Wind Energy Project, located in central Kansas. The project finance lenders are providing over

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Sponsors Hunt *(Continued from page 1)*

specific load because of insufficient wind, a utility could source costlier spot power to meet its needs. To address the delta between the PPA price and what it paid on the spot market, the utility would then draw from the sponsor's LC that is tied to PPA performance. A financing can have multiple LCs for varying purposes.

PPAs typically stipulate that lenders participating on LCs have a foreign long-term rating of at least A3 from **Moody's Investors Service** or A- from **Standard & Poor's**—and often both simultaneously. A sponsor of an LC backed by lower-rated banks must find lenders at or above this threshold within a cure period—often 60 to 90 days—or risk defaulting on the covenants of the PPA, which essentially triggers a default in a credit agreement, project finance attorneys and bankers say.

Bankers, sponsors and attorneys that spoke with *PI* declined to identify letters of credit that have been or will be amended, but all noted that they anticipate changes to some existing deals—and perhaps tweaks to several deals if the euro-zone crisis deepens.

Sponsors could try to convince the offtakers to accept lenders that are rated BBB or BBB+, some bankers say. "That's still investment-grade," says a senior financier in New York. "It's not like these lenders are rated CCC."

But some utilities might balk at such a request, say a banker and an official at a developer. Some PPAs, including standard-offer contracts, are non-negotiable. Developers are also wary of asking utilities to accept lower-rated banks in LCs because the offtakers may view it as a chance to renegotiate the pricing of the PPAs. Utilities have become sensitive to the increasingly cost-mindedness

of public utilities commission (PI, 1/20).

Sponsors could also ask healthy lenders in existing deals to trade holdings in a debt package with a lower-rated European lender. For example, a Japanese lender in a hypothetical four-bank, \$200 million wind financing combining a \$180 million term loan and a \$20 million LC could trade part of its exposure in the term loan with another lender's exposure in the LC. The Japanese lender might acquiesce to that trade to ensure that the entire financing doesn't default.

Another option for sponsors would be to ask outside lenders to replace European lenders on LCs. "There's a small universe of banks that can post those credits, so it's opening opportunities to those that can, including **CoBank** and others," says a financier. **Key Bank** would consider joining relationship sponsors' LCs, industry officials say.

Bankers declined to comment or didn't return calls.

—**Brian Eckhouse**

PF Lender's Foreign Long-Term Ratings		
Lender	Rating	Country
Bank of Tokyo-Mitsubishi UFJ	A+	Japan
Crédit Agricole	A	France
Dexia Crédit Local	BBB+	France
ING Groep	A	Netherlands
Lloyds Banking Group	A-	U.K.
Royal Bank of Canada	AA-	Canada
Royal Bank of Scotland Group	A-	U.K.
Société Générale	A	France
Sumitomo Mitsui Banking Corp.	A+	Japan
WestLB AG	BBB	Germany
Source: Standard & Poor's		

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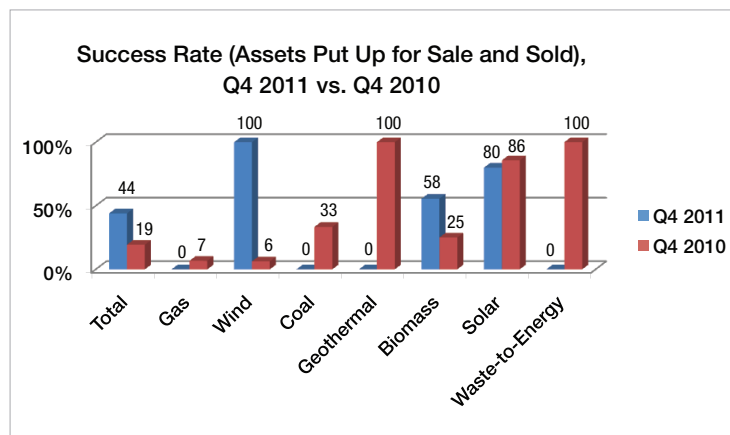
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M&A Sputters *(Continued from page 1)*

were 180 assets that either traded or had announced buyers—one-and-a-half times more than the year prior. The year viewed as a whole—rather than by quarters—was moderately active, says **Roger Wood**, managing director at **Moelis & Co.**, noting that the first half of the year was solid.

To read the entire *Generation Sales Database Report* and view additional graphics and data, visit www.powerintelligence.com.



Gamesa Hangs *(Continued from page 1)*

and the 80 MW Pocahontas in Pocahontas County, Iowa (PI, 1/9). The identity of the other two projects in the sale could not be learned.

Gamesa provided development funding, although it's not a long-term owner, says one banker. Now that it has lined up tax equity investments for the projects it's looking to hand them off to a buyer interested in long-term ownership, the banker notes.

The projects are merchant and discussions will likely target potential offtakers or buyers that are willing to bring a power purchase agreement to the table, similar to the way Gamesa began talks with **enXco** about its Chestnut Flats project last spring (PI, 4/28). The project was merchant at the outset of the talks. By the close of the acquisition it had a PPA with **Delmarva Power & Light Co.** (PI, 11/18). Due to the paucity of merchant wind projects on the market, potential pricing is opaque. The purchase price of Chestnut Flats is undisclosed.

There are buyers snooping around the marketplace for wind projects that are under construction or near shovel ready as they look to build out a development pipeline (PI, 12/16). The buyers tend to be strategics with development expertise that are accustomed to bringing wind projects across the finish line, including offtake contracts, officials note.

A Gamesa spokesman could not immediately comment, while officials at JPMorgan declined to comment through a spokeswoman, citing confidentiality agreements.

—Holly Fletcher

ALTERNATING CURRENT

Renewables Lost In The Super Bowl Shuffle



We understand if you missed the renewables hook to the **NFL's** Super Bowl XXXIV, as one project finance reporter did.

Perhaps you too were so consumed with the **ESPN**-fueled hype--New York versus Boston, Giants versus Patriots part deux and **Eli Manning** trying to snag one more title than his



brother in the very stadium his brother has called home--that you also overlooked the renewable energy component of the game.

Thankfully, an intrepid M&A reporter, who admittedly is more

enthused by the television experience than the Super Bowl itself, broke through the storylines and the muck to find this nugget: **Green Mountain Energy** is providing 15,000 MWh of renewable energy certificates to offset greenhouse gas emissions associated with Super Bowl sites in Indianapolis. The certificates come from wind farms in North Dakota and will offset emissions from generation used to power Lucas Oil Stadium, the Indiana Convention Center and all four of the major NFL hotels, including the NFL headquarters and the Super Bowl Media Center.

ONE YEAR AGO

EDF Energies Nouvelles was close to mandating **KfW-IPEX Bank**, **NordLB**, **Société Générale** and **Sumitomo Mitsui Banking Corp.** to finance the \$700 million 300 MW Lac-Alfred wind project in La Matapédia et la Mitis, Quebec. [EDF opted to finance the project on balance sheet, after failing to snag desired terms (PI, 5/5).]

FIVE YEARS AGO

Dynegy tapped **JPMorgan Chase** to run an auction of three facilities, including the 573 MW Bluegrass peaker in Oldham, Ky. [The sale was not finalized and **LS Power** bought Bluegrass as part of a nine-facility portfolio from Dynegy in 2009. **PPL Corp.**'s Kentucky utility subsidiaries are buying Bluegrass from LS Power (PI, 11/14).]