

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

● LATIN AMERICA

● MERGERS & ACQUISITIONS

Combined Solar-Storage Project Seals Tax Equity

JP Morgan is investing tax equity in an Arizona solar-plus-storage project owned by **E.ON's** North American renewables arm. Page 5

Transelec Raises Eyebrows with Abengoa Pick

Abengoa was one of two contractors selected for a transmission project in Chile, with implications for any project financing. Page 6

Babcock to Offload Waste Coal-fired Project

Two family trusts are acquiring a 55 MW waste coal-fired plant in Pennsylvania from **Babcock & Wilcox**. Page 7

Veresen Finds Buyers for Generation Assets

Fotios Tsarouhis

Three buyers have agreed to acquire Veresen's 625 MW generation portfolio for a combined purchase price of \$1.18 billion.

The Calgary, Alberta-based company, which put

the assets on the block in August, accepted bids both for the whole portfolio and for smaller bundles of assets.

TD Securities ran the sale, which had received over 200 expressions of interest by October (PFR, 10/28) and Veresen accepted final [PAGE 7 »](#)

NRG Faces Shareholder Pressure to Sell Yieldco

Richard Metcalf

Activist shareholders are likely putting pressure on **NRG Energy** to sell its yield company, **NRG Yield**, according to a report published by **Moody's Investors Service**.

On Feb. 13, following almost a month of negotiations, NRG entered into an agreement with **Elliott Management** and **Bluescape Energy Partners**—two investors that were working together to exert influence on the company's management—to make changes to its board and set up a committee to explore a raft of potential operational changes and financial measures at the company, including asset sales.

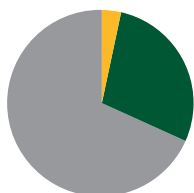
The company has hired **Morgan Stanley** and **Goldman Sachs** as financial advisers for the review and **Latham & Watkins** as legal adviser.

"Even though the agreement did not specify any entities or financial restruc- [PAGE 8 »](#)

Projects to be Acquired by Capital Power

By Capacity

- York Energy
- Waste heat projects
- East Windsor



By Remaining Contract Length



LS Power Taps Credit Suisse for \$1.5B Term Loan B

Richard Metcalf

LS Power has mandated Credit Suisse to arrange financing for its acquisition of a 3.9 GW mostly gas-fired portfolio from **TransCanada**.

The debt will comprise a roughly \$1.54 billion seven-year senior secured term loan B and a \$175

million five-year working capital facility.

LS Power will fund the remainder of the \$2.2 billion purchase price with about \$680 million of sponsor equity from LS Power Fund III.

Credit Suisse is marketing the term loan at 425 basis points over Libor with a 1% Libor

floor and an original issue discount of 99. **Moody's Investors Service** and **S&P Global Ratings** have assigned the debt Ba2 and BB ratings, respectively.

The sponsor will issue the debt through a vehicle called **Helix Gen Funding**.

LS Power agreed to acquire the four-project portfolio in November following a sale process run by **JP Morgan** for TransCanada (PFR, 11/1).

The 2,480 MW [PAGE 5 »](#)



● IN THIS ISSUE

PROJECT FINANCE

- 5 | JP Morgan to Invest in Solar-Plus-Storage Project
- 5 | Boralex Closes Ontario Wind Financing
- 5 | BAML Plots Tax Equity J.V.
- 6 | Bankers Surprised by Transelec Contractor Choice
- 6 | Mega Hydro Project in Brazil Secures Further Funding

MERGERS & ACQUISITIONS

- 7 | Shell Offloads Alberta Cogen Facility
- 7 | Family Trusts to Purchase Waste Coal Plant

STRATEGIES

- 8 | Arizona County Seeks Partner for Large-scale Solar Development

DEPARTMENTS

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



Power Finance & Risk

www.powerfinancerisk.com

PFR'S DEALS & FIRMS OF THE YEAR POLL IS NOW OPEN!

The 14th Annual Deals & Firms of the Year Awards

Unlike other industry accolades, Power Finance & Risk's coveted trophies are awarded on the basis of a poll of market participants. Our survey decides which sponsors have navigated market conditions most successfully and which advisers and lenders best supported their clients. The awards for the deals and firms of 2016 will be presented at a ceremonial dinner in New York on May 24, 2017.

HAVE YOUR SAY BY VOTING IN OUR ONLINE POLL NOW!

Don't delay—the survey closes on March 31.
Details can be found at www.powerfinancerisk.com

To inquire about sponsorship opportunities and attending the event, please contact Kevin Dougherty on +1 212 224 3288 or at kevin.dougherty@powerfinancerisk.com



Power Finance & Risk

EDITORIAL

Richard Metcalf
Editor
(212) 224-3259

Olivia Feld
Managing Editor
(212) 224-3260

Fotios Tsarouhis
Reporter
(212) 224-3294

Stuart Wise
Data Associate

Kieron Black
Sketch Artist

PRODUCTION

Gerald Hayes
Manager

Kaela Bleho
Designer

Sam Medway
Associate

ADVERTISING

Kevin Dougherty
U.S. Publisher,
Capital Markets Group
(212) 224-3288

PUBLISHING

Laura Spencer
Senior Marketing
Manager

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

Nina Bonny
Customer Service
Manager
(212) 224-3433

SUBSCRIPTIONS/ ELECTRONIC LICENSES

One Year \$3,670

Alyssa Rinaldi
Global Account Manager
(212) 224-3043

REPRINTS

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

CORPORATE

Andrew Rashbass
Chief Executive Officer

John Orchard

Managing Director,
Capital Markets Group

Directors:

John Botts
(Chairman),

Andrew Rashbass
(CEO),

Sir Patrick Sergeant,
The Viscount Rothermere,

Colin Jones,
Martin Morgan,

David Pritchard,
Andrew Ballingal,
Tristan Hillgarth

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 ©2016

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

GlobalCapital

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 **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.
A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
● Babcock & Wilcox	Ebensburg (55 MW Waste Coal)	Cambria County, Pa.		Two family trusts are acquiring the project (see story, page 7).
Brookfield Renewable Partners	Price (189 MW Wind), Comber (166 MW Wind), Gosfield (51 MW Wind)	Sault Ste. Marie, Lakeshore, and Kingsville, Ontario	Scotiabank, TD Securities (seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
Canadian Solar	Sault Ste. Marie Portfolio (59.8 MW Solar)	Sault Ste. Marie, Ontario		Fengate Real Asset Investments has acquired the three-project portfolio (PFR, 2/6).
The Carlyle Group, Quantum Utility Generation	James River Genco (115 MW Coal)	Hopewell, Va.		The sale of the project to Novi Energy closed on Feb. 7 (PFR, 2/21).
Dayton Power & Light (AES Corp.)	Conesville Unit 4 (780 MW Coal, 16.5%)	Coshocton, Ohio		DP&L has committed to sell its stake in the projects (PFR, 2/6).
	Miami Fort Units 7, 8 (1,020 MW Coal, 36%)	North Bend, Ohio		
	Zimmer (1,300 MW Coal)	Moscow, Ohio		
D.E. Shaw Renewable Investments	Mississippi Solar 2 (52 MW Solar)	Lamar County, Miss.		Funds managed by Fiera Infrastructure, Ullico and Vestcor are acquiring stakes in the project (PFR, 2/21).
Dynergy	Oakland, Moss Landing, Morro Bay (2.7 GW Gas, Oil)	California		Dynergy is looking to sell "non-core" assets following its acquisition of a 9 GW portfolio from Engie (PFR, 2/21).
	Kendall, Lee County, Ontelaunee (2.7 GW Gas)	Illinois, Pennsylvania		
	Milford (569 MW Gas)	Connecticut		
Engie	Portfolio (9,017 MW Gas, Coal)	Illinois, Massachusetts, New Jersey, Ohio, Pennsylvania, Texas, Virginia, West Virginia	Lazard (buyer)	Dynergy has closed its acquisition of the assets nearly a year after the deal was announced (PFR, 2/13).
Exelon Corp.	Mystic Generating Station (1,998 MW Gas and Dual-fuel)	Charlestown, Mass.	JP Morgan	A sales process for the project that was launched last year is making slow progress (PFR, 2/13).
First Reserve	First Reserve Energy Infrastructure Funds	U.S., Mexico, Europe		BlackRock has agreed to acquire First Reserve's infrastructure equity arm (PFR, 2/13).
BTG Pactual Infraestructura II, Pátria Investimentos, GMR Group	Latin America Power (114 MW Hydro, Wind)	Chile, Peru	BTG Pactual, Morgan Stanley	Several bidders have been shortlisted in the sale of the company, which also owns an 803.9 MW development pipeline that includes its first solar asset (PFR, 2/13).
Maxim Power Corp.	Portfolio (455 MW Gas)	Connecticut, Rhode Island, Massachusetts, Montana, New Jersey	Credit Suisse	A fund controlled by private equity firm Hull Street Energy is acquiring the assets (PFR, 2/13).
Mercuria	Danskammer (500 MW Dual-fuel)	Hudson Valley, N.Y.	Guggenheim Partners	The first round of a two-stage auction is underway (PFR, 10/3).
Niagara Worldwide	Sherman Biomass (24 MW)	Stacyville, Maine		42 Railroad Ave has agreed to acquire the shuttered project and bring it back online (PFR, 2/21).
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	First round bids for the 2.5 GW portfolio were due in November (PFR, 10/31).
Relight Enterprises	HillTopper (175-200 MW Wind)	Logan County, Ill.		Swift Current Energy has purchased the project, marking its first acquisition (PFR, 2/13).
Renova Energia	Portfolio (386.1 MW Wind)	Bahia, Brazil		AES Tietê has entered into exclusive negotiations to acquire the portfolio, which would be its first wind asset in Brazil (PFR, 1/23).
Rockland Capital	Elgin Energy Center (484 MW Gas)	Elgin, Ill.	Barclays	Barclays is running a two-stage auction for the four assets, all of which sell into PJM (PFR, 12/19).
	Rocky Road (349 MW Gas)	East Dundee, Ill.		
	Eagle Point Power Generating (238 MW Gas)	Westville, N.J.		
	Tilton (180 MW Gas)	Tilton, Ill.		
● Shell Canada	Three Creeks, formerly Carmon Creek (690 MW Gas)	Peace River, Alberta		Kinetico Resource Corp. has acquired the project, which Shell originally developed to burn oil from a now-abandoned oil sands project (see story, page 7).
sPower	Portfolio (6.7 GW Solar)	U.S.	Barclays (lead), Marathon Capital, CohnReznick, Citi (co-leads)	Final round bids on the solar independent power producer were due last month (PFR, 1/23).
Starwood Energy Group Global	Electra (230 MW Wind)	Wilbarger County, Texas	Whitehall & Co.	Starwood is seeking offers from potential purchasers (PFR, 12/14).
● Veresen	Portfolio (625 MW Gas, Hydro, Wind)	Canada	TD Securities	Veresen has found three buyers for the assets, including Capital Power Corp., which will acquire 294 MW (see story, page 1).

● 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 Fotios Tsarouhis at (212) 224 3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

PROJECT FINANCE

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

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Ahana Renewables	Portfolio (45.7 MW Solar)	California, Massachusetts, New Jersey	Legal & General	Private Placement	\$65.80	14.5-yr, 12-yr	The two-tranche private placement marks Legal & General's first renewables debt financing in the U.S. (PFR, 2/13).
Arclight Capital Partners, Avangrid, EDP Renewables North America	Portfolios (1,393 MW Wind)	U.S.	BAML	Tax Equity	TBA		BAML is acquiring RBS's minority tax equity stakes in the projects and transferring the combined tax equity to a joint venture with an unnamed third-party investor (see story, page 5).
Ares-EIF	Birdsboro (450 MW Gas)	Birdsboro, Pa.	CIT, GE EFS, Investec	Loan	\$340M	C+3-yr	The deal closed on Feb. 10, with pricing at Libor+325 bps (PFR, 2/21).
State Grid Corporation of China, Electrobras	Belo Monte (11 GW Hydro)	Pará, Brazil	BNDES	Loan	R\$2.56B (\$826M)		The financing partly refinances an existing BNDES loan. The project also has commercial bank financing (see story, page 6).
Boralex	Port Ryerse (10 MW Wind)	Norfolk County, Ontario	DZ Bank	Loans	\$33.4M	18-yr	Boralex has closed debt financing for the project (see story, page 5).
Competitive Power Ventures	Fairview (1,050 MW Gas)	Cambria County, Pa.	TBA	Debt, Equity	\$900M		CPV was initially targeting a 2016 financing for the project (PFR, 12/6).
D.E. Shaw Renewable Investments	Balko (300 MW Wind)	Beaver County, Okla.	KeyBank	Private Placement	>\$50M	19-yr	The back-leveraged loan was privately placed with Allianz Global Investors (PFR, 2/21).
E.ON Climate & Renewables North America	Iron Horse (2 MW Solar, 10 MW Storage)	Tucson, Ariz.	JP Morgan	Tax Equity	TBA		JP Morgan is investing tax equity in the project (see story, page 5).
GE Capital	Homer City (1,884 MW Coal)	Indiana County, Pa.	Morgan Stanley	Term Loan B	\$150M	6-yr	Morgan Stanley has priced the exit financing for the project at Libor +825 bps (PFR, 2/13).
Invenery	Clear River (>900 MW Gas)	Burrillville, R.I.		TBA	TBA		Invenery plans to bring the project online in summer 2019 (PFR, 12/6).
Invenery	Lackawanna (1,485 MW Gas)	Jessup, Pa.	BNP Paribas, GE EFS, MUFG	Loan	\$337M	C+5-yr	Invenery has closed a roughly \$1B debt package for the project. First Reserve is providing third party equity (PFR, 1/9).
			BNP Paribas, GE EFS, MUFG	Fixed-rate loan	\$200M	C+5-yr	
			Prudential	Private Placement	\$260M	8-yr	
			BNP Paribas, GE EFS, MUFG	Working Capital Facilities	\$307.5M		
			Lazard	Equity	<\$500M	TBA	
Longroad Energy Holdings	Portfolio (3 GW Solar)	U.S.	TBA	Debt			The sponsor plans to seek debt financing this year for the first of a portfolio of projects it acquired from 7X Energy (PFR, 1/23).
LS Power	Portfolio (3.9 GW Gas, Wind)	U.S.	Credit Suisse	Term Loan B	\$1.54B	7-yr	The term loan is being marketed at 425 bps over Libor with a 1% floor (see story, page 1)
				Working capital facility	\$175M	5-yr	
Panda Power Funds	Mattawoman (850 MW Gas)	Prince George's County, Pa.	BNP Paribas, ICBC, Investec	Loan		TBA	Panda has mandated three banks to raise debt for the project (PFR, 2/6).
Panda Power Funds	Temple I (758 MW Gas)	Temple, Texas	Jefferies	Refinancing	-\$750M	TBA	The sponsor and arranger are considering a structure involving mezzanine debt (PFR, 2/21).
	Temple II (758 MW Gas)						
Pattern Development	Broadview (324.3 MW Wind)	Curry County, N.M., Deaf Smith County, Texas	Allianz Capital Partners, JP Morgan Capital Corp., Capital One, RBC	Tax Equity	TBA		The four investors are investing tax equity in the project, which is slated to be dropped down into yieldco Pattern Energy Group (PFR, 2/6).
Pattern Development	Unknown		Siemens, unknown	Turbine Loan	>\$100M		Pattern obtained the turbine loan to qualify for the full production tax credit before the end of the year (PFR, 1/30).
Quantum Utility Generation	Moundsville (643 MW Gas)	Marshall County, W.Va.		Debt	TBA		Quantum could launch a debt financing for the project this year (PFR, 2/6).
			BNP Paribas	Equity			
Swift Current Energy	HillTopper (175-200 MW Solar)	Logan County, Ill.		Debt, Tax Equity	TBA		The sponsor plans to finance the project with debt and tax equity (PFR, 2/13).
Terra-Gen	Unknown		Rabobank	Turbine Loan	\$75M		Terra-Gen obtained the turbine loan, which was priced at around Libor+200 bps, to qualify projects for the full production tax credit before the end of the year (PFR, 1/30).

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 Managing Editor Olivia Feld at (212) 224-3260 or e-mail olivia.feld@powerfinancerisk.com

PROJECT FINANCE ●

LS Power Taps Credit Suisse for \$1.5B Term Loan B

◀ FROM PAGE 1

Raven-wood gas-fired project in Queens, N.Y., makes up the bulk of the portfolio being acquired by LS Power. The other projects in the bundle are the 778 MW gas-fired Ironwood project in Lebanon, Pa., the 560 MW Ocean State Power

gas-fired project in Burrillville, R.I., and the 132 MW Kibby wind project in Franklin County, Maine.

The portfolio is expected to generate at least \$500 million in gross margin annually, more than 65% of which should come from capacity payments, accord-

ing to a Moody's report published on Feb. 21, which notes that the Ravenswood project is located in Zone J of **NYISO**, "one of the most constrained power markets in the US."

Capacity prices in Zone J averaged about \$330/MW-day over the

past five years, the report adds.

A call to **Ryan Williams**, director of leveraged finance capital markets at Credit Suisse in New York, was not immediately returned. **Joe Esteves**, cfo of LS Power in New York, declined to comment. ■

JP Morgan to Invest Tax Equity in Solar-Plus-Storage Project

JP Morgan is investing tax equity in **E.On Climate & Renewables North America's** Iron Horse combined solar and storage project in Arizona, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

The project, which comprises a 2 MW solar array and an adjacent 10 MW lithium-ion battery storage facility, is situated on the campus of the **University of Arizona** in Tucson.

Rather than directly acquiring a tax equity stake in Iron Horse, JP Morgan will acquire the tax equity interests through the transfer of the

project by E.On into a holding company that already owns its 100 MW Anacacho wind project near Brackettville, Texas. JP Morgan made a \$76.6 million tax equity investment in Anacacho through the holding company in 2013 (PFR, 8/1/13).

The Iron Horse project—E.On's first battery storage project in North America—is contracted with **Tucson Electric Power** under a 10-year power purchase agreement signed in July.

Construction of the project began in the university's science and technology park at the end of October. Both the solar array and

the storage facility are expected to be online in March.

Representatives of E.On in Chi-

cago and JP Morgan in New York did not immediately respond to inquiries. ■

Borex Inks \$33.4M Loan for Ontario Wind Project

Borex has closed a \$33.4 million debt financing for a 10 MW wind farm in Ontario.

DZ Bank provided the financing package, which comprises a \$31.4 million 18-year term loan and a \$2 million letter of credit facility.

The Port Ryerse wind project, which is in Norfolk County,

came online on Dec. 9 and sells its output to Ontario's **Independent Electricity System Operator** under a 20-year power purchase agreement.

Borex became the sole owner of the wind project on Feb. 17, when it acquired **UDI Renewables Corp.**'s 25% stake. ■

BAML to Establish Wind Tax Equity J.V.

Bank of America Merrill Lynch and an undisclosed partner are establishing a joint venture through which the two entities will own tax equity interests in nine wind projects.

The transaction appears to be an upper-tier partnership, a structure used by banks to offload tax equity stakes in projects that fail to flip on time, according to a project finance attorney who has reviewed a U.S. **Federal Energy Regulatory Commission** order approving the deal and an earlier filing requesting permission for the transaction. The order was issued on Feb. 22.

Such deals are usually structured

so that cash flows go mainly to the third-party investor while the financial institution that originally acquired the tax equity stake keeps the remaining tax benefits associated with the investments (PFR, 11/14/13).

The wind portfolio comprises:

■ **ArcLight Capital Partners'** 301 MW Cedar Creek project in Colorado,

■ the 150 MW Elk River project in Butler County, Kan., the 150 MW Shiloh I project in Solano County, Calif., and the 101 MW Trimont project in Martin and Jackson counties, Minn., all of which are owned by **Iberdrola's**

U.S. subsidiary, **Avangrid**,

■ the 206.5 MW High Trail project in McLean County, Ill., the 151.2 MW Blue Canyon II project in Caddo and Kiowa counties, Okla., the 11.5 MW Madison project in New York state, all of which are owned by **EDP Renewables North America**, and

■ the 231 MW Flat Rock I and the 90.75 MW Flat Rock II projects in Lewis County, N.Y., which are co-owned by Avangrid and EDP. All of the projects are contracted except for Blue Canyon II, Flat Rock I and Flat Rock II, which are merchant.

Before transferring the assets

to the joint venture, BAML will acquire minority tax equity stakes that **Royal Bank of Scotland** owns in the projects. BAML already owns between 23% and 32% of the tax equity interests in the projects. RBS's stakes represent less than 2% of the tax equity interests in the projects.

JP Morgan and **Morgan Stanley** own the remaining tax equity in High Trail and Blue Canyon II and portions of the remaining tax equity in Flat Rock I and Flat Rock II. The other tax equity investors in the Flat Rock projects, Cedar Creek, Elk River, Shiloh I and Trimont could not be immediately identified.

Spokespeople for BAML and RBS in New York did not respond to inquiries. ■

● PROJECT FINANCE

Transelec Raises Eyebrows with Abengoa Pick

Chilean utility Transelec surprised project finance bankers last week when it awarded a roughly \$93 million transmission project to a consortium that includes Spain's **Abengoa**, which is in the midst of a debt restructuring process.

Abengoa says that its role in the project is solely as engineering, procurement and construction contractor, so it will not need bank funding, but deal watchers say the company's involvement could affect any debt raise for the project.

The project is an 87-mile 500 kV transmission line connecting the Kimal electric substation with one at Los Changos in the Antofagasta region.

The EPC consortium, made up of Abengoa and Chile's **Kipreos Ingenieros**, is scheduled to carry out the work from September 2017 until the end of 2019.

"This is not a concession type project, it

is purely an EPC project for a third party," an Abengoa spokesperson tells *PFR* via email. "Therefore, there is no need for a project finance type of structure."

This is an important distinction, as bank-

"The only way this could be financed with Abengoa attached is if we could completely isolate them from the funding."

ers say it would be almost impossible to pass an Abengoa-sponsored facility through credit committees because the borrower has had a torrid time in the capital markets in recent years.

While Abengoa says it will not need to raise funding for the transmission project,

bankers say the company being attached will still add to the credit checks for any potential financing.

"The only way this could be financed with Abengoa attached is if we could completely isolate them from the funding," says one project finance banker. "They may be doing EPC, but we'll still need to see some mitigants," says another.

Abengoa is still trying to restructure its debt after financial woes culminated in its failure to make payments on commercial paper at the end of 2015 while in the same year struggling to secure underwriters for a €650 million rights issue as its share price tanked. In its latest move, announced on Feb. 14, the company proposed a drawdown on new debt, which it says it created in collaboration with some of its principal investors and financiers, that must now be agreed by its creditors. ■

Contentious Brazilian Hydro Project Gets Further Funding

The controversial 11 GW Belo Monte hydro project in Brazil's Amazonian state of Pará has received an \$826 million-equivalent financing to build the first of two transmission lines to siphon generation to the country's South East.

Brazil's **National Bank for Economic and Social Development** (BNDES) agreed the R\$2.56 billion funding package on Feb. 20. The funding will be used alongside financing packages already in place for the Belo Monte project from commercial banks.

"Some of the biggest banks in Brazil are working on this project," said a New York-based project finance banker, who noted that renewable projects in Brazil are a busy sector for international banks at the

moment.

The borrower is special purpose vehicle **Belo Monte Power Transmitter SPE**, which is controlled by **State Grid Corporation of China**.

Brazil's **Electrobras**

"Some of the biggest banks in Brazil are working on this project."

Group is a partner in the sponsor consortium—hence BNDES's involvement—through its subsidiaries **Funas Centrain Elétricas** and **Eletronor**.

As well as financing the construction of the transmission

line, the BNDES facility will also be used to refinance a R\$718m bridge loan provided by BNDES in 2015.

The Belo Monte project on the Xingu river—due to become the third largest hydro facility in the world—has been mired in controversy. A judge suspended the dam's operating license in September of last year over concerns that the project was failing to provide water and sanitation service to nearby communities. International celebrities from **Sting** to **James Cameron** have protested against the dam being built.

PFR reported as early as 2012 that the project was facing social hurdles because of its potential impact on local indigenous communities.

BNDES is financing around 46% of the R\$5.6bn project, which will include a 1,300-mile transmission line that crosses 65 municipalities between Pará and Minas Gerais, with work expected to be completed by February 2018.

The development bank said that the project may also need to issue the equivalent of \$168 million of infrastructure debentures.

China's State Grid has recently been busy elsewhere in Brazil. The company has made a tender offer to buy the shares of **CPGL Energia** that it does not already own, according to a regulatory statement.

State Grid wants to take CPFL Energia private, and is offering holders of the 45.36% of the company it does not own for R\$25.51 a share—a minimal premium to where they were trading before the regulatory filing. ■

MERGERS & ACQUISITIONS ●

Veresen Finds Buyers for Generation Assets

◀ FROM PAGE 1

bids early this year (PFR, 2/6).

Edmonton, Alberta-based **Capital Power Corp.** will acquire the 84 MW East Windsor gas-fired cogeneration facility, a 50% stake the 400 MW York Energy Center gas-fired project and two waste heat totalling 10 MW facilities for a total of \$225 million. The entities that have agreed to purchase the remaining assets could not be immediately identified.

The East Windsor project and the York facility have long-term power purchase agreements with the **Ontario Independent Electricity System Operator** that expire in 2029 and 2032, respectively. The waste heat projects, each 5 MW in size, are located in British Columbia and have 20-year contracts with **BC Hydro** that expire in 2028.

Capital Power will assume \$275

million of project debt associated with the projects. The company plans to finance the transaction with a mixture of cash and debt. The deal is expected to close in the first half of 2017.

CIBC Capital Markets is advising Capital Power.

"We positively view the power asset sale announcement with sales proceeds of \$1.18 billion modestly ahead of our expectations," analyst **Robert Kwan** and associate **Lisa Stewart** of **RBC Dominion Securities** wrote in a note published

on Feb. 21.

Besides the projects Capital Power has agreed to buy, the portfolio includes:

- the 20 MW London Cogeneration Facility in London, London Ontario,
- 75% stakes in the 20 MW Grand Valley 1 & 2 wind project in Grand Valley, Ontario,
- a 75% stake in the 40 MW Grand Valley 3 wind project in Dufferin County, Ontario,
- a 99% stake in the 11 MW Furry Creek hydro project in the Squa-

mish-Lillooet Regional District,

- 100% of the 22 MW Clowhom hydro project, northeast of Sechelt,
- 100% of the 20 MW Dasque Middle hydro project southwest of Terrace,
- a 72 MW district energy system in London, Ontario,
- a 100 MW district energy system in Charlottetown, Prince Edward Island and
- five waste heat projects in Saskatchewan and Alberta totaling roughly 50 MW, co-owned with **NRGreen**. ■

Shell Offloads Alberta Cogen Facility

Kineticor Resource Corp. has acquired a partially-built cogeneration facility from **Shell Canada** and closed a corporate equity raise.

The 690 MW project near Peace River, Alberta, was part of a larger oil sands project called Carmon Creek that Shell announced in 2013. The oil company ceased construction of the entire project in 2015, citing a lack of infrastructure to ship oil to global markets.

Kineticor is renaming the project Three Creeks to reflect its plans to change the project's fuel from oil to natural gas.

In conjunction with the acquisition, **OPSEU Pension Trust** has paid C\$125 million (\$95 million) for a stake in Kineticor.

Whether Kineticor will raise project debt to finance construction of the project could not immediately be learned. Representatives of Kineticor and Shell Canada in Calgary, Alberta,

and OPTrust in Toronto, did not immediately respond to inquiries.

Kineticor, a Calgary-based independent power producer, owns gas-fired projects throughout Canada, including several that have obtained 20-year power purchase agreements with **SaskPower** through the utility's Flare Gas Power Generation Program. The IPP entered into one such PPA last year (PFR, 3/11). ■

FAST FACT

625 MW

Combined capacity of Veresen's generation assets.

Family Trusts to Acquire Pennsylvania Waste Coal-fired Project

An investment vehicle of two family trusts is acquiring a waste coal-fired facility in Cambria County, Pa., from **Babcock & Wilcox**.

A family trust controlled by **D. Scott Kroh** will take a 75% majority stake in the 55 MW Ebensburg project, while the remaining 25% will be acquired by a trust controlled by **Hans Mende**, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

The purchase price could not immediately be learned. A spokesperson for Babcock & Wilcox in Barberton, Ohio, did not immediately

respond to a request for comment. Representatives of the Kroh trust in Millersburg, Pa., and the Mende trust in New York could not immediately be reached for comment.

The Kroh family also owns the 525 MW Seward waste coal-fired facility in New Florence, Pa.

Robindale Energy Services, which is controlled by the Krohs, acquired the Seward project from **NRG Energy** in 2015 (PFR, 12/3/15).

The Krohs, through Robindale affiliate **Sunbury Generation**, also owned the 436 MW coal-fired Sunbury project in Snyder County,

Pa., which was retired in 2014. The site of the Sunbury facility is now home to the **Panda Power Funds** 1,024 MW Hummel gas-fired project, which was financed in 2015 and is under construction (PFR, 10/28/15). ■

FAST FACT

55 MW

Capacity of the Ebensburg project.

● MERGERS & ACQUISITIONS

NRG Faces Shareholder Pressure to Sell Yieldco, says Moody's

◀ FROM PAGE 1

turing project, we suspect that NRG will sell a stake in or divest its renewable portfolio and subsidiary NRG Yield,” wrote **Toby Shea**, v.p. and senior credit officer at Moody's in a report circulated on Feb. 20.

Such a sale would aim to address the discrepancy between NRG's low valuation multiples, based on its exposure to the merchant generation business, and its lower-risk renewable assets, which should in theory trade at higher multiples, according to the report.

Selling NRG Yield would probably provide a short-term gain by unlocking the value of the renewable portfolio, but would be credit negative for NRG, wrote Shea. Moody's rates NRG Ba3 and NRG Yield Ba2.

As an alternative to selling NRG Yield entirely, NRG could reduce its 46.7% stake in the publicly listed vehicle, or speed up the process of offloading its renewable assets to the yieldco, the analyst adds.

There may be some resistance to such a strategy among NRG's management, Shea tells *PFR*. “They've been working on NRG Yield for a long time. It's part of their strat-

egy, so this could disrupt the way they've been doing things,” he says. “I'm sure it's not comfortable for them to be changing strategy mid-way through execution.”

No comment on the company's strategy with regard to the yieldco could be obtained from NRG, Elliott or Bluescape. A spokesperson for Bluescape redirected inquiries to NRG, and a spokesperson for NRG declined to comment. Officials at Elliott did not respond to an inquiry.

Elliott is a New York-headquartered hedge fund manager founded by **Paul Singer** and Bluescape Energy Partners is a Dallas-based, energy-focused private equity firm founded by former **TXU** ceo **Charles John Wilder** in 2007.

The two firms inked an agreement on Jan. 16 to coordinate their efforts with regard to their stakes in NRG. As part of the deal, Elliott and its related entities agreed not to acquire more than 7.425% of the company and Bluescape not more than 2.475% until they achieved their immediate goals and dissolved the cooperation agreement.

At the time, entities controlled by Elliott owned 6.9% and Bluescape 2.475% of NRG's

shares.

In a Jan. 17 filing announcing their agreement, the investors said they believed NRG was “deeply undervalued” and said they were initiating talks with the management and the board of directors about potential operational, financial and strategic changes.

The announcement prompted NRG to issue a statement the same day saying that it looked “forward to an open dialogue with Elliott and Bluescape.”

Under the terms of the deal that emerged from the negotiations between NRG and the investors, the company announced the retirement from its board of **Howard Cosgrove**—who had been chairman—and **Edward Muller**. The company appointed **Lawrence Coben** to the chair as Cosgrove's successor.

Filling the places left vacant by Cosgrove and Muller are Bluescape's executive chairman Wilder and **Barry Smitherman**, a former chair of the **Public Utility Commission of Texas**, who will act as an independent director.

The company has also set up a committee to undertake a review of operations and costs, potential asset sales, the company's capital structure and “broader strategic initiatives”.

Wilder is chairing the five-strong committee, whose other members are NRG's ceo **Mauricio Gutierrez**, **Paul Hobby** and **Anne Schaumburg**. ■

● STRATEGIES

Arizona County Seeks Partner to Develop 1.5 GW of Solar

The board of supervisors of an Arizona county has issued a request for proposals for up to 1.5 GW of utility-scale solar projects.

The project or projects would be built on 8,800 acres of land that the **La Paz County Board of Supervisors** is seeking to acquire from the federal government through a draft federal law sponsored by Republican Congressman **Paul Gosar**.

The county, which has a population of just over 20,000, is not offering bidders a power purchase

agreement, but suggests that the project or projects could interconnect to the 3.2 GW Ten West Link transmission line, which would provide access to the Arizona and California markets.

The planned 114-mile 500 kV transmission line is being developed by **DCR Transmission**, a joint venture between **Starwood Energy Group Global** and **Abengoa Transmission & Infrastructure**, and would stretch from Tonopah, Ariz., to Blythe, Calif.

In October, DCR Transmission filed an application for a certificate of public convenience and necessity with the **California Public Utilities Commission**. The transmission project is slated to be online in 2020.

To qualify to bid in the RFP, firms must have developed, permitted, financed and operated utility-scale projects in California, Arizona or Nevada, have successfully negotiated contracts with the **California Independent System Operator**, have secured power purchase agreements in markets served by the region and have strong balance sheets and positive references

from government entities.

The county has already received bids from 15 qualified firms, says **Kelly Sarber**, president and ceo of environmental consulting firm **Strategic Management Group**, who is advising the county on the tender. “This is not for the faint of heart,” she adds, noting that projects would have to apply for an interconnection with CAISO by April 30. Letters of interest are due by Feb. 24.

The procurement has been of particular interest to developers that already have power purchase agreements but do not yet have projects in place to service them, adds Sarber. ■