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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

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Longroad lassoes 900 MW portfolio in Arizona

Longroad Energy Holdings has struck a deal to buy a 900 MW (DC) solar portfolio from **First Solar**. *Page 5*

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Debt package for Savion solar project in Texas

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Energy Transfer pivots to "alternative energy"

Dallas-based oil and gas pipeline company **Energy Transfer** has formed a new group focusing on alternative energy projects. *Page 12*

Big chill wreaks havoc in Texas power market

Taryana Odayar

As winter storms wallop Texas, leaving around four million people to wait out rolling blackouts and sending power prices skyrocketing, project finance professionals and investors are assessing the fallout for project-financed assets in the Lone Star State.

Since the winter storm began to bite on February 15, about 185 generating units have tripped offline due to a combination of limited natural gas supplies, low gas pressure, frozen wind turbines and icy instruments.

As of the morning of February 17, about 46 GW of generation had been forced offline, of which 28 GW was thermal and 18 GW a mixture of wind and solar, according to a statement from grid operator Ercot. The supply problems have sent power prices soaring to Ercot's ceiling of $9,000/MWh.

As a result of the high power prices, gas-fired merchant peakers are judged to be the biggest potential winners – as long as they have been able to stay operational and retain access to PAGE 6 »

The big chill

GREEN Act would bolster tax credits for renewables, introduce storage ITC

Taryana Odayar

Lawmakers in the US **House of Representatives** have reintroduced the Growing Renewable Energy and Efficiency Now (GREEN) Act, first introduced in June 2020, which would extend federal tax credits for renewable energy and carbon capture projects and provide a long anticipated investment tax credit for standalone energy storage projects.

The bill was proposed by Representative **Mike Thompson** (D-Calif) in the House's chief tax-writing committee, the **Ways and Means Committee**.

The proposed legislation includes extensions to the federal tax credits for PAGE 8 »

IDB to the rescue in Chile with A/B deal

Carmen Arroyo

IDB Invest has arranged an A/B loan to finance the purchase of receivables from several renewable energy projects and portfolios in Chile as part of its strenuous efforts to prop up the country's power sector, which is reeling from a government-mandated price freeze.

The $139 million loan, described as Latin America's first tariff stabilization A/B facility, closed on February 11, shortly PAGE 10 »

SoCalEd prices wildfire recovery ABS

Richard Metcalf

Southern California Edison has priced its first securitization in more than 20 years, the proceeds of which it will use to finance upgrades and other costs associated with its wildfire prevention program.

Barclays and **RBC Capital Markets** were the bookrunners on the $338 million offering, which comprised three tranches with various maturity dates but PAGE 7 »

IN THIS ISSUE

EDITORIAL

Is there any problem securitization can't fix?

Securitization exists in the public consciousness primarily as a shadowy corner of the capital markets in which out-of-control financial engineering causes global economic meltdowns. Could it be due a reappraisal?

Most people, when they think of securitization at all, think of the mortgage-backed deals that were at the heart of the financial crisis of 2008 and 2009, having perhaps learned how they work through the movie adaptation of **Michael Lewis**'s book, 'The Big Short.'

The mortgage-backed bond was first cooked up in the late 1980s by cheeseburger-chomping, cigar-puffing traders at **Salomon Brothers**, according to Lewis's account in his earlier memoir, 'Liar's Poker.'

Since then, ABS bankers have undergone something of a makeover. The obese, obscene pranksters of yesteryear are largely gone, and in their place is an increasingly diverse cohort of wholesome, immaculately attired and unfailingly professional men and women.

Mirroring the evolution of the ABS banker, the product itself has also transformed into something almost unrecognizable. The mortgage-backed deals are still there, sliced and diced into a credit ratings salad to suit the tastes of every investor, but these days they are joined on the menu by a wide range of other dishes – whose ingredients include everything from credit cards and student loans to the royalties from **David Bowie** records.

The power and utility sector, not wanting to be left out of the action, joined the party in the late 1990s with "stranded cost" bond offerings which were used to compensate utilities for assets rendered uneconomical by deregulation.

More recently, the ABS market has grown a social conscience with "green" offerings in the form of bonds backed by residential solar leases, loans and power purchase agreements. Could securitization finally save the world, instead of blowing it up?

New variations of the utility securitization also continue to pop up from time to time. **Southern California Edison**, for instance, is the first company to take advantage of California's new Securitization Law, which allows utilities to recoup the costs of upgrading the grid to mitigate wild fire risk (*see story, page 1*). Another worthy cause.

In Latin America, power generators bearing the brunt of a price freeze designed to alleviate the cost of living for Chileans were recently rescued by a securitization of deferred receivables arranged by **Goldman Sachs** with considerable input from **IDB Invest** (PFR, 2/9).

All of which raises several questions. Will securitization finally be lauded as the hero of the story? Is there any problem it can't fix? What about upgrades to enghance grid reliability in Texas?

"That could be something where the [Public Utility Commission] says it's reasonable that you're going to want to recoup those costs through securitization," says an ABS banker (well, he would, wouldn't he?). "It's an expanding universe, so, obviously, we're always looking." ■

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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 **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

GENERATION AUCTION & SALE CALENDAR

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.

Generation Sale DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Allete Clean Energy	Northern Wind (120 MW Wind)	Minnesota		Xcel Energy has inked a deal to buy the assets as of February (see story, page 5).
American Electric Power	Racine Plant (48 MW Hydro)	Ohio	Scotiabank	Eagle Creek Renewable Energy agreed to buy the asset as of February (PFR, 2/15).
Apollo Global Management	Sunlight Financial	US		Sunlight has agreed to go public via a merger with Apollo's SPAC as of January (PFR, 2/1).
Ares Management, Highstar Capital	Linden Cogen (972 MW Gas, 28%)	New Jersey		Thailand's ECGO Group agreed to purchase the stake as of February (PFR, 2/8).
Belltown Power Texas	Portfolio (870 MW Solar, Wind)	Texas		The sponsor was marketing the portfolio as of February (PFR, 2/15).
Brazil	Companhia Estadual de Distribuição de Energia Elétrica	Brazil		Neoenergia announced it will not bid for the company as of the third week of February. The auction is on March 31 (see story, page 10).
	Companhia Energetica de Brasilia Distribuição	Brazil		Neoenergia issued debentures on February 12 to fund the purchase of the company which closed in December (see story, page 10).
Brookfield Infrastructure Partners, Kinder Morgan	Natural Gas Pipeline Co of America (Gas, Storage)	US	RBC Capital Markets	Private equity firms are considering buying the stake in the asset as of February (PFR, 2/8).
Caithness Energy	Shepherd's Flat (845 MW Wind)	Oregon	Nomura Greentech	Brookfield Asset Management has agreed to buy the asset as of January 8 (PFR, 1/18).
Cemig	Light (26%)	Brazil	Itau BBA, BTG Pactual, Santander, XP Investimentos, Citi	Cemig is looking to sell the stake as of January (PFR, 1/18).
Colombia	Interconexion Electrica (51.41%)	Colombia	HSBC, Bancolombia	Ecopetrol signed an exclusivity agreement to buy ISA's stake on February 12 (see story, page 10).
Consolidated Edison	Stagecoach Gas Services (50%)	US	TD Securities	The developer is selling a stake in the firm (PFR, 1/11).
Duke Energy	Duke Energy Indiana (19.9%)	Indiana	JP Morgan, Centerview Partners, Barclays	GIC Private Limited agreed to purchase the stake as of February (PFR, 2/8).
esVolta	esVolta	US	Nomura Greentech	Macquarie agreed to buy a stake as of January (PFR, 1/25).
EDF Renewables	Portfolio (1.6 GW Solar, Wind, 50%)	US	BofA Securities	Masdar reached first close on the purchase as of February (PFR, 2/15).
Eletronorte	NTBE (49%)	Brazil		Eletronorte has issued an RFP for an adviser (PFR, 1/18).
First Solar	Sun Streams 2 (200 MW (DC) Solar)	Arizona		Longroad has closed the purchase of Sun Streams 2 as of February, while the closing of the other two deals is subject to regulatory approvals (see story, page 5).
	Sun Streams 4 (200 MW (DC) Solar)			
	Sun Streams 5 (500 MW (DC) Solar)			
Hecate Energy	Portfolio (1,500 MW Solar-plus-storage)	US	Cantor Fitzgerald	The sponsor is looking for a buyer as of January (PFR, 1/18).
InstarAGF Asset Management	Okanagan Wind (30 MW Wind)	British Columbia	CIBC Capital Markets	CK Group has agreed to purchase the wind duo as of February (PFR, 2/15).
Light	Portfolio (Hydro, 51%)	Brazil		Brasal Energia has agreed to buy the stakes (PFR, 1/11).
Lennar Corp	SunStreet	US		Sunnova Energy International has signed a deal to buy the residential solar business SunStreet as of February (see story online).
LS Power	EvGo	US	BofA, Credit Suisse	The Pacific Investment Management Co SPAC has eyed the company as of January (PFR, 2/1).
New Energy Solar	Mount Signal 2 (154 MW Solar, 50%)	California		US Solar Fund has agreed to buy the stake as of January (PFR, 2/1).
Northleaf Capital Partners	South Branch (30 MW Wind, 49%)	Ontario	National Bank Financial	The bank circulated teasers for the sale the first week of February (PFR, 2/8).
Powin Energy	Powin Energy	US		Energy Impact Partners and Trilantic North America agreed to buy a controlling stake as of February (PFR, 2/15).
PSEG Power	Portolio (468 MW Solar)	US	Goldman Sachs	Teasers circulated in November (PFR, 1/18).
Renova Energia	Alto Sertão III Phase B (305 MW Wind)	Brazil		Prospective bidders sent letters of intention to Renova on February 1 (PFR, 2/15).
Rockland Capital	PH Robinson (360 MW Gas)	Texas	Thorndike Landing	The sponsor had appointed a financial advisor as of February (PFR, 2/8).
Southern Power	Portfolio (160 MW Storage)	California		AIP Management has agreed to invest in the battery storage pair as of February (PFR, 2/15).

● **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 Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@powerfinancerisk.com

PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector.

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
AES Gener		Chile		Capital increase	$306m		The closing of the increase was announced on February 8 (PFR, 2/15)
● Aela Generación, Cerro Dominador, Generadora Metropolitana, Santiago Solar, Norvind, Eléctrica Carén, San Juan, Chungungo Solar		Chile	IDB Invest, BNP Paribas, Santander	A/B loan	$139m		The A/B facility closed on February 11 (see story, page 10).
AES Gener, Guacolda Energia, Colbún, Enel Green Power, Enel Generación Chile, Engie Energia Chile, Eólica Monte Redondo		Chile	Goldman Sachs	Asset-Backed Securitization	$489m	7-yr	The deal closed on February 8 (PFR, 2/15).
Blackstone Group	Frontera (526 MW Gas)	Texas	PJT Partners, Alvarez & Marsal, Houlihan Lokey	Restructuring	$944m		The debt will be converted into equity as a result of the Chapter 11 protection the firm filed for on February 3 (PFR, 2/15).
Caithness Energy	Long Island Energy Center (350 MW Gas)	New York	Investec	Holdco debt	$150m	9-yr	The deal closed on January 28 (PFR, 2/8).
● Cox Energy America	Sol de Vallenar (308 MW (DC) Solar)	Chile					The sponsor is looking for debt for the asset as of February 12 (see story, page 11).
Distributed Solar Development	Portfolio (Solar)	US	Credit Suisse		$300m		Blackrock raised the debt as of January (PFR, 2/1).
Equinor, BP	Empire Wind (816 MW)	New York (offshore)		Debt			Société Générale appointed as financial adviser (PFR, 11/30).
				Tax equity			
GenOn Energy	Chalk Point (1.6 GW Gas, Oil)	Maryland	Investec	Term loan A	$305m	5-yr	The sponsor was preparing to launch the financing, and to hold bank meetings later in February (PFR, 2/15).
	Dickerson (312 MW Gas, Oil)						
Grenergy Renovables	Portfolio (130 MW Solar)	Chile	Natixis	Term loan	$85m		Loan closed in the first week of January (PFR, 1/18).
Interchile	Cardones-Polpaico (Transmission)	Chile		Bond refinancing	$1bn		The sponsor has sent out RFPs to banks (PFR, 10/19).
InterEnergy Group	Portfolio (255 MW Wind, Solar)	Panama	Citi	Bond refinancing	$262.664m	18-yr	Issuance closed in December (PFR, 1/11).
Inversiones de Generación Eléctrica	Traverse (999 MW Wind)	Oklahoma	CIBC, MUFG, Santander, Natixis, SMBC	Construction loan	$1.2bn		Deal was live as of first week of January (PFR, 1/18).
	Jilamito (14.8 MW Hydro)	Honduras	IDB Invest	Term loan	$20.25m		Debt package approved in December (PFR, 12/14).
Key Capture Energy	Portfolio (250 MW Storage)	Texas					The sponsor is conducting pre-marketing for debt as of February (PFR, 2/15).
	Portfolio (230 MW Storage)	Texas	CIT Bank, Rabobank, Siemens	Term loan	$100m	C+5yr	The deal closed on February 5 (PFR, 2/15).
Mainstream Renewable Power	Copihue (100 MW Wind)	Chile		Term loan	$160m		The bank sent an RFP to banks in January (PFR, 2/8).
Momentum Energy Storage Partners	Momentum Energy Storage Partners	US	Leyline Renewable Capital				Leyline invested in the company as of February (PFR, 2/8).
Northern Indiana Public Service	Rosewater Wind (102 MW Wind)	Indiana	Wells Fargo	Tax equity	$170m		The deal closed as of February (PFR, 2/8)
NRG Energy	Astoria Replacement Project (437MW Gas)	New York	Crédit Agricole	Term loan	$280m	C+5yr	The debt raise is ongoing, with the bank group meant to be finalized on January 15 (PFR, 2/1).
Oaktree	Seaside LNG (50% of JAX LNG)	Florida	Investec	Term loan (holdco)	$122m	C+5yr	Lender meetings scheduled for second week in December (PFR, 12/7).
				Ancillary facilities	$25m	C+5yr	
Pine Gate Renewables	Pine Gate NC Portfolio (Solar, Storage)	North Carolina	Crestmark	Term loan			Deal announced on January 14 (PFR, 1/25).
			US Bank	Tax equity			
● Savion	Westoria Solar (200 MW Solar)	Brazoria County, Texas	CIT Bank, ING Capital	Term loan	$79m	C+5yr	The sponsor is working on the financing as of February (see story, page 7).
				Tax equity	$95m		
				Ancillary facilities	$38m		
TexGen Power	TexGen Power (2.2 GW Gas-fired)	Texas	Cantor Fitzgerald (adviser)	TBC	TBC	TBC	Proposals sought from potential arrangers in November 2020 (PFR, 1/25).
Tokyo Gas America	Aktina (500 MW Solar)	Texas	BofA, Morgan Stanley	Tax equity			The sponsor has secured the commitment (PFR, 12/21).

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NORTH AMERICA MERGERS & ACQUISITIONS

Longroad lassoes 900 MW of Arizona solar

Longroad Energy Holdings has struck a deal to buy a 900 MW (DC) portfolio of solar projects in Arizona from **First Solar**.

The portfolio comprises the Sun Streams 2, 4 and 5 projects, which have a combined solar capacity of 900 MW (DC), plus the potential for 1 to 2 GWh of battery storage.

Longroad has already closed its acquisition of the 200 MW (DC) Sun Streams 2 project in Maricopa County, which *PFR* first reported was in the works in October 2020 (PFR, 10/13). **McCarthy Building Companies** is constructing the project and plans to bring it online in June 2021.

The project is expected to start selling test power in the first quarter of 2021 and has a 20-year power purchase agreement with **Microsoft Corp** to power its data centers in Goodyear and El Mirage, Arizona.

The closing of the the 200 MW (DC) Sun Streams 4 and 500 MW (DC) Sun Streams 5 acquisitions are subject to regulatory approvals and customary closing conditions.

Sun Streams 4 and 5 are both in development and due online in 2022 and 2024, respectively. Both projects are uncontracted and can accommodate a variety of offtake structures, with or without storage.

"Arizona is an important location for Longroad as we seek to bring competitive renewable projects to power buyers in the Western U.S."

Paul Gaynor, CEO, Longroad

"The Sun Streams complex is ideally positioned," said **Paul Gaynor**, Longroad's CEO. "It is adjacent to one of the most significant power hubs in the desert Southwest and California, the solar resource is excellent, and we have multiple transmission options with direct access to CAISO and the Southwest markets. We also have the ability to include a significant amount of energy storage capacity to make the assets even more competitive."

Longroad has executed purchase agreements to fit the Sun Streams projects with First Solar's Series 6 modules.

The Sun Streams acquisitions build on a growing presence in Arizona for Longroad, which already owns operating solar projects in the state as well as a development portfolio. "Arizona is an important location for Longroad as we seek to bring competitive renewable projects to power buyers in the Western U.S.," said Gaynor.

Last year, **ConnectGen**, a developer led by a group of former **EDP Renewables North America** staffers, closed term financing for its acquisition of a portfolio of projects, including Sun Streams 1, from First Solar (PFR, 5/19). **CoBank and Nord-LB** acted as joint lead arrangers on the 14.5 year term loan.

Meanwhile, **Leeward Renewable Energy** recently emerged as the buyer for First Solar's 10 GW utility-scale solar project development platform, following a competitive auction process (PFR, 1/25). ■

Allete to sell repowered wind projects to Xcel

Allete Clean Energy has signed a deal to sell two repowered wind projects in Minnesota to utility holding company **Xcel Energy**.

The projects, collectively known as Northern Wind, will have a combined capacity of 120 MW when they are brought back online in 2022, up from 98 MW previously.

The sale agreement is the result of a request for projects launched by the **Minnesota Public Utilities Commission** to help with the state's economic recovery from the Covid-19 pandemic.

Xcel plans to file for approval of the repowering and acquisition in mid-February.

The Chanarambie and Viking projects were originally financed in 2003 and came online the same year. Allete acquired them from EDF Renewable Energy for $47.5 million in 2015 (PFR, 4/20/15). At the time, they were serving power purchase agreements with Xcel subsidiary **Northern States Power**. ■

Greenshoe for third Apollo energy SPAC used in full

The underwriters of the initial public offering for **Apollo Global Management**'s third energy transition special purpose acquisition company (SPAC), **Spartan Acquisition Corp III**, have exercised their greenshoe option in full, bringing the total size of the deal to $552 million.

The bookrunners on the trade, led by **Credit Suisse**, **Citi** and **Cowen**, had 45 days from close to use the $72 million over-allotment option, but the SPAC announced that it had been fully exercised on the closing date of February 11.

Apollo had already increased the size of the blank check IPO once, from $400 million when the prospectus was filed, up to $480 million when the transaction was launched (PFR, 2/9/21).

The full list of underwriters includes Credit Suisse, Citi, Cowen (underwriters representatives), **Morgan Stanley**, **Barclays**, **RBC Capital Markets** (bookrunners), **TD Securities**, **MUFG** and **Siebert Williams Shank** (co-managers).

Vinson & Elkins was the issuer's counsel and **Latham & Watkins** represented the underwriters. Spartan III is Apollo's third SPAC targeting the energy transition.

The first, **Spartan Energy Acquisition Corp**, priced its $480 million IPO in 2018 and went on to merge with electric vehicle maker **Fisker** in 2020.

The second, Spartan Acquisition Corp II, was floated last year and quickly reached a $1.3 billion agreement to take residential solar finance company **Sunlight Financial** public (PFR, 1/25/21). ■

● ERCOT DISPATCH

Big chill wreaks havoc in Texas power market

«FROM PAGE 1 natural gas supplies. "Money will be falling from the sky for those folks," says **Akin Gump** partner **Dan Sinaiko**.

"Peaking gas assets should be making money hand over fist as long as you have firm desk contracts rather than interruptible contracts," added a project finance banker. "If you're merchant and running, you should be thrilled."

Meanwhile, wind projects whose blades have not frozen to a halt and have merchant upside in their contracts "are making a year, even two years' worth of Ebitda a week," says an M&A banker in New York. "It's been a windfall – pun intended – for guys that have not had icing issues and are connected."

Battery storage companies like **Key Capture Energy**, **Fluence** and **Stem** are also likely to benefit from the enhanced investor enthusiasm around their product as a result of the situation in Texas, says the M&A banker.

However, many gas-fired power plants are in a bind as they are not operating. This is especially unfortunate for contracted projects.

"The worst positioned generators are being forced to sell power into wide basis spreads that are blowing a hole in project economics – we have heard some generators facing spreads as wide as $21,000/MWh," says Sinaiko.

"Without equity infusions, these projects would face liquidity crunches, if not outright events of default," he adds.

Contracted plants that have *force majeure* provisions in their offtake agreements, or pre-existing operational issues to cite as an excuse for not delivering electricity into negative basis spreads, are "the luckier" ones.

"The worst positioned generators are being forced to sell power into wide basis spreads that are blowing a hole in project economics."

Dan Sinaiko, partner, Akin Gump

The ultimate winners and losers will take some time to determine, as market participants do not yet have a clear view of which assets suffered outages and which stayed open to reap the windfall.

For instance, term loan Bs issued by single-asset generators in Texas do not appear to have traded in one direction or the other yet, an investor tells *PFR*.

"With high volatility in oil, gas and stock markets, it's usually only a week after that you can see who is swimming without bathing suits," adds the M&A banker.

MARGIN CALLS

All projects whose revenues are stabilized with hedges – gas-fired, wind or in some cases even solar – are facing margin calls from hedge counterparties as a result of the spike in volatility in the power market.

"On contracted projects, we have seen heavy margin calls in the last few days and lots of equity infusion," says Sinaiko.

In some cases, project finance borrowers faced with large margin calls from their hedge counterparties have arranged hasty meetings with their existing lenders to increase the size of letter of credit facilities to cover the additional collateral they need to post.

"If you don't have cash or letter of credit capacity, you need additional capital," says a second project finance banker. "Clients are looking to increase their lines to cover that."

In many cases, the lenders are amenable to this because they would also prefer to avoid a default, and the additional capital will only be needed temporarily until power market volatility returns to normal.

But if that does not work for any reason, project sponsors will face an urgent choice between injecting equity to meet margin calls or moving their power plants into workouts or bankruptcies to avoid breaching project arrangements.

"It will obviously be a project-by-project economic decision, but I would expect most sponsors to inject equity," says Sinaiko. "The next question will be whether the sponsors try to get equity out of the project with new mezzanine, common or preferred capitalizations. Doing so would mean giving up some long-range economics, but for sponsors or investment funds with specific capital needs and objectives, these types of transactions may make sense."

MARKET REFORM?

Unsurprisingly, the crisis has reignited the debate over Ercot's somewhat insular, energy-only market structure, which lacks the capacity markets and penalties that are designed to ensure reliability in other markets, such as PJM Interconnection.

Texas Governor **Greg Abbott** has already ordered an investigation that could finally lead to changes. "The Electric Reliability Council of Texas has been anything but reliable over the past 48 hours," he tweeted on February 16.

Whether this leads to the introduction of a capacity market or other measures to incentivize cold-weatherization in Ercot's hyper-competitive power market remains to be seen. Certainly, market participants are not pinning any hopes on it any time soon, even those that think it would be a good idea.

"A stronger case has never been made," says **Ammad Faisal** at **Marathon Capital** in New York. "But it's unlikely as a capacity market is against Ercot's religion."

Some other market participants thought it would be difficult to establish whether the presence of a capacity market would have averted the crisis.

The other M&A banker that *PFR* spoke with thought that a capacity market might be introduced, but that the process to get there would be drawn out and convoluted.

"There will be a blue ribbon panel to understand what happened," he said, adding that he expected the panel to run complex simulations of how the market would have performed if a capacity regime had been in place. Hearings with various interested parties would follow – "a bit of a carnival" – and a further six months of comments.

"And two years from now," he concluded, "Ercot will install capacity prices." ■

Additional reporting by ***Richard Metcalf****.*

NORTH AMERICA PROJECT FINANCE

Savion assembles debt package for Texas solar

Macquarie Capital's renewable energy development platform **Savion** is putting together a roughly $212 million debt package for a 200 MW solar project in Texas that has two non-utility offtakers.

The project, called Brazoria West or sometimes Westoria Solar, is located in Brazoria County and due to be online in the fourth quarter of 2021.

CIT Bank and **ING Capital** are leading the financing, which is understood to comprise:

- $79 million construction-plus-five-year mini-perm loan with an 18-year amortization profile
- $95 million tax equity bridge loan
- $38 million letter of credit facility

Pricing on the construction loan is 175 bp over Libor stepping up to 250 bp during the term loan period and again to 275 bp in the fourth year, *PFR* has learned.

The project will sell 80% of its output under a unit-contingent power purchase agreement with privately held conglomerate **Cox Enterprises** and a fixed-shape PPA with **Engie**, which has a retail electricity business in Texas. The remaining capacity is uncontracted.

Savion was formerly the solar and energy storage arm of **Tradewind Energy**, the Kansas-based developer founded by **Rob Freeman**, **Geoff Coventry** and **Matt Gilhousen**.

Enel Green Power North America held a minority stake in Tradewind for many years but reached a deal with the principals to become its sole owner in 2019.

As part of the deal, however, Tradewind's 6 GW solar and storage development pipeline was spun off to Macquarie's Green Investment Group along with two of the principals, Freeman and Coventry, and rebranded as Savion (PFR, 3/27/19).

Savion was officially launched in November 2019. Over the course of the following year, it signed power purchase agreements totaling 837 MW and sold projects with a combined capacity of 220 MW.

Freeman and Coventry are in the process of stepping back from their management roles as they hand over to Macquarie staffers **Nick Lincon** and **Tim Dobney** (PFR, 9/28). ■

CAPITAL MARKETS

SoCalEd prices wildfire recovery ABS

«FROM PAGE 1 the same triple-A ratings across the board from the three main rating agencies.

The $138 million shortest-dated tranche, which has a legal maturity in November 2033, was priced at 30 bp over Treasurys to yield 0.861%. The $100 million intermediate tranche, which matures in May 2040, was priced at 65 bp over the curve to yield 1.942%. And the $100 million longest-dated tranche, which matures in November 2045, was priced at 60 bp to yield 2.51% (see table below for more details).

The final pricing was roughly 35 bp to 40 bp inside initial price thoughts, says a person familiar with the transaction.

"Demand definitely exceeded expectations," said the source, who noted that the offering received interest from corporate as well as ABS bond investors. "It set a really high bar and set a strong precedent for how you structure this type of deal to get the best execution."

The securitization, which is being issued in accordance with California's recently passed Securitization Law, will result in a lower overall cost to ratepayers than "traditional utility financing mechanisms," according to a pre-sale report published by **Fitch Ratings**.

Outside of securitization, the lowest-cost corporate debt that SoCalEd can issue takes the form of first mortgage bonds (FMBs), which are rated A3/A-/BBB+. Last year, the utility issued 40-year FMBs with a coupon of 3.65%.

The securitization, dubbed a "recovery bond," will be repaid through fixed recovery charge (FRC) payments from SoCalEd's customers. The initial FRC is expected to be 0.054¢/kWh, or 0.27% of a typical residential bill. On a weighted average basis across all customer classes, the initial FRC is expected to be 0.033¢/kWh, or 0.16% of the customer bill.

The bonds will be supported by a "true-up mechanism" that adjusts customer tariffs to ensure that there are enough cash flows to make principal and coupon payments on an annual basis and keep a capital subaccount topped up, bolstering the creditworthiness of the notes.

The structure was approved by the state of California as a way to allow utilities to recover costs associated with wildfires and fire mitigation through customer bills.

The state legislature has approved up to $5 billion for such costs across all utilities in the state, of which SoCalEd's share is $1.575 billion, meaning that SoCalEd and peers such as **Pacific Gas & Electric** could become repeat issuers of securitizations in the coming years. PG&E has already begun its application for approval to issue an ABS.

Although utilities have been able to securitize certain costs for decades, in practice they rarely make use of the structure unless there is a clear need to justify it, such as funding recovery costs after a natural disaster or decommissioning large stranded assets, so there are often only one or two such deals a year. Issuers in the last few years have included **Duke Energy Florida**, **AEP Texas** and **PSNH**.

The last time SoCalEd issued a securitization was in 1997. It was paid in full in 2007. ■

SoCalEd recovery bond securitization 2021

Class	Amount	Weighted average life	Ratings (Moody's/ Fitch/S&P)	Legal final maturity	Launch spread over Treasurys	Yield	Coupon	Price
A-1	$137.78m	6 yrs	Aaa/AAA/AAA	Nov '33	30 bp	0.861%	0.861%	99.999
A-2	$100.00m	14 yrs	Aaa/AAA/AAA	May '40	65 bp	1.942%	1.942%	99.997
A-3	$100.00m	20 yrs	Aaa/AAA/AAA	Nov '45	60 bp	2.510%	2.510%	99.995

DC CONNECTION

GREEN Act would bolster tax credits for renewables, introduce storage ITC

«FROM PAGE 1 solar, wind and carbon capture projects, as well as the expansion of the ITC for energy storage projects.

It also includes an extension to the ITC for offshore wind projects, an asset class that was itself added to the ITC in a stimulus package that passed at the end of last year (PFR, 12/21).

President **Joe Biden** plans to release a clean power and infrastructure bill as soon as March that he hopes to put through Congress in 2021, and this bill that the House tax committee Democrats introduced is part of the jostling to get into that bill, explains **Norton Rose Fulbright** partner **Keith Martin**.

If passed, the slate of proposed tax credits would drive clean energy growth by pushing out deadlines, increasing credit rates and broadening the list of eligible property, and more importantly, by opening access to a far larger pool of industry players, says **Heather Cooper**, a partner at **McDermott Will & Emery**'s Miami office.

In summary, the tax credit proposals for projects starting construction before the end of 2026 are:

- Energy storage – added to the ITC
- Solar – ITC extension at the 30% level
- Wind – PTC extension at the 60% level
- Offshore wind – one-year ITC extension
- Section 45Q carbon capture – extension of credit

REFUNDABILITY AND TAX APPETITE

Specifically, the proposals include an extension of the solar ITC to 30% for projects starting construction after 2020 and before 2027, phasing down to 26% for projects starting construction in 2027, then 22% for projects that start construction in 2028, and 10% thereafter.

Wind projects starting construction before 2027 would also benefit from an extension of the 60% production tax credit (PTC), while the offshore wind ITC would be extended by one year.

More noteworthy than the extensions, however, is that the bill provides for a refundable tax credit for both the ITC and PTC. Under this, taxpayers would have the option of claiming up to 85% of both the ITC and PTC on their tax returns, rather than finding a third-party tax equity partner.

The refundability provision is reminiscent of the **Department of Treasury**'s Section 1603 cash grant program of 2009, under which 30% cash grants were awarded to renewable energy projects to increase investments, in lieu of the federal tax credits.

"The refundability provisions will be tremendously beneficial to counter the shortage of tax equity, especially for solar projects," says **Santosh Raikar**, managing partner and head of renewables at **Silverpeak**. "The solar industry has been hobbled by tariffs and duties, and needs such a 'shot in the arm' to grow in a meaningful way again."

Tax equity was reportedly in short supply last summer due to the economic slowdown brought about as a result of the Covid-19 pandemic (PFR, 9/17).

"Tax equity providers are really keeping to their shortlist," said one market watcher in August. "It will be difficult for developers that don't have those relationships or the durability to take on standard products."

In this way, the GREEN Act is important in that it provides a well-defined starting point for the role that clean energy tax incentives will play as the Biden Administration marches forward with its federal climate agenda, says **Carl Fleming**, a partner at McDermott's Washington DC office.

"Given some concerns over tax equity's fairly limited access to only a number of stakeholders to date, this could be a very meaningful shift to broadening such incentives to the largest number of beneficiaries," says Fleming, referring to the limited availability of third-party tax equity, which market watchers put anywhere between $12 billion and $19 billion per year.

However, although the 85% haircut would alleviate the effort it takes to lock in a tax equity investor and structure a complex partnership arrangement with lenders and lawyers, it also adds up to a significant sum of money that the government would have to provide.

Therefore, whether this portion of the GREEN Act providing for an 85% refundable credit actually makes it through the Senate will be interesting to see, says **Ellen Friedman**, partner and co-head of energy and infrastructure projects at **Nixon Peabody**.

The GREEN Act also proposes to extend the 45Q tax credit for carbon oxide sequestration projects that start construction before 2027, and provide a direct pay option for developers, again alleviating the pressure of hunting for tax equity financing.

ENERGY STORAGE

Most versions of the energy storage proposal circulating on Capitol Hill provide a 30% ITC that would phase out in line with the same schedule as the solar or fuel cell ITC, says Norton Rose's Martin. "A tax credit for standalone storage has bipartisan support and stands the best chance of moving as part of any infrastructure bill," he notes.

If passed in its current form, the provision of a 30% ITC for standalone energy storage should spur exponential growth and innovation in the sector, says Nixon Peabody's Friedman, adding that well-placed energy storage near load centers will address concerns relating to the intermittent nature of renewables.

For developers of standalone energy storage projects who have been competing largely on a market-driven basis, the addition of standalone energy storage projects to the ITC has been long awaited (PFR, 6/5).

"Energy storage companies like mine are very quickly growing, adding jobs across the country and building out the US supply and manufacturing chain," says **Jeff Bishop**, CEO and co-founder of **Key Capture Energy**, which recently secured a roughly $100 million financing for six energy storage projects in Texas (PFR, 2/5).

"Energy storage is a critical part of US energy resiliency in a rapidly changing energy world," he says. "I welcome any and all federal legislation that will level the playing field for energy storage through a stand-alone ITC and allow us to compete."

A similar sentiment was shared by **esVolta**'s CFO **Krish Koomar** at *PFR*'s Energy Storage Roundtable 2020 (PFR, 6/5).

The proposal applies to energy storage projects which have a capacity greater than 5 kWh, and for which construction starts before January 1, 2029. ■

PPA PULSE

California CCAs look to pool buying power

Eight community choice aggregators in California are aiming to leverage their collective purchasing power by combining to form a new joint powers authority (JPA) called **California Community Power** (CCP).

The member CCAs forming CCP are **Central Coast Community Energy**, **East Bay Community Energy**, **MCE**, **Peninsula Clean Energy**, **Redwood Coast Energy Authority**, **San José Clean Energy**, **Silicon Valley Clean Energy andc** **Sonoma Clean Power**.

A ninth organization, **CleanPowerSF**, is also pursuing membership.

"Over the years, as the CCA movement has grown, there has been an increase of CCA joint procurement efforts for large-scale renewables and energy storage projects," said **Beth Vaughan**, executive director of the **California Community Choice Association**.

By joining forces, the aggregators say they will benefit from enhanced negotiating power, larger procurement processes and increased opportunities for innovation, as demonstrated by their first major joint procurement for 500 MW of long-duration energy storage.

Through the storage request for offers, CCP is seeking a minimum 10-year contract for grid-charged technologies to come online by 2026, with a discharge period of at least eight hours. The solicitation is in the project evaluation stage. ■

Here is the rest of the past week's power procurement news:

Golden Virginia

Appalachian Power has issued the first in a series of requests for proposals that the utility is planning this year to comply with the Virginia Clean Economy Act.

The first tender is for up to 300 MW of solar and wind generation, with the option for battery storage.

The utility is seeking projects that are at least 50 MW in size and that will be online ideally by mid-December 2023, though projects online by December 2024 will also be considered.

All projects must interconnect with PJM Interconnection. Solar projects must be located in Virginia and wind projects that are located in the state will be preferred to those out of state.

The deadline to submit proposals is March 31.

Chemical bond

EDF Renewable Energy has signed a PPA with German chemical company **BASF** for 35 MW of generation from a wind farm in Crockett County from June.

Although the identity of the wind farm was not disclosed, EDF is one of the offtakers of **NextEra Energy Resources**' 500 MW White Mesa wind farm, which is located in Crockett County and is due to be online this year.

EDF has previously said that it will use some of the generation it is buying from White Mesa to supply another industrial client in Texas, **Baker Hughes**.

Reliable Intel

Portland General Electric has signed a 15-year PPA for a solar project in Oregon, in part to supply chip maker **Intel Corp**.

Avangrid Renewables is developing the 138 MW project, called Daybreak Solar, in Wasco County. It is expected to be online in 2022.

PGE will pass on all of the generation and renewable energy credits from the project to Intel, which will retire the RECs and use the power at its development and manufacturing plants in Hillsboro, Oregon.

Titan comes into focus

Sunpin Solar has disclosed the specifics of the financial hedge with **Morgan Stanley** and PPA with **Exelon Generation Co** that underpin its 70 MW Titan Solar 1 project in Imperial County, California.

The tenor of the hedge is eight years, while the PPA with Exelon is 12 years long.

PFR first reported that a deal with Morgan Stanley was in the works more than a year ago and added details of the Exelon PPA in October 2020 (PFR, 1/24/20, PFR, 10/8,20).

Morgan Stanley also provided tax equity financing, as reported last month (PFR, 1/4).

Starting XI

Duke Energy has awarded 20-year PPAs to 11 solar projects totaling 664 MW in North Carolina following a competitive RFP.

The projects range in size from 35 MW to 75 MW and are being developed by eight separate sponsors (*see table*).

Duke Energy Carolinas will be the offtaker for 10 of the projects, while another Duke subsidiary, **Duke Energy Progress**, will buy the output of the eleventh project, Marley Solar.

Duke Energy Carolinas will pay an average of $36.74/MWh under its contracts, according to a report filed with the **North Carolina Utilities Commission**. The average price for the Duke Energy Progress contract was not disclosed because there was only one project in this category. ■

Duke Energy solar PPAs awarded in 2020

Project	Sponsor	Location	Size
Brookcliff Solar	Pine Gate Renewables	Cherryville	50 MW
Stanly Solar	National Renewable Energy Corp	Albermarle	50 MW
Hornet Solar	Renewable Energy Services	Stanley	75 MW
Bear Branch Solar	Renewable Energy Services	Walnut Cove	35 MW
Hunters Cove Solar	Renewable Energy Services	Rutherfordton	50 MW
Aquadale Solar	Pine Gate Renewables	Mooresboro	50 MW
Healing Springs Solar	Cypress Creek Renewables	Denton	55 MW
Wilkes Solar	Solterra Partners	Wilkesboro	75 MW
Misenheimer Solar	Orion Renewable Energy Group	Misenheimer	74 MW
JSD Flatwood PV-2	JSD Management	Spartanburg	75 MW
Marley Solar*	Birch Creek Development	Kinston	75 MW
Total			**664 MW**

**The Marley Solar project will sell its output to Duke Energy Progress, while all of the other projects are contracted with Duke Energy Carolinas.*

LATIN AMERICA MERGERS & ACQUISITIONS

ISA in exclusive talks

Oil company **Ecopetrol** has entered into an exclusivity agreement with Colombia's **Ministry of Finance and Public Credit** to buy a majority stake in transmission company **Interconexión Eléctrica** (ISA).

The parties signed the agreement on February 12, after the Ministry had written to Ecopetrol on February 5 to accept its non-binding offer (PFR, 2/8). Ecopetrol had initially made a bid to acquire 51.4% of the firm's outstanding shares in January.

Ecopetrol will conduct due diligence on the company during the exclusivity period, which ends on June 30. The transaction is expected to close by then.

Other companies that had been considering a bid for ISA included **Grupo Energía Bogotá** (PFR, 1/7). ■

Brazil bonds for disco buy

Iberdrola subsidiary **Neoenergia** has issued R$2 billion ($369 million) in debentures in the Brazilian capital market to fund the acquisition of **Companhia Energetica de Brasilia Distribuição** (CEB-D).

The debentures have a tenor of 17 months and were registered on February 12. They were priced at 105 basis points over the Brazilian intra-banking interest rate (DI).

Neoenergia acquired CEB-D from the federal district of Brasilia for R$2.515 billion ($485 million) through a subsidiary called **Bahia Geração de Energia SA** (Bahia PCH III).

The sale agreement arose from a privatization auction that concluded in December 2020. Other bidders had included **CPFL** and **Equatorial** (PFR, 2/1). ■

Neoenergia drops out

One of the main contenders in the privatization of southern Brazilian utility company **Companhia Estadual de Distribuição de Energia Elétrica** (CEEE-D), **Iberdrola** subsidiary **Neoenergia**, has announced that it will not bid for the company.

Explaining the decision, Neoenergia's president **Mario Ruiz-Tagle** said in a conference with analysts that 2021 would be a year to focus on the company's existing investments in order to preserve and improve profitability.

"We have not planned to participate in the auction of CEEE distributor, nor the privatizations that could happen still in 2021," he said.

Bidders interested in acquiring CEEE-D have until March 26 to submit proposals. The auction is scheduled for March 31. ■

LATIN AMERICA PROJECT FINANCE

IDB to the rescue in Chile with A/B deal

«FROM PAGE 1 after the announcement of a similar deal, also involving IDB, that was structured as a securitization (PFR, 2/9).

Under its well-established A/B loan program, the IDB typically provides an 'A' portion of financing using its own resources, while partnering with international banks or institutional investors to provide the 'B' tranche.

In the case of the tariff stabilization package, IDB will retain a 33% tranche, while the remainder will be split evenly between co-arrangers **BNP Paribas** and **Santander**.

"The political umbrella provided by IDB Invest's involvement as purchaser of record under this A/B purchase facility, combined with the credibility that Santander and BNP Paribas brought to the table, helped mobilize significant private sector resources towards a novel credit instrument and will certainly serve as a template for similar structures across the region," said **Fabricio Longhin**, a partner at **Clifford Chance**, which advised the arrangers on the deal.

The eight projects or portfolios that are being supported by the transaction are:

- **Actis** and **Mainstream Renewable Power**'s joint venture **Aela Generación**
- **EIG Global Energy Partners**' special purpose vehicle **Cerro Dominador**
- **Andes Mining and Energy Corp** and **EDF**'s joint venture **Generadora Metropolitana** and its subsidiary **Santiago Solar**
- **Latin America Power**'s subsidiaries **Norvind, Eléctrica Carén** and **San Juan**
- **Atlas Renewable Energy**'s **Chungungo Solar**

There are several differences between the A/B loan and the previously announced receivables securitization.

The latter was arranged by **Goldman Sachs** to finance group of seven generation companies (gencos) at the corporate or parent company level (PFR, 2/9). The $489 million seven-year asset-backed bond was issued through a bankruptcy-remote issuing entity called **Chile Electricity PEC** (CEP) (PFR, 1/20).

In contrast, the latest A/B facility "has been tailored to accommodate the particular needs of single-asset project financed generators," said Longhin.

The legal advisers on the A/B deal include:

- Clifford Chance – New York counsel to IDB Invest, BNP and Santander
- **Guerrero Olivos** – Chilean counsel to IDB Invest and co-arrangers
- **White & Case** – New York counsel to sellers
- **Claro y Cia** – Chilean counsel to sellers

The A/B financing has been in the works for over a year, says a source close to the deal. Initially, all 15 gencos had been working on the same deal, before the largest companies – such as **AES Gener**, **Engie**, **Enel** and **Colbún** – decided to abandon the A/B deal and concentrate on the Goldman bond instead, said the source.

Both of the deals were designed as a response to the Tariff Stabilization Law introduced by the Chilean government in fall 2019 to quell widespread protests against rises in the cost of living and economic inequality.

Although the gencos' assets are largely contracted under dollar-denominated power purchase agreements with local regulated utilities, known as distribution companies or "discos," the law included a measure to defer payments under such contracts for two years (PFR, 11/6/19). ■

LATIN AMERICA PROJECT FINANCE

Repsol, Ibereólica ink wind PPA

A joint venture between **Repsol** and **Grupo Ibereólica Renovables** has signed a 14-year power purchase agreement for a wind farm in the Chilean region of Atacama.

The 180 MW Atacama wind project, in the municipality of Freirina, is owned by **Repsol Ibereólica Renovables Chile** – a 50:50 JV between the two Spanish companies.

The identity of the offtaker was not disclosed. The facility is expected to be brought online in the second half of 2022.

The JV was created last July after Repsol acquired a 50% stake in Ibereólica's wind and solar portfolio in Chile (PFR, 7/23/20). The oil firm agreed to inject €168 million ($194.4 million) into the JV in exchange for its stake. The capital is to be invested in installments through 2023.

At the time, the JV was developing three wind farms and two solar projects totaling 1,678 MW, all expected to be online by 2025. Repsol has an option to buy Ibereólica out of the JV after 2025.

The firms could develop a total of 2.6 GW by 2030, they noted in a statement.

Repsol and Ibereólica are already working on a second asset in Chile – the 189 MW Cabo Leones III wind farm. The facility is divided into two phases:

- a 79 MW portion that began commercial operations in December
- a 100 MW phase that is expected to be brought online this year

The Cabo Leones III project was financed in June 2019 by **Sumitomo Mitsui Banking Corp** and **Santander**. They arranged the $110.8 million financing, which comprised a $93.7 million senior term loan, $4.4 million in letters of credit, and a $12.7 million VAT facility (PFR, 6/27/19).

Linklaters and **Morales & Besa** advised the lenders on that deal, with **Squire Patton Boggs** and **Philippi Prietocarrizosa Ferrero DU & Uria** assisting the sponsor. ■

Cox pursues financing for Chilean solar

The Latin American subsidiary of Spanish developer **Cox Energy** is in talks with banks to finance a 308 MW (DC) solar project in Chile's Atacama desert.

Cox Energy America has been working on the $170 million Sol de Vallenar asset since 2018 (PFR, 12/10/18). The project has a 20-year power purchase agreement in place, which was awarded in a 2017 auction (PFR, 11/7/17).

The company said that it was discussing the financing with "various international financial institutions" in a statement on February 12.

Cox floated the Latin American subsidiary on Mexico's **Bolsa Institucional de Valores** via an initial public offering in July 2020 (PFR, 7/9/20). ■

PEOPLE & FIRMS

Enel appoints new country manager in Mexico

Enel Green Power has appointed **Bruno Riga** as its new country manager in Mexico, replacing **Paolo Romanacci**, who had held the position since 2016.

Riga joined Enel in 2008 and has held multiple positions there during the past 12 years. His most recent role was head of Central America, a position he took on after five years working as head of generation in Colombia.

The company has 3 GW of installed capacity in Mexico, coming from hydro, wind, and solar projects. Riga, who assumed his role in January, will have to face the administration's moves to limit the role of renewables and private companies in the sector (PFR, 2/8).

Bruno Riga

During Riga's time overseeing Enel's business in Central America, the sponsor grew its renewable pipeline in Panama and launched a Guatemala trading company (PFR, 9/14/20, 12/22/20).

Romanacci's next assignment could not immediately be confirmed. ■

Central American law firm promotes energy partner

Regional law firm **BLP Legal** has promoted an energy lawyer to partner, reinforcing its infrastructure and finance coverage in Central America.

The new partner, **Pablo Umaña**, oversees infrastructure and energy matters in Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua. He is based in San José, Costa Rica.

Umaña joined BLP as a director in 2020 from **Allen & Overy**, where he had spent the previous two years working on Latin American projects, energy, natural resources and infrastructure from Washington, DC.

Prior to that, he worked as an adviser in the infrastructure, energy and corporate legal team of the **Inter-American Development Bank**'s **IDB Invest**, also in

Pablo Umaña

Washington. Earlier in his career, he worked for Costa Rican law firm **Facio**.

Umaña's experience includes corporate, infrastructure and energy financing and financing of multilateral organizations, including energy infrastructure projects, hospitality, transportation, agribusiness and manufacturing. ■

PEOPLE & FIRMS

Energy Transfer establishes alternative energy group

Dallas-based oil and gas pipeline company **Energy Transfer** has established a new group aimed at developing alternative energy projects.

The Alternative Energy Group will be led by **Tom Mason**, who has more than 30 years of industry experience, including 14 years as Energy Transfer's general counsel, a role in which he will continue.

He is also executive vice president and president of LNG at Energy Transfer, and is overseeing the company's proposed Lake Charles LNG export terminal project on the US Gulf Coast.

The new group will focus on renewable energy projects, including solar and wind, either as a power purchaser or in partnership with third-party developers.

It will also consider renewable diesel and renewable natural gas opportunities. These potential projects could utilize Energy Transfer's existing pipeline network which spans 90,000 miles and crosses 38 US states.

Last year, Energy Transfer signed its first solar power purchase agreement, in the form of a 15-year contract with **Recurrent Energy**'s 28 MW Maplewood 2 Solar Project in West Texas (PFR, 7/14). The project is due online in the second quarter of 2021.

> *"The Maplewood 2 Solar Project demonstrates our commitment to reducing our environmental footprint by integrating alternative energy sources."*
>
> **Mackie McCrea**, president and chief commercial officer at Energy Transfer

"The Maplewood 2 Solar Project demonstrates our commitment to reducing our environmental footprint by integrating alternative energy sources when economically beneficial," said **Mackie McCrea**, president and chief commercial officer at Energy Transfer, in November. "While we currently use a diversified mix of energy sources along with emission-reducing technologies to operate our assets, this project marks a new milestone for us as our first dedicated solar-powered facility." ■

Lombard Odier hires for sustainable private credit strategies

Swiss private bank Lombard Odier has made two senior hires in the US to help cultivate sustainable private credit strategies.

Both people left **Avenue capital Group**, the distressed debt and special situations investor, to join the firm.

Peter Pulkkinen and **Rhys Marsh** have become portfolio managers at Lombard Odier, where they will develop sustainable private credit strategies, according to a spokesperson for the firm. They are both based in New York and their first day was February 1.

Marsh was previously a senior member of the renewable energy lending platform at **CIT Bank**, up until November 2017. He then moved to Avenue and co-founded its sustainable solutions fund.

Pulkkinen has long been a feature of the private credit markets. He started in 2004 as a managing director at **Deutsche Bank** in New York, focusing on private debt and direct lending. Then he moved to **UBS** to head up its private finance group in the US. After a quick spell at **Silverpeak**, he moved to **BNP Paribas** in 2016 for two years before joining Avenue.

Private credit has arrived somewhat late at the sustainability party. While the syndicated loan and public bond markets started their ESG journey more than five years ago with green issues and latterly sustainability-linked notes, private credit is only just coming to terms with the movement.

But there's progress. In Europe, **Kartesia** has appointed a full-time head of corporate social responsibility and ESG, while **Barings**, **CVC Credit** and **Tikehau** have begun sustainability-linked lending. There have also been green and sustainability-linked issuances in US private placement format. ■

NEWS IN BRIEF

MERGERS & ACQUISITIONS

SUNNOVA SIGNS DEAL TO BUY HOUSEBUILDER'S SOLAR BUSINESS

Sunnova Energy International has reached a deal to buy the residential solar business of homebuilder **Lennar Corp**. Sunnova will pay for the business, known as **SunStreet**, entirely in stock, making Lennar a Sunnova shareholder through its technology subsidiary **Len X**.

LATIN AMERICA

MEXICO COMPETITION AUTHORITY RALLIES AGAINST ENERGY COUNTER-REFORM

Mexico's competition authority, **Cofece**, has urged Congress not to pass a bill that would unwind the country's energy market reforms of 2014. The fast-track initiative to change the Electric Industry Law would favor state-owned companies and their mostly fossil fuel-fired and large-scale hydro fleets.

BRAZIL SCHEDULES TRANSMISSION AUCTION FOR JUNE

Brazil's power regulator **Aneel** has published the details of its first transmission line auction of 2021, which is scheduled for June 30. The concessions will be split into five lots covering the construction and maintenance of 515 km of transmission lines, in addition to 2,600 MVA in new substation capacity.

NEW OWNERS MULL EXPANSION OF TAG PIPELINE

Engie and **Caisse de dépôt et placement du Québec** (CDPQ) are studying the potential expansion of the Transportadora Associada de Gás (TAG) pipeline they recently bought in Brazil. They have invited prospective bidders to participate in a non-binding request for proposals.

PEOPLE & FIRMS

NORTHWESTERN REFRESHES C-SUITE LEADERSHIP

Northwestern Energy, a utility serving South Dakota, Nebraska and Montana, has promoted **Crystal Lail** from chief accounting officer to the company's new CFO and chief operating officer. Existing CFO **Brian Bird** is shifting into the chief operating officer role and will also be the company's president.

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