

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

Atlantic Floats Refi Amid Covenant Overhang

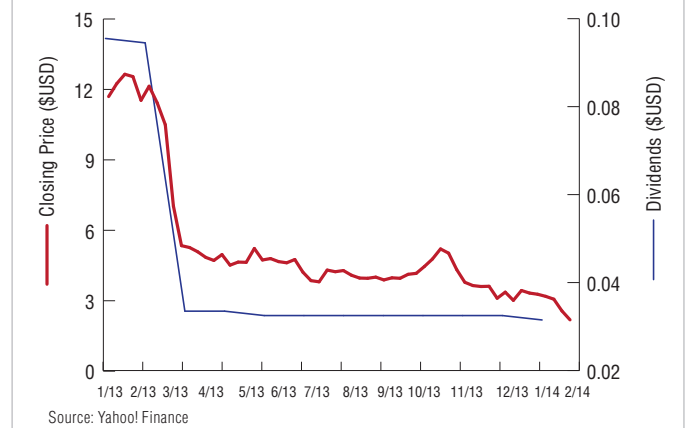
Atlantic Power Corp. has launched an up to \$800 million debt package as it looks to rework its capital structure and avoid a covenant breach.

The company, which owns 2.1 GW of stakes in generation totaling 3 GW, is pitching a \$600 million term loan and up to \$200 million in credit facilities. The proceeds are slated to pay down existing debt, including a \$150 million credit facility and three bond tranches totaling \$415 million.

The financing is being watched by investors, and would-be acquirers alike, as a litmus test on the company, observers say. Atlantic Power is facing a possible breach of its fixed charge coverage ratio covenant—which would limit its ability to pay out dividends—at the end of this

(continued on page 8)

Atlantic Power Corp. Share Prices



THE BUZZ

The B loan market is humming five weeks into the year.

The **Blackstone Group** joined the wave—which includes **Exelon Corp.**—by launching a \$600 million B loan to finance its acquisition of three gas-fired plants in Texas (see story, page 7). Investors came in strong for Exelon's **ExGen Renewables 1**, which saw appetite drive a tightening by 25 basis points in pricing. Financiers expect the B loan market this year will be driven by generation M&A deals, as opposed to several bursts of refinancings in 2013. A few shops who have recently lined up deals are now mulling whether it would be attractive to float re-pricings, financiers say.

Several independent power producers are slated to be showing on the restructuring marquee this year. **MACH**

(continued on page 2)

MACH Gen Circles Pre-Pack With 2d Lien

The owners of **MACH Gen** have agreed to a pre-packaged Chapter 11 bankruptcy filing with second lien creditors.

Under the agreement, creditors—affiliates of **Citibank**, **Deutsche Bank**, **Energy Capital Partners** and **Silver Oak Capital**—will take over 93.5% of the equity, according to a filing with the U.S. **Federal Energy Regulatory Commission**. Silver Oak will own the largest portion under the restructuring plan with 34.2%. Minority stakes will be held by Citi and a joint venture between Deutsche Bank and ECP.

The transaction is expected to be part of a restructuring plan for MACH Gen, which has roughly \$1 billion in debt, filed with the U.S. **Bankruptcy Court of Delaware** although the formal filing had not occurred as of press time on Thursday.

MACH Gen is currently owned by affiliates of **Strategic**

(continued on page 8)

Follow Us On Twitter

Check out the latest news and trends in power project finance and M&A by following **PFR** on **Twitter** @power_intel. Also check out Senior Reporters @nicstone and @hollyfletcher.



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

Get the rundown on the latest asset trades in *Pf*'s weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

IN THIS ISSUE

PROJECT FINANCE

- 5 | Conergy Fires Up U.S. Solar Fund
- 5 | Freeport LNG Hooks Banks
- 6 | BluEarth Circles Ontario Solar Debt
- 6 | SunPower Nets BofA Financing For Residential Solar

- 7 | Energen Floats Ala. Gas Utility
- 7 | Blackstone Hunts B Loan For ERCOT M&A

STRATEGIES

- 7 | Exelon Ratchets Down B Loan

MERGERS & ACQUISITIONS

- 6 | Borealis Increases Bruce Nuclear Stake
- 6 | UBoC Takes Wind Tax Equity Stake
- 7 | Strategics, Funds Flock To Philly Gas

DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 12 | Alternating Current

THE BUZZ

(continued from page 1)

Gen has agreed to a pre-packaged Chapter 11 filing with second lien creditors while **Atlantic Power Corp.** is in the market with a refinancing aimed at staving off a covenant breach (see stories, page 1). **Entegra Power Group**, too, is working with a restructuring advisor as it holds talks with creditors while trying to refinance its second lien ([PI, 1/17](#)). A swath of the investment community still has its eyes trained on whether, or when, this year **Energy Future Holdings** will make its way to a filing ([PI, 4/17](#)).

With a relatively slow deal flow looking likely for 2014, financiers have their eyes on some of the mega deals that are coming to market. In the liquefied natural gas export space, **Freeport LNG** is the first to make the rounds for its up to \$4 billion debt package backing train 2 at its export project in Texas (see story, page 5). Lenders are flocking to the deal, which has seen some offer tickets of around \$600 million, which in turn is allowing the company to tighten pricing, note observers.

BluEarth Renewables is also tapping into some aggressive pricing as it circles a debt package for a trio of solar projects in Ontario (see story, page 6). Strong bank appetite in Canada is pushing pricing down for plain vanilla deals, like those BluEarth is financing.

Also in the solar world, Denver-based **Conergy Americas** has launched a \$100 million fund to finance solar projects in the U.S. (see story, page 5) and **SunPower** has landed around \$220 million from **Bank of America Merrill Lynch** backing its expansion in the residential solar market (see story, page 6).



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

Peter Thompson
Executive Editor (Chicago)
(773) 439-1090

Sara Rosner
Managing Editor
(212) 224-3165

Nicholas Stone
Senior Reporter
(212) 224-3260

Holly Fletcher
Senior Reporter
(212) 224-3293

Stuart Wise
Data Associate

Andrea Innis
Data Associate

Kieron Black
Sketch Artist

PRODUCTION

Dany Peña
Director

Deborah Zaken
Manager

Melissa Figueroa,
James Bambara
Associates

Jenny Lo
Web Production &
Design Director

ADVERTISING

James Barfield
U.S. Publisher,
Capital Markets Group
(212) 224-3445

PUBLISHING

Emmanuelle Rathouis
Marketing Director

Vincent Yesenosky
Head Of U.S. Fulfillment
(212) 224-3057

Nina Bonny
Customer Service Manager
(212) 224-3433

SUBSCRIPTIONS/
ELECTRONIC LICENSES

One Year \$3,147 (In Canada add \$30 postage, others outside U.S. add \$75)

Ken Lerner
Account Executive
(212) 224-3043

REPRINTS

Dewey Palmieri
Reprint & Permission
Manager (New York)
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

Richard Ensor
Chairman

John Orchard
Managing Director,
Capital Markets Group

Customer Service

PO Box 4009, Chesterfield, MO 63006-4009, USA
Tel: **1-800-715-9195**
Overseas dial: **1-212-224-3451**
Fax: **212-224-3886**
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

Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2014

Institutional Investor, LLC ISSN# 1529-6652

Copying prohibited without the permission of the publisher.

COPYRIGHT NOTICE: All materials contained in this publication are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published, broadcast, photocopied or duplicated in any way without the prior written consent of Institutional Investor. Copying or distributing this publication is in violation of the Federal Copyright Act (17 USC 101 et seq). Infringing Institutional Investor's copyright in this publication may result in criminal penalties as well as civil liability for substantial money damages. ISSN# 1529-6652

Postmaster

Please send all undeliverable Mail and changes of addresses to:
PO Box 4009 Chesterfield, MO 63006-4009 USA

Institutional Investor
Intelligence

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 (PI, 1/27).
BlackRock, Quintana, Starwood	Richland-Stryker (460 MW Oil, Gas)	Ohio		ECP has launched a C loan add-on for the financing (PI, 12/16).
► Cameco	Stake (6.2 GW Bruce Nuclear)	Ontario	CIBC	Borealis Infrastructure is increasing its stake (see story, page 6).
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).
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	Fieldstone	Fieldstone is advising on equity hunt in tandem to debt raise with Goldman.
GDF Suez Canada, Hydro-Quebec	Stakes (174 MW Bucksport Cogen)	Bucksport, Maine		Co-owner majority owned by Apollo is buying out the stakes (PI, 2/3).
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 (PI, 1/27).
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).
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).
► MACH Gen	Stakes	Various	TBA	Second lien creditors converting to equity as part of a restructuring (see story, page 1).
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.		
Mexico Power Group	Stakes (250 MW Wind)	Various, Mexico	Marathon Capital	The shop is looking for late stage equity in the run up to construction financing (PI, 6/24).
Ontario Teachers Pension Plan Board	Stake (Northern Star Generation)	Various	Citigroup	CIMs expected in the next two weeks (PI, 11/25).
PPL Corp.	Various (633 MW Hydro)	Various, Montana	UBS	NorthWestern is buying the assets for \$900M (PI, 10/7).
Pattern Energy Group LP	80% (182 MW Panhandle 2 Wind)	Carson County, Texas		Public affiliate Pattern is buying the stakes (PI, 1/13).
	45% (149 MW Grand Renewables Wind)	Haldimand County, Ontario		
Project Resources Corp.	Rock Aetna (21 MW Wind)	Minnesota	Alyra Renewable Energy Finance	Looking for a buyer with access to turbines to qualify for PTC (PI, 1/13).
RES Americas	Keechi (110 MW Wind)	Jack County, Texas		Enbridge has bought it (PI, 1/13).
Southwest Generation	Valencia (145 MW Gas)	Belen, N.M.	Bank of America	Auction in second round, PNM mulls stake purchase (PI, 12/9).
Terra-Gen Power	Alta (947 MW Wind)	California	Citigroup, Morgan Stanley	Teasers were released in Jan. (PI, 1/20).

► 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 hffletcher@iintelligence.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
BluEarth Renewables	Solar Cluster	Ontario	National Bank Fin.	Mini-perm	C\$165M	C+3-yr	Deal slated to close imminently (see story, page 6).
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 (Trains)	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 (PI, 1/27).
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 Terminal)	Freeport, Texas	Credit Suisse, Macquarie	TBA	~\$4B	TBA	More than 20 lenders are eyeing the deal, with some offering tickets of \$600M (see story, page 5).
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).
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).
Invenery	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

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 Nicholas Stone at (212) 224-3260 or e-mail nicholas.stone@powerintelligence.com.

PROJECT FINANCE

Conergy Launches U.S. Solar Fund

Denver-based solar company **Conergy Americas** has launched a \$100 million fund to finance solar projects in the U.S. **Kawa Capital Management**, which bought Conergy last year, raised the capital in Conergy Fund I and is the fund's majority investor.

Commercial solar projects between 500 kW and 25 MW will hit the fund's sweet spot. It is set up to play across the full capital stack, from equity to debt and even to tax equity. "The whole idea is to have the full suite of services, to be flexible," says **Anthony Fotopoulos**, ceo of Conergy Americas. "The strike zone for us is probably around the 1 MW mark, the distributed generation deals."

The fund aims to make the financing process easier by being able to provide financial analysis, credit ratings, administration, financing and signing of power purchase agreements on behalf of the project. "We can play where a project needs money and engineering help, so quite early stage," says Fotopoulos. Clients

will likely be looking to install projects at schools and government buildings, he adds.

"The distributed generation solar market is one where we really see that there is going to be a lot deployed around the globe, not just in the U.S.," says Fotopoulos, adding that the DG market is particularly attractive right now. "We want to control as many solar projects as possible and they have consistent cash flow and good returns."

Conergy was founded in 1998 in Hamburg, Germany. It has deployed 2.3 GW of solar globally and has 350 employees across 11 countries. Founded in July 2007, Kawa Capital Management is an independent asset management firm based in Miami Beach, Fla. The fund had a number of investors. Identities of other investors could not be learned by press time.

Officials at Kawa did not respond to inquiries by press time.

Banks Flock To Freeport LNG

A swathe of lenders are taking ticket sizes of up to \$600 million in the \$4 billion financing backing one of the trains in the Freeport liquefied natural gas export project, say observers. **Credit Suisse** and **Macquarie Capital** are advising Freeport LNG on the financing of the project on Quintana Island near Freeport, Texas. The deal is slated to close in the third quarter.

The financing is oversubscribed with more than 20 banks angling to take a piece of the debt. "It was wildly oversubscribed and, as a result, the spreads are coming in," notes a financier who has pitched to lend to the project. "Pricing talk is coming in at the higher range of the project finance market, but much lower than Sabine Pass," he says.

Pricing could dip below LIBOR plus 300 basis points, note observers, for seven or eight-year money. **Cheniere Energy's** seven-year bank debt came in at LIBOR plus 350 bps for the first four years, bumping up to LIBOR plus 375 bps for the remainder, when it closed in mid-2012 ([PI, 7/19/12](#)). All the major players have looked at the deal, note observers, which will likely be taken out by a bond refinancing similar to Cheniere's. Banks are also pitching large tickets knowing they'll likely only secure only a portion of those initial bids. Credit Suisse officials and Macquarie officials declined comment on the deal or did not respond to inquiries by press time.

The debt will back the second train of the LNG export project. The first train will be financed by Japanese export credit agencies **Japanese Bank of International Cooperation** and **Nippon Export and Investment**. **IFM Investors** recently invested approximately \$1.3 billion of equity into train 2, which will sell its

entire output to **BP**.

Freeport expects construction of the first two liquefaction trains in mid-2014, with the construction of the third liquefaction train expected to begin in the first quarter of 2015. Commencement of construction is subject to receipt of authorization to commence construction from the U.S. **Federal Energy Regulatory Commission** and final investment decision by Freeport. It has already secured its U.S. **Department of Energy** approval to export to non-free trade agreement countries.

Last December, Freeport awarded two contracts, each valued at approximately \$2.5 billion, to a joint venture between **CB&I** and **Zachry Industrial** to construct the initial two trains of the liquefaction project. The first train is anticipated to commence operation 45-48 months from start of construction, with the second train in operation approximately six months after the first train.

The Freeport facility has 20-year tolling agreements with **Osaka Gas Co.** and **Chubu Electric Power Co.** each for 2.2 million tons per annum from the first train and with **BP** for 4.4 mtpa from the second. Freeport also has contracts for the third train, with South Korean conglomerate **SK E&S LNG** and Japanese electronics company **Toshiba Corp.**, both signing 20-year agreements for 2.2 mtpa from the third train.

ConocoPhillips has a 50% stake in Freeport LNG, the upstream owner of the existing Quintana Island terminal. **Michael Smith**, who is chairman and ceo of **Freeport LNG Development**, owns the other 50% of Freeport LNG. A spokeswoman for Freeport in Dallas did not respond to inquiries by press time.

BluEarth Close To Landing Ontario Solar Funds

BluEarth Renewables is nearing financial close on a C\$165 million (\$148.64 million) debt package backing a troika of solar photovoltaic projects in Ontario. **National Bank Financial** is the lead lender and underwriter on the debt.

"There is a lot of appetite in the bank market at the moment," says **Kathy Bolton**, v.p. of finance at Calgary, Alberta-based BluEarth. "The lenders are being a bit more aggressive, which is good for borrowers." The deal will be structured as a mini-perm with a tenor of construction plus three years, although she declined to share the pricing.

Many Canadian deals are sporting mini-perm structures that then get taken out by the bond market once there is a period of operation, notes Bolton, and this will likely take place with these projects. "All markets are really open," she says, echoing the sentiment at a recent Canadian power conference in Toronto ([PI, 1/28](#)).

The three projects are part of a cluster of four projects that the company acquired from **Canadian Solar** last year. **CIBC** acted as advisor to BluEarth in the transaction. It closed the first financing for the Little Creek project near Napanee, Ontario last November with a C\$45 million (\$40.54 million) debt package with NBF. The three projects backed by the latest financing are the 11.5 MW GoodLight project in Kawartha Lakes, the 11.5 MW SparkleLight in Kawartha Lakes and the 10 MW LunarLight in Hastings.

Construction on all four has begun, with commercial operation expected this year. Canadian Solar will provide turnkey engineering, procurement and construction services for all four sites, which have a combined capacity of 38.5 MW. BluEarth will officially own the projects when they reach commercial operation.

An official at NBF could not be reached by press time.

SunPower Teams Up With BofA For Residential Solar Financing

SunPower Corp. has launched a financing program with **Bank of America Merrill Lynch** to support approximately \$220 million of solar residential lease projects.

SunPower installs solar panels on rooftops for little to no upfront cost and then residents purchase the generated power from SunPower under leases. The capital under the program will go toward SunPower's panel installation costs. The company already has approximately 20,000 customers enrolled in the program in the U.S. Further details of the program could not be learned by press time.

Bank of America and SunPower have worked together since 2009, when the bank began financing large-scale solar projects for

SunPower's commercial and government customers in California, such as Yolo County and Mendocino Community College. This marks the first investment in SunPower's residential fleet by the bank. The investment is part of a 10-year, \$50 billion environmental business initiative by Bank of America to help address climate change, reduce demands on natural resources and advance lower-carbon economic solutions.

Todd Karas, head of renewable energy finance at Bank of America, led the bank's efforts on the deal. He was not available for comment by press time. Officials at San Jose, Calif.-based SunPower did not respond to inquiries by press time.

MERGERS & ACQUISITIONS

Borealis Ups Stake In Bruce Nuclear

Borealis Infrastructure has agreed to buy **Cameco's** stake in the **Bruce Power** nuclear facility in Tiverton, Ontario, for C\$450 million (\$406.3 million), making it majority owner.

BPC Generation Infrastructure Trust is buying 31.6% of Bruce Power B, which operates four out of eight nuclear units 6.2 GW facility. The deal, struck on Dec. 31, brings Borealis' stake to 56.1%.

Bruce Power is Canada's largest public-private partnership and generates 30% of Ontario's capacity. It's contracted to the **Ontario Power Authority**. Co-owners **TransCanada Corp.**, the **Power Workers' Union** and **Society of Energy Professionals** have not yet waived their first right of refusal. The acquisition is subject to regulatory approval.

Cameco, a uranium producer based in based in Saskatoon, Saskatchewan, is planning to use proceeds to fund its core uranium business. Cameco was advised by **CIBC World Markets**.

A Borealis spokeswoman could not immediately comment on how the acquisition will be financed.

Rockland Nabs Union Bank Tax Equity For Minn. Wind

Rockland Capital has lined up **Union Bank** to provide tax equity for its 48 MW Lakeswind wind farm in Minnesota.

Rockland is on track to close the tax equity deal with Union Bank affiliate **Union Bank of California Leasing** by the end of the month, according to a recent filing with the U.S. **Federal Energy Regulatory Commission**. Union Bank will own all the tax capacity on the project.

The 48 MW wind farm in Rollag, Minn., sells all of its power under three power purchase agreements to **Great Lakes Utilities**, **North Central Power Co.**, and **Northern Wisconsin Electric Co.**

Lakeswind is owned by Rockland's first fund, **Rockland Power Partners** ([PI, 10/9](#)). Rockland bought Lakeswind last year.

An official for Rockland in Houston and a spokeswoman for Union Bank could not immediately respond to inquiries.

Blackstone Seeks B Loan For ERCOT M&A

The **Blackstone Group** is pitching a \$550 million package to finance its acquisition of three gas-fired plants totaling 1,298 MW in Texas from **Direct Energy**.

Citigroup floated the \$500 million guaranteed senior secured B loan and five year \$50 million revolver early this week with initial pricing at LIBOR plus 375-400 basis points. The seven year loan is tentatively set to have a 1% floor and an original issue discount of 99, says a deal watcher. Commitments will be due in about two weeks. **Moody's Investors Service** has rated the package B1.

A Blackstone private equity fund bought the 560 MW Bastrop combined cycle plant near Austin; the 494 MW Frontera CCGT near McAllen; and the 244 MW Paris CCGT in Paris for \$685 million. As part of the deal, Direct Energy has entered into a three-year call option for the plants for 100% of the power.

The debt will be backed by a first lien interest in the trio of plants as well as the equity of the borrower, Blackstone subsidiary **Viva Alamo, LLC**. Proceeds will be used to reimburse Blackstone for a portion of the purchase price with a debt to equity ratio of 70:30.

Sean Klimczak is a senior managing director in Blackstone's private equity group in New York.

Funds, Strategics In Final Push For Philly Gas

Alinda Capital Partners, Exelon Corp., Macquarie Infrastructure and **WGL Holdings**, the holding company of **Washington Gas**, are said to be in the final round for **Philadelphia Gas Works**. Final bids for PGW came in to advisors **JPMorgan** and **Loop Capital Markets** on Jan. 31, deal watchers say. The city and its advisors are still evaluating the offers and haven't gotten back to prospective buyers, says an observer.

WGL has been among the bidders for other gas utility properties, including **New Mexico Gas Co.**, which is being sold to **TECO Energy** for about \$1 billion, say observers. It, like Exelon, sees benefit in adding a regulated utility asset to its portfolio, bankers say. Exelon owns **PECO**, the power utility in Philadelphia, and likely sees synergies in owning a combined power and gas utility as it does in Baltimore with **Baltimore Gas & Electric**.

A report from **Lazard** in October commissioned by the **City of Philadelphia** estimated the utility could fetch \$1.45 billion to \$1.9 billion. The report increased the value by \$50 million from a similar report by Lazard in 2012 ([PI, 8/30](#)). The city would like to finalize negotiations about a month after final bids, according to a fourth quarter statement on the process when it was on track to receive final bids by the end of the year.

The utility's outstanding debt coupled with provisions about when utility staff could be restructured and a rate freeze through August 2016 mean buyers may not see room for near-term cost savings, bankers say, who add how the city will handle pension and

retiree medical benefits are questions that buyers have had. The utility had about \$1.12 billion in debt at the end of its 2012 fiscal year in August. The debt is rated Baa2 by **Moody's Investors Service**, BBB+ by **Standard & Poor's** and BBB by **Fitch Ratings**.

PGW serves about 503,000 customers, of which 477,000 are residential and 25,000 are commercial. The remainder is industrial. The utility owns about 3,027 miles of gas mains.

Energen Puts Ala. Gas Utility In Play

Energen Corp., an oil and gas exploration company out of Birmingham, Ala., is in the market to sell its gas distribution utility in Alabama.

Teasers went out for **Alabama Gas Corp.** roughly a week and a half ago, deal watchers say. **JPMorgan** is reportedly running the sale.

Alagasco, as the utility is known, is the largest gas utility in the state and serves about 425,000 customers. It is expected to draw the attention of some strategics that have been looking for plays in gas infrastructure, say deal watchers.

The gas distribution utility sector has seen several companies put up for sale over the last year, with **New Mexico Gas Co.** and **SourceGas** going up ([PI, 3/29](#) & [3/27](#)).

STRATEGIES

Exelon B Loan Tightens Ahead Of Schedule

Commitments for a \$300 million senior secured term loan B backing a wind portfolio owned by **Exelon Corp.** have come in tighter and earlier than expected.

The seven-year loan was floated at LIBOR plus 450-475 basis points and came in at L+425 bps ahead of the Feb. 5 deadline. The original issue discount was also tightened to 99.5 from 99.

Recommitments are due to arranger **Barclays** by close of business Tuesday. The LIBOR floor remains 1%. There is a 102 soft call in the first year and a 101 soft call in year two.

The B loan 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. The loan is rated Ba3 and BB- by **Moody's Investors Service** and **Standard & Poor's**, 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](#)). Exelon highlighted the assets as targets for "incremental financings" late in the year ([PI, 11/22](#)).

The portfolio has four farms totaling 283.3 MW in Michigan, four in Idaho totaling 128.1 MW, two in Kansas for 116.5 MW, and one each in New Mexico, Oregon and Texas. All but 4% of the portfolio is under power purchase agreements.

MACH Gen *(Continued from page 1)*

Value Partners, SOLA, Varde Partners, Merrill Lynch and Rockland Capital; they are slated to keep 6.5% ownership in the company, according to the FERC filing. The existing owners, some of whom came into equity stakes from MACH Gen's previous bankruptcy proceedings in 2003, and creditors have tried to keep the talks quiet, says a deal watcher, noting that parties have adhered to strict confidentiality agreements.

MACH Gen owns three gas-fired facilities totaling about 2 GW, comprised of the 1 GW combined cycle plant in Arizona, the 326 MW Millennium gas-fired plant in Charlton, Mass., and the 945 MW New Athens gas-fired in Athens, N.Y. Rockland had spearheaded a 2012 sale of Harquahala, the H in MACH Gen, that ultimately ended with FERC blocking a deal with **Wayzata Investment Partners** over market power concerns ([PI, 5/13](#)).

The company has an \$839.1 million second lien term loan from 2007 that is set to mature in February 2015. The loan carries pricing of U.S. LIBOR plus 750 basis points. Second lien debt traded in the low 60s for most of 2013 and has dipped to around \$0.59 on the dollar this month. The debt is not rated.

There is also a \$160 million term loan that was arranged by **Beal Bank** and affiliate **CSG Investments** in February 2012 ([PI, 6/15/12](#)) although that loan is not impacted by the current plan, says another deal watcher. That loan is solely held by CSG, notes the deal watcher, and is not traded on the secondary market. A CSG spokesman told *PFR*, "We are pleased with the result. Beyond that, we cannot comment due to customer confidentiality."

The identity of the advisory teams working with creditors and MACH Gen could not be immediately learned. Officials with MACH Gen and Rockland either declined to comment or could not immediately respond to an inquiry. Spokespeople for the creditors could not immediately comment.

—Holly Fletcher

Atlantic Floats *(Continued from page 1)*

month, according to a company statement. The company's stock has fallen from \$11.92 a year ago to \$2.12 on the **New York Stock Exchange**, at press time on Thursday. The company is also traded on the **Toronto Stock Exchange**.

The seven-year loan is being floated at LIBOR plus 400 basis points with a floor of 100. The original issue discount is 99, with 12 months of a soft call at 101. The term loan is rated Ba3 by **Moody's Investors Service** and B+ with a 2 recovery by **Standard & Poor's**. **Goldman Sachs** and **Bank of America Merrill Lynch** are the joint lead arrangers on the deal.

A successful refinancing buys the company time to reposition its portfolio and pay down debt, notes one observer. However, if the financing is not successful there could be a move to sell more assets or embark on a wider scale restructuring. The company's assets would be attractive to a swath of buyers, some of whom would be willing to buy it as a whole, say observers. Atlantic Power sold non-core assets last year to pay down debt, including three

ALTERNATING CURRENT

First Wind Corrals New England Snow Hounds, Bunnies



While most of the eyes of the world will be on Sochi for winter sports in the coming weeks, First Wind is calling powder fanatics stateside to participate in a snowmobile ride-in at its Stetson project in Maine.

The event will support the development of the Ride the Wind trail, a 590-mile snow mobile circuit that will connect 10 wind farms in Maine, stretching from **TransCanada's** Kibby project in Franklin County to **First Wind's** Mars Hill project in Aroostook County.

Snowmobile club stalwarts such as the **Quad County Snowmobile Club**, the **Lincoln Snowhounds** and the **Lee Mogul Pounders** will be taking part in the event, scheduled for Feb. 15, alongside many other participants. Whether financiers will be participating as part of their due diligence could not be learned.

Although the ride-in will likely not feature Jamaican bobsledders or Flying Tomatoes, it does allow riders to see a wind facility close up. Participants from all over Maine and New England will ride along a series of well-groomed trails and arrive at Stetson's operations and maintenance building near Danforth for a complimentary lunch and more activities. From there they will be able to see the turbines, rotors and motors in action.

Snow bunnies are encouraged to ride in from their clubs to the trail intersection at Atlas Road on Stetson Mountain, or to simply meet at First Wind's operations and maintenance building on Owl Mountain Road.

For all riders, a snowmobile helmet or hard hat is required. For more information, check out <http://ridethewindmaine.com>.

cogeneration facilities in Florida to **Quantum Utility Generation** for \$136 million and was a co-owner in Gregory in Texas, which sold to **NRG Energy** ([PI, 2/5/13](#) & [4/19](#)).

The company disclosed in an 8-K filing with the U.S. **Securities and Exchange Commission** that about 200 MW of power purchase agreements on gas-fired generation in California and New Jersey will expire before the maturity of the loan. The company anticipates that market conditions will create an opportunity to extend the PPAs or put new ones in place but the merchant tail could be a factor for some lenders looking at the deal, says one financier.

Atlantic's total debt was \$2.375 billion, with \$1.302 billion of that at the corporate level and the remainder at the project level, according to the 10-Q. The company owns stakes in 29 facilities in 11 states in the U.S. and two provinces in Canada.

Calls placed to **Amanda Wagemaker**, investor relations associate at Atlantic, were not returned by press time. Bank officials either declined comment or did not respond to inquiries.

—Holly Fletcher & Nicholas Stone