

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● AT PRESS TIME

Dennes Exits Santander

Mark Dennes, managing director and head of energy at Santander, has left the bank. **Page 2**

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● AWARDS

12th Annual Deals & Firms Of The Year Awards

PFR is gearing up to launch the voting process for our 12th Annual Deals & Firms Of The Year Awards. Visit www.powerfinancerisk.com to vote.

Q&A: Paul Gaynor, SunEdison



Paul Gaynor

Shockwaves rippled through the power industry in November after **SunEdison** and its yield company **TerraForm Power** announced their \$2.4 billion acquisition of **First Wind**. Paul Gaynor, formerly the chief executive officer of First Wind, has been working with the companies to integrate their businesses since the agreement. As executive v.p. of North America utility and global wind for SunEd, Gaynor is looking to

leverage the new wind business over SunEd's existing global reach. "We're going to help bring the wind expertise layered on top of local expertise that SunEdison already has in place," Gaynor tells *PFR* in an exclusive interview. Senior Reporter **Olivia Feld** sat down with Gaynor to discuss his new role and the wind strategy at SunEd.

PFR: Can you describe your new role at SunEdison. When exactly did you start and who are you going to be reporting to?

Gaynor: My title is executive v.p. of

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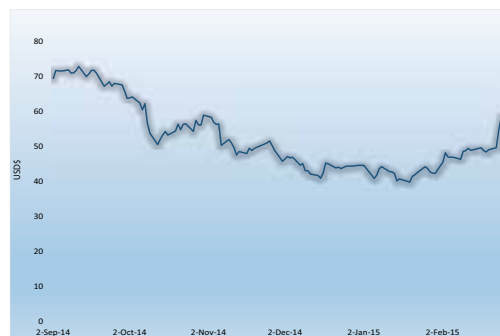
First Solar, SunPower Weigh Joint YieldCo

Nischinta Amarnath

First Solar and **SunPower** are in advanced talks to launch a joint yield company. The sponsors will file for an initial public offering of the combined yieldco with the U.S. **Securities and Exchange Commission** before the end of the first quarter, if they reach an agreement.

Each company will contribute about 400 MW of solar generation in North America to the initial portfolio, making their combined yieldco comparable in size to the 800 MW portfolio set at

First Solar Closing Share Price



Source: Yahoo! Finance

TerraForm's IPO, according to an analyst report from **Bank of America Merrill Lynch**.

First Solar's strong presence in the large-scale utility segment will complement **PAGE 12 »**

Advanced Power Mulls N.Y. CCGT Debt

Olivia Feld

Advanced Power is planning to launch a financing backing the 1 GW Cricket Valley project in Dover, N.Y., this summer. The development cost of the project has been pegged at \$1.4 billion.

Whitehall & Co. advised the Zug, Switzerland-based shop on equity investment for Cricket Valley (PFR, 7/12). **GE Energy**, **Marubeni Power International** and **TIAA-CREF** are equity investors in the combined cycle gas-fired project.

The size of the deal will be determined once an offtake agreement or hedge structure is arranged for Cricket Valley, adds observer. The sponsor is exploring heat-rate call options or a hedge for the project, which does not have an offtake agreement. Cricket Valley is awaiting a transmission permit from the **New York Public Service Commission** and **PAGE 12 »**



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● THE BUZZ

Another Gas-Fired Deal Joins PF Queue

Another mammoth gas-fired project is slated to come to market this year, joining a bevy of deals ranging around for project financing. **Advanced Power** is eying a deal for its 1 GW Cricket Valley CCGT project in Dover, N.Y. Development costs have been pegged at \$1.4 billion (see story, page 1). About 250 miles to the west, **Competitive**

Power Ventures is seeking debt and equity for its Valley Energy Center CCGT in Orange, N.Y. (PFR, 2/17), while **Energy Investors Funds** is corraling debt for its gas-fired Keys Energy Center in Maryland (PFR, 1/29).

On the renewables side, tax equity investments continue to surface for wind projects. **EDP Renewables North America** is hunting for tax equity investors for its 99 MW Rising Tree III project in Kern County, Calif. (see story, page

6). **MUFG Union Bank** subsidiary **Bankers Commercial Corp.** previously provided tax equity for sister wind projects 79.2 MW Rising Tree I and 19.8 MW Rising Tree II (PFR, 11/24).

These days, no discussion of the renewables industry in North America is complete without a mention of yield companies and **SunPower** and **First Solar** do not disappoint this week. The pair have announced plans to launch a joint yieldco for their respective utility-scale and distributed generation assets (see story, page 1).

Finally, bankers have been on the move during the first quarter. **Geraint Breeze**, executive director of project finance at CIBC and **Mark Dennes**, managing director and head of energy at **Santander** have left their respective banks (see stories, pages 2 & 6) while **Capital One** has picked up **Andrea Picott**, managing director of loan sales and trading at **Société Générale** (see story, page 6). ■

● AT PRESS TIME

Dennes Leaves Santander

Mark Dennes, managing director, and head of energy at **Santander**, has left the bank in New York. Dennes reportedly exited the bank in the last few weeks.

Dennes could not be reached by press time and a spokesperson for Santander in Boston declined to comment. The bank's plans for replacing Dennes and the exact date of his departure, could not be immediately learned.

Dennes has over 20 years of experience in advisory, corporate finance, project finance, portfolio and risk

management, according to **LinkedIn**. Prior to joining Santander in 2013, Dennes was managing director at **Cate Street Capital**. Previously he was a managing director at **DNB Bank** and before that, a director at **BNP Paribas** in New York. Santander has recently participated in a number of wind project financings, including **First Reserve's** 298 MW Kingfisher wind project in Oklahoma (PFR, 2/18) and **Algonquin Power & Utilities Corp.'s** 200 MW Odell wind project in Minnesota (PFR, 2/10). The bank is also underwriting a \$1.3 billion financing backing the **PEMEX** and **IENova's** Los Ramones II Norte pipeline in Mexico (PFR, 1/23). ■

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TELL US WHAT YOU THINK!

Do you have questions, comments or criticisms about a story that appeared in **PFR**? Should we be covering more or less of a given area? The staff of **PFR** is committed as ever to evolving with the markets and we welcome your feedback.

Feel free to contact **Sara Rosner**, editor, at (212) 224-3165 or sara.rosner@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	Advisor	Status/Comment
American Electric Power	Portfolio (7,923 MW Gas, Coal)	Indiana and Ohio	Goldman Sachs	AEP has tapped Goldman to conduct a strategic evaluation of the assets (PFR, 2/9).
Apex Clean Energy	Balko (314 MW Wind)	Beaver County, Okla.	Macquarie Capital	D.E. Shaw is buying the project (PFR, 1/12).
Apex Clean Energy	Kay (314 MW Wind)	Kay County, Okla.		Southern Power Co. is considering buying the project (PFR, 1/12).
Apex Clean Energy	Kingfisher (298 MW Wind)	Oklahoma		The deal has wrapped. First Reserve bought the project (PFR, 2/9).
ArcLight Capital Partners	Bayonne (512 MW Gas)	New Jersey	Morgan Stanley	Macquarie is assuming \$510M in debt and paying \$210M in cash (PFR, 2/9).
Energisa	Portfolio (488 MW Wind, Biomass, Hydro)	Brazil		Brookfield Renewable Energy Partners is buying the portfolio for \$545M (PFR, 12/8).
ET Solar Energy Corp., Geenex	Halifax (20 MW Solar)	Roanoke Rapids, N.C.		Duke Energy Renewables is buying the asset (PFR, 1/12).
Exelon Corp.	Fore River Energy Center (809 MW Gas)	Massachusetts	Citigroup	Calpine has issued unsecured bonds to fund the \$530M purchase (PFR, 2/9).
Exelon	Keystone (1,711 MW Coal)	Pennsylvania		ArcLight has launched a TLB package to finance its acquisition of stakes in Keystone and Conemaugh (PFR, 12/8).
Exelon	Conemaugh (1,711 MW Coal)	Pennsylvania		ArcLight has launched a TLB package to finance its acquisition of stakes in Keystone and Conemaugh (PFR, 12/8).
Footprint Power	Salem Harbor (674 MW Gas)	Massachusetts	Macquarie Capital	Highstar Capital and Oaktree are taking equity stakes in the project (PFR, 1/19).
NRG Energy	Storm Lake 1 (108 MW Wind)	Iowa		Allete Clean Energy is buying the asset (PFR, 12/8).
PPL Corp., Riverstone Holdings	York project (49 MW Gas)	Pennsylvania		PPL and Riverstone agree with FERC to sell one of two asset portfolios (PFR, 2/2).
	Ironwood (660 MW Gas)	Pennsylvania		
	Bayonne (158 MW Gas)	New Jersey		
	Camden (145 MW Gas)	New Jersey		
	Elmwood Park (65 MW Gas)	New Jersey		
	Newark Bay (120 MW Gas)	New Jersey		
	Pedricktown (118 MW Gas)	New Jersey		
	Holtwood (248 MW Hydro)	Pennsylvania		
	Wallenpaupak (44 MW Hydro)	Pennsylvania		
	Crane (399 MW Coal)	Maryland		
Quantum Utility Generation	Choctaw (760 MW Gas)	Mississippi		Tennessee Valley Authority has agreed to acquire the plant for \$34 M (PFR, 2/23).
SunEdison	Crucero (71.2 MW Solar)	Maria Elena, Chile		ECOSolar has acquired a minority stake of less than 20% in Crucero (PFR, 2/16).
● TradeWind Energy	Decatur Parkway (80 MW Solar) Decatur County (19 MW Solar)	Georgia		Southern Power will own 100% of the two solar projects (see story, page 5).
Verso Paper Corp.	Various (118.4 MW)	Bucksport, Maine		American Iron & Metal is buying the plants as part of its \$60 million acquisition of the Bucksport Paper Mill (PFR, 12/15).
Verso Paper Corp.	Bucksport Power (185 MW Cogen)	Bucksport, Maine		American Iron & Metal is buying the plants as part of its \$60 million acquisition of the Bucksport Paper Mill (PFR, 12/15).

● 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 Editor Sara Rosner at (212) 224 3165 or e-mail sara.rosner@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)	Loan	Loan Amount	Tenor	Notes
8minutenergy Renewables & D. E. Shaw Renewable Investments	Springbok (133 MW Solar)	Kern County, Calif.	TBA	TBA	TBA	TBA	Debt financing deal sealed (PFR, 1/12).
Advanced Power	Cricket Valley (1 GW Gas)	Dover, N.Y.	TBA	Debt financing	TBA	TBA	Advanced Power is considering launching a financing to back the project estimated to cost \$1.4B (see story, page 1).
Advanced Power	Carroll County Energy (755 MW Gas)	Ohio	BNP, Crédit Agricole	TBA	TBA	TBA	Deal is set to wrap in the next few weeks (PFR, 2/9).
Algonquin Power & Utilities Corp.	Odel (200 MW Wind)	Minnesota	NordLB, BayernLB, Santander, CIBC, Deutsche Bank	TBA	TBA	TBA	Deal is likely to wrap in Q2 (PFR, 2/16).
Apex Wind	Balko Wind (300 MW Wind)	Oklahoma	TBA	TBA	TBA	TBA	D.E. Shaw buys the project (PFR, 1/12).
ATCO Group & Quanta Services	Fort McMurray (Transmission)	Alberta	TBA	TBA	TBA	TBA	Sponers looking to finance \$1.43 billion project (PFR, 1/12).
Cape Wind Associates	Cape Wind (468 MW Wind)	Cape Cod, Mass.	MUFG	TBA	\$1.95B	TBA	National Grid and NStar terminate their offtake contracts (PFR, 1/12).
Cheniere Energy	Corpus Christi (LNG Export Facility)	Corpus Christi, Texas	SocGen	TBA	\$11.5B	7-yr	Cheniere Energy mandates 18 joint lead arrangers (PFR, 1/12).
Competitive Power Ventures	Orange County (650 MW Gas)	New York	TBA	Debt, Equity	\$900M	TBA	The project is slated to be online in 2016 (PFR, 2/23).
E.ON, GE	Grandview (211 MW Wind)	Amarillo, Texas	Bank of America, JPMorgan	Tax Equity	\$222M	TBA	Sponsors have garnered tax equity from Bank of America and JPMorgan (PFR, 2/9).
EDP Renewables North America	Rising Tree III (99 MW Wind)	Kern County, Calif.	TBA	Tax Equity	TBA	TBA	EDPR is seeking tax equity investment in the project (see story, page 6).
EDP Renewables North America	Headwaters (200 MW Wind)	Randolph County, Ind.	BAML	Equity, Tax Equity	TBA	TBA	Tax equity investment wrapped from Bank of America Merrill Lynch subsidiary (PFR, 1/12).
Enel Green Power North America	Osage (150 MW Wind)	Massachusetts	JPMorgan	Tax Equity	TBA	TBA	Enel has obtained tax equity from JPMorgan (PFR, 2/9).
Energy Investors Funds	Keys Energy Center (735 MW Gas)	Brandywine, Md.	Natixis, MUFG Union Bank	TBA	TBA	TBA	Deal is set to wrap in the next few weeks (PFR, 2/2).
First Reserve	Kingfisher (298 MW Wind)	Oklahoma	Morgan Stanley, OneWest Bank, Santander	Senior secured construction loan, Letters of Credit	TBA	TBA	Rabobank pulled out of the deal before close (PFR, 2/23).
Footprint Power	Salem Habor (647 MW Gas)	Massachusetts	BNP, GE EFS, MUFG	Term Loan	\$600M		Deal wraps with 10 lenders (PFR, 1/19).
Freeport LNG	Quintana Island (LNG Export Facility)	Texas	TBA	TBA	\$4B	TBA	Deal is expected to wrap in the second quarter (PFR, 2/23).
GDF Suez, Pemex	Los Ramones II Sur (178-mile Pipeline)	Mexico	Santander	TBA	TBA	TBA	Deal wrapped at the end of 2014 (PFR, 1/26)
IENova, PEMEX	Los Ramones II Norte (274-mile Pipeline)	Mexico	Santander	Commercial Bank Tranche Development Bank Tranche	TBA TBA	12-yr 20-yr	Deal is set to wrap in the next few weeks (PFR, 1/26).
Penn Energy Renewables	Various (37 MW Solar)	Ontario	Rabobank				Deal wrapped (PFR, 2/2).
Panda Power Funds	Temple 1 (758 MW Gas)	Temple, Texas	Goldman Sachs, Credit Suisse	Term Loan B	\$375M	TBA	Deal is expected to close the week of Feb. 23 (PFR, 2/16).
SunEdison	Crucero (71.2 MW Solar)	Maria Elena, Chile	IDB, OPIC, CorpBanca, Clean Technology Fund	Non-recourse senior secured loans	\$155m	19-yr	Deal has wrapped (PFR, 2/16)

New or updated listing

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MERGERS & ACQUISITIONS ●

Abengoa, EIG Structure \$2.5B Warehouse Venture

Spanish developer **Abengoa** and **EIG Global Energy Partners** are finalizing a deal to jointly invest \$2.5 billion in a vehicle that will fund Abengoa's contracted projects as they go into construction. The deal to create **Abengoa Projects Warehouse 1** is slated to wrap over the next few weeks.

APW1 will acquire a portfolio of under-construction projects from Abengoa. APW1 will use the \$2.5 billion to complete the projects and bring them into operation and then sell the assets to **Abengoa Yield**. The arrangement will keep debt off of Abengoa's balance sheet, according to **Swami Venkataraman**, v.p. and senior credit officer at **Moody's Investors Service**. "The idea of this warehouse transaction is to de-link the balance sheets of the sponsor and the yield company," Venkataraman says. APW1 will use proceeds from the sales of projects to Abengoa Yield to fund new projects that get dropped into the warehouse.

The APW1 portfolio will span renewables and thermal genera-

tion, transmission and water management assets across the U.S., Mexico, Brazil and Chile. These projects include a hybrid 14 MW solar and gas-fired plant in Agua Prieta, Mexico, a 110 MW solar thermal tower in the Atacama Desert of Chile, and two transmission lines in Brazil, covering about 234 miles and slated to begin commercial operations in 2017. EIG will hold a 55% stake in APW1, and Abengoa will control the remaining 45%. Abengoa's minority stake in APW1 will significantly reduce Abengoa's capex on renewables projects and free up more cash to repay debt. "Abengoa may have partnered with EIG to launch APW1 to make its business model less capital intensive as it hasn't been able to generate free positive cash flow in the past few years. So far, Abengoa has used the cash proceeds from recycled assets to fund new green-field assets – and not for recourse debt repayments," says **Borja Monforte**, a director at **Fitch Ratings'** corporate team in Barcelona, Spain. ■

Southern Power Snaps Up TradeWind Solar Assets

Southern Company's unregulated subsidiary Southern Power has acquired two of Tradewind Energy's solar photovoltaic projects totaling 99 MW in Georgia.

The acquisition includes the 80 MW Decatur Parkway and the 19 MW Decatur County solar projects, both in Bainsbridge. The purchase price of the assets has not been disclosed.

Both of the solar projects are among 10 winning bids selected from about 140 responses to a request for proposal that Southern Power's subsidiary **Georgia Power** launched last year. Georgia Power launched the RFP as a part of its **Advanced Solar Initiative** aimed at expanding solar capacity in the state.

Southern Power will own 100% of the projects and will fund the construction costs. Southern Power will sell the generation from the 80 MW and 19 MW facilities to Georgia Power under 25-year and 20-year power purchase agreements, respectively. Southern Power is also considering selling

renewable energy credits from the solar assets to third parties. The Southern Co. subsidiary will begin constructing the 80 MW facility this month, and the 19 MW project later in June. It expects to start operating them toward the end of this year.

Southern Power is managing the projects' interconnection to the substation and expects that to be complete in late 2015, a company spokeswoman says.

The move to purchase the Decatur County projects comes in the wake of Southern Power's aim to grow its wholesale business by acquiring and constructing generating assets, including renewables. Southern Co. owns seven solar projects alongside with **Turner Renewable Energy** and one other solar facility in partnership with **First Solar** (PFR, 10/31/14). The inclusion of the Decatur County projects in Southern Power's project development roster will expand its solar capacity to more than 640 MW across 10 facilities in the U.S. since 2012. ■

● STRATEGIES

Duke Unit Calls For N.C. Solar Assets

Duke Energy Carolinas is soliciting bids to acquire, or contract with, up to 50 MW of solar projects near West Raleigh, N.C. The deadline to submit the bids is March 17.

Duke aims to acquire multiple projects and each facility must have a minimum capacity of 2 MW. Qualifying projects should be online by year-end, but Duke will also consider projects with a

delivery date of early 2016. Winning bidders can garner power purchase agreements of up to 15 years or sell their assets to Duke Energy Carolinas, which will finalize winners by May 15.

The utility contracted or purchased 278 MW of capacity in North Carolina last year after hosting an RFP targeting solar facilities larger than 5 MW. Duke is acquiring three facilities and has signed PPAs with five others as a result of that process. Projects being acquired include the 40 MW Elm City facility in Wilson County

developed by **HelioSage Energy**, the Warsaw project in Duplin County developed by **Strata Solar**, and the 23 MW Fayetteville facility in Bladen County developed by **Tangent Energy Solutions** (PFR, 9/15/14).

All eight facilities are slated for operation by year-end and are expected to increase Duke's solar generation by nearly 50% in North Carolina. Parent company **Duke Energy** has 37 wind and solar facilities across 12 states (PFR, 12/22/14) and owns nearly 600 MW of solar capacity in North Carolina.

Duke Energy Carolina's RFP is part of the green source riders program, which is designed to help businesses offset increasing demand with renewables. "Duke could use these projects to satisfy customers enrolled in the GSR," a company official says. The RFP will also allow Duke to meet North Carolina's renewable energy and energy efficiency portfolio standards, which require investor-owned utilities to meet up to 12.5% of their demand through renewables or energy efficiency measures. ■

● PEOPLE & FIRMS

Breeze Exits CIBC

Geraint Breeze, executive director of project finance at **CIBC**, has left the bank in Toronto.

Breeze was in the post for six years, according to **LinkedIn**. Breeze worked closely with **Peter Mastromarini**, managing director and group head of projects and utilities, while at CIBC.

Before joining the Toronto-based bank, Breeze was director at **Lloyds Banking Group**, where he led their Canadian infrastructure finance business. Prior to Lloyds,

he was director of project finance at **Manulife Financial**.

CIBC has recently been involved in a number of project financings, including a club deal backing **Algonquin Power & Utilities Corp.**'s 200 MW Odell wind project in Minnesota (PFR, 2/10). The bank was a joint lead arranger in a financing backing **Pattern Development Group** and **Samsung Renewable Energy**'s 180 MW Armow wind project in Kincardine, Ontario (PFR, 10/28). CIBC also took a ticket in a deal to back the second train at **Freeport LNG** (PFR, 12/1). ■

Capital One Scoops SocGen Banker

Andrea Picott, managing director of loan sales and trading at **Société Générale**, has left the bank for **Capital One** in New York.

Picott has 20 years of experience in loan distribution, secondary trading, deal structuring, and credit across project finance, renewables, energy and utilities, according to **LinkedIn**. Prior to joining Société Générale in 2010, Picott was managing director of bank loan sales at **Royal Bank of Scotland**. Previously

she worked in loan syndications at **WestLB**.

Société Générale is advising **Cheniere Energy** and acting as one of 18 joint lead arrangers on a deal to back its Corpus Christi LNG project in Texas (PFR, 12/15). The Paris-based bank also took a ticket in a deal to back the second train at **Freeport LNG** on Quintana Island, Texas. (PFR, 12/1).

Whether McLean, Va.-based Capital One plans to expand its business into project finance, Société Générale's plans for replacing Picott and the exact date of her departure, could not be learned by press time. ■

● PROJECT FINANCE

EDP Stalks Tax Equity

EDP Renewables North America is seeking tax equity investment for its 99 MW Rising Tree III project in Kern County, Calif.

The Houston-based shop secured tax equity from **MUFG Union Bank** subsidiary **Bankers Commercial Corp.** for sister wind projects 79.2 MW Rising Tree I and 19.8 MW Rising Tree II (PFR, 11/24).

EDP sold Rising Tree III, formally called the Addison wind project, to **Terra-Gen Power**, only to buy it back within the last two years, according to a deal watcher. Construction is underway on the project, which will qualify for the production tax credit under safe harbor rules, he says.

Rising Tree III is slated to be online around June 30, according to an application to the **U.S. Federal Energy Regulatory Commission** requesting market-based rate authority. The Rising Tree projects have a 20-year power purchase agreement with **Southern California Edison**, according to the **California Public Utilities Commission**. Rising Tree I and II came online Jan. 12.

Spokespeople for MUFG and Terra-Gen Power in New York did not respond to inquiries by press time. ■

#PowerTweets

For more news and coverage, follow @PowerFinRisk on Twitter, as well as Editor @SaraReports, @OliviaFeld and @NishAmarnath.

@MeisterWorks

#SEIAFinTax speaker: latest chatter is that #yieldcos are looking for project portfolios of at least 20 MW but could go as low as 10 MW.

@aga_naturalgas

McCallister: Last winter U.S. #natgas delivery system achieved historic levels of performance. @NYSSAorg #polarvortex

@ClimateGroup

"I think #renewable energy industry would be able to stand on its feet in next 3 years & won't need any subsidy" -@PiyushGoyal #REInvest2015

@EIAgov

Today in #Energy: #Wind generates more than 10% of #Texas #electricity in 2014 <http://go.usa.gov/33E7J>

@terriferic

DOE Issues Request for Information for Los Alamos National Laboratory Legacy Completion Cleanup Project P... <http://1.usa.gov/1BBHSIJ> #DoE

@drajem

Hilarious that state officials tell #FERC that none developing plans to meet the @EPA power rules b/c the final rules may change. 1/2

@airlucas

All #dropdowns and no #thirdparty M&A makes #yieldcos a dull investment vehicle for capital markets

@BrookingsInst

Not everyone shares @EPA's views on electric grid reliability under the Clean Power Plan: <http://brook.gs/1DRaoOJ> #FERC #EPA

@JimHarris

#Wind Power Record in US: Providing 60% of the Electricity in Colorado #Renewable #energy

@bentekenergy

2 senators are backing legislation to tax #diesel fuel & #LNG by energy content rather than volume. Current taxes put LNG at a disadvantage.



INDUSTRY CURRENT ●

State Tax Benefits for Corporate Investors in Residential Solar

This week's Industry Current is written by **David Burton**, partner, and **Richard Page**, associate, at **Akin Gump Strauss Hauer & Feld** in New York.

This article evaluates the tax and cash incentives that might apply to corporate investors in residential solar systems installed in the following 10 U.S. states: California, Connecticut, Hawaii, Louisiana, Massachusetts, New Jersey, New York, North Carolina, Rhode Island and Utah.

◆ The following six states provide tax or cash incentives directly to the business-entity installer of residential solar systems: Connecticut, Hawaii, Louisiana, Massachusetts, North Carolina and Rhode Island.

◆ Two states, California and New Jersey, have assignable rebates in place that allow consumers to assign their rebates to business-entity installers. A third state, New York, has previously allowed rebates to be assignable; this will likely remain the case under the new incentive plan that is going into effect this year.

◆ Utah does not yet have an incentive regime to provide a credit or other benefit to business-entity installers of residential solar systems.

◆ Finally, at least two of the states, California and Massachusetts, have local subsidies that further incentivize solar system installations by third-party providers.

Incentive plans for solar energy installation evolve regularly. This is particularly true in states where legislatures allocate fixed amounts of money for given programs over set periods of time (e.g., Massachusetts, as described below).

CALIFORNIA

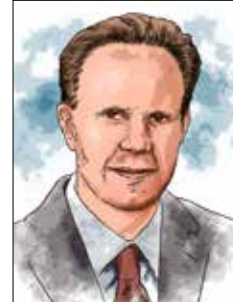
California offers several statewide incentives for the installation of solar modules on residential properties. Additionally, several California municipalities and utilities have offered a variety of cash incentives and rebates to encourage solar module installation. Such municipalities and utilities have included San Francisco, Corona, Glendale and Pasadena, and **Moreno Valley Electric**

Utility, Roseville Electric, Silicon Valley Power and Azusa Light & Water. For example, San Francisco's program, GoSolarSF Incentive, gives an assignable incentive of \$500 to \$2,000 (according to the amount of kW capacity installed) to any resident who installs a solar module on his/her property located within the city. The program adds an additional \$2,000 to \$7,000 if the recipient is a low-income resident.

On a statewide level, the State of California has rebate programs to encourage solar system installations. The California Solar Initiative Program provides assignable rebates to homeowners who install solar energy systems and live in regions that are serviced by one of California's three investor-owned utilities (this covers roughly 68% of residents). The three investor-owned utilities are **Pacific Gas & Electric, San Diego Gas & Electric, and Southern California Edison.**

These rebates are paid in accordance with one of two methods: (1) the expected performance-based buydown method, and (2) the performance-based incentive method. Under the first method, payment is given at the time of installment based on expected electrical output and under the second method, the payment is given over a period of five years based on the actual metered output of the system. Payment amounts are determined using a calculator that includes factors such as utility territory, system size, customer class, and performance and installation factors. Additional benefits are available for low-income homeowners. Assignments can be made with the consent of the local utility company and such utility companies "shall" consent without unreasonable delay for the parties involved.

A separate program, the New Solar Homes Partnership, provides assignable incentives of \$0.75/watt to \$3.50/watt based on various factors for newly constructed residences served by one of the following utilities: PG&E, SoCalEd, SDG&E and **Bear Valley Electric**



David Burton



Richard Page

Service.

CONNECTICUT

Connecticut's PBI program provides incentives directly to eligible third-party solar system owners that contract with homeowners to install residential solar systems. The incentive is paid out over six years, based on energy output. Over a given twelve-month period, up to the first 10 kW of energy consumed per home is subsidized at \$0.08/kWh, but only up to the amount of energy that was previously consumed in the prior 12-month period. Energy consumed by a home above the amount that was consumed in the prior 12-month period is subsidized at \$0.06/kWh up to 20 kW of consumption. Connecticut does not want to encourage overconsumption.

HAWAII

Hawaii allows corporations to directly claim a state corporate income tax credit for installing solar energy systems on residential properties. The credit equals 35% of the cost of the installed property, up to a cap. This cap is \$5,000 for a single family home and \$350 per unit per system for multi-family residential property.

LOUISIANA

Louisiana offers an income tax credit for the installation of solar electric systems or solar thermal systems at single-family residences within the state. The credit may be claimed by an individual or an entity. If the credit is claimed by a corporation, the credit should be noted on the corporation's state income

● INDUSTRY CURRENT

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tax return and franchise tax return. The credit is equal to 38% of the first \$25,000 of the cost of purchase for each system installed between Jan. 1, 2014, and Dec. 31, 2017.

On Jan. 10, 2014, the **Louisiana Department of Revenue** issued a Revenue Information Bulletin explaining some limitations on the application of the credit. First, the bulletin notes that the credit does not apply to costs that are not necessary components of a solar-electrical or solar-thermal system, such as air-conditioning units, heating units and ductwork. Second, the bulletin notes that stand-alone, solar-powered air-conditioning and heating units, which do not service any additional electrical or thermal energy needs of a residence, are ineligible for the credit.

MASSACHUSETTS

Massachusetts's Commonwealth Solar II program provides rebates to taxpayers that install solar energy systems, including to

third-party providers of residential systems. The incentive is \$0.25/watt. If Massachusetts company components are used, \$0.05/watt is added. The final funding block for this program (Block 20-A) has closed and the program is no longer accepting applications. Residents served by **Marblehead Municipal Light Department** can apply directly to this utility in a program that mirrors the state program. A corporation might wish to consider contacting this utility to inquire if it is still accepting applications.

Massachusetts also maintains a Solar Renewable Energy Certificates (SREC) program. The program is now in Phase II, which went into effect in April 2014. A "SREC II" is issued each time a solar energy system generates 1 MWh (or 1,000 kWh) of SREC II-qualified generation. When the SREC II is issued it is deposited directly into the account of the solar energy system owner. This account holder can then sell SREC IIs to buyers that need to acquire them to meet regulatory compliance requirements.

NEW JERSEY

Similar to Massachusetts, New Jersey's SRECs are issued to a solar system owner each time a solar installation generates 1,000 kWh of electricity. The SRECs can then be sold to electricity suppliers on the SREC Tracking System. System owners can assign their rights to SRECs to third parties, such as installers or financiers. This program has been in place since 2004. New Jersey SREC pricing has recently reached \$225 MWh after hitting a low of \$70 MWh in 2012.

NEW YORK

In New York, **PSEG Long Island**, a utility company, has provided an assignable rebate to encourage investment in solar energy systems, in relation to New York's Solar Pioneer program. The Solar Pioneer program is now being replaced with the Megawatt Block program. The details of the Magawatt Block program are still being finalized, with an incentive calculator expected to be released soon by the **New** PAGE 12 »



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Q&A: PAUL GAYNOR, SUNEDISON ●

Q&A: Paul Gaynor, SunEdison

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North America utility and global wind. Officially, the deal closed on Jan. 29, so that was my official first day. But we've been working, since we signed the deal on Nov. 17, 2014, on the integration and building the business and the business case for that position since that date. I work for Ahmad Chatila, who is the CEO of SunEdison.

PFR: Could you outline your new role at the company?

Gaynor: SunEdison has a pretty broad remit. They play along a lot of the downstream part of the solar industry, residential, distributive generation, commercial and industrial distributive, and then utility scale. With the acquisition of First Wind, they have a wind business, that has principally been North Americana in focus. We had been looking at a few international opportunities, but all of the assets are in the U.S.

Once we did the deal, we thought it would make a lot more sense to think about it in terms of customers. There's a residential business within SunEdison, there's a distributed generation business within SunEdison, and then there's a utility business. It just so happens that the utility business is now wind and solar and that's the part of SunEdison that I'm running. That's the way the North American part of my job has been designed.

We also have a global wind mandate. That means that there are hundreds and hundreds of SunEdison development people around the globe that are doing solar development. They're doing residential, distributed generation, utility scale, and there's a fair amount of pent-up wind demand that this team has been seeing in a lot of markets. We're going to help bring the wind expertise layered on top of local expertise that SunEdison already has in place.

It's really like a plug-and-play from my perspective. One of the things I liked about it is that I don't really have to build an international business. It's there, there are people that have been there for years and years who

"I think the conscious change in business model that Ahmad and others running SunEdison have made, is that they're turning SunEdison into an asset ownership business."

have been doing this already. What we need to do is to bring the wind expertise to those teams. That is also a major effort going on right now in terms of organizing, hiring the right people and moving bodies around. There is a lot going on there.

PFR: What does the acquisition by SunEdison mean in terms of First Wind's pipeline? What's likely to be continued to be developed and what will potentially be sold?

Gaynor: We have a roughly 8 GW pipeline that we brought over and 1.6 GW of that is ripe in the next couple of years. Then, there's a bunch of longer-term stuff.

PFR: What is likely to be sold on to TerraForm and to third parties? I'm interested in the future plans for that pipeline.

Gaynor: It's a legacy First Wind pipeline, but also SunEdison has a legacy utility pipeline of their own in the U.S., so that is ours as well. That's in my group. In terms of just rough numbers we're targeting in the U.S.,

"It's really like a plug-and-play from my perspective. One of the things I liked about it is that I don't really have to build an international business."

2-2.5 GW in the next two years. Those are projects that have been identified already that mostly have PPAs and are either already under construction or are going to be in construction in 12-15 months, so that they can get operational by the end of 2016. That's just a rough number for the North American part of the business. That does not include any international global wind.

In terms of what is being sold, all of that is going to be sold to TerraForm. SunEdison, I know historically their business model has been 'we're going to sell projects to third parties and make a profit margin.' I think the conscious change in business model that Ahmad and others running SunEdison have made is that they're turning SunEdison into an asset ownership business. With all the projects that we're developing, the intention is they will all end up in TerraForm.

Now there may be an exception here and there, where we decide for some strategic reason that we're going to do a third-party sale. Certainly the base case and the bias is going to be to sell it all to TerraForm.

PFR: What's the timeline for the remaining 6 GW?

Gaynor: That pipeline ranges say from today to 2020. That's the rough vintage of the projects we have in that pipeline. The other thing I'll say is that we are looking at a lot of acquisition opportunities with TerraForm to buy operating wind projects as well as development assets and late-stage development assets. We're doing a fair bit of that right now, so that would be on top of what you're seeing here in this 2-2.5 GW pipeline.

PFR: Can you provide any more information regarding what sorts of projects you are looking to acquire under TerraForm?

Gaynor: So it would be SunEdison acquiring, finishing the development, financing, building and then selling to TerraForm. That's the way to think about it.

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12th ANNUAL DEALS & FIRMS OF THE YEAR AWARDS

RECOGNIZING EXCELLENCE IN THE POWER INDUSTRY IN THE AMERICAS

TUESDAY, JUNE 24, 2014, NEW YORK

Power Finance & Risk is kicking off voting for the 12th Annual Deals & Firms of the Year Awards, a process that lauds excellence across the power industry in 2014.

Please take a few minutes to acknowledge some outstanding firms, sponsors and transactions in 18 categories below, such as project finance law firm of the year, best project finance borrower, yield company of the year, best generation M&A deal, and best M&A advisor. Voting is open to all firms active in the power sector in 2014.

Project Finance
Borrower Of The Year

Best Institutional
Investor In Power

Best Project Finance Lender
For Non-Renewables Generation

Best Project Finance Lender
For Renewables Generation

Project Finance Bond
Arranger Of The Year

Renewables Project Finance
Deal Of The Year

Non-Renewables Project
Finance Deal Of The Year

Project Finance Law Firm
Of The Year

Best Seller Of
Power Assets

Best Buyer
Of Power Assets

M&A Asset Deal
Of The Year

Best Renewable Asset
M&A Advisor

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Q&A: PAUL GAYNOR, SUNEDISON ●

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PFR: Can you provide an idea of how many gigawatts you're looking to acquire from those third-party projects?

Think about it like a funnel. The funnel is very wide at the top, but how many we'll actually get through over the next couple of years is tough to say. The stuff we're looking at is in the thousands of megawatts. I don't know how much of that we'll do.

PFR: You've been tasked with expanding SunEdison's global wind. How are you looking to tackle that?

Gaynor: I think there are three steps. The first step is to tackle the projects that are right in front of us, and there's a handful of projects around the globe SunEdison has been looking at before First Wind came along. We just need to dive in and understand the projects and help them get completed. Understanding the projects from a technical point of view, helping on the execution in terms of getting these things built and turbine selection, wind resource assessment, all of that kind of wind expertise. Then getting them built and into the operation stage, that's the short term right in front of us.

The second thing we're doing is we've got a bunch of projects that other people are showing us. Again, third parties, acquisition candidates, projects that are running today, development projects in 10 to 12 countries around the globe. How do all of those things stack up from a risk return perspective, and then what is our plan to build those out?

Then there's the third step, I'll call it more of a strategic view. Those first two steps are in the next three or four months, and then we'll go into deep strategic review of where we really want to be and where we can leverage the SunEdison platform the greatest, and build a healthy and profitable international business.

PFR: What do you think the impact of the PTC expiration will be on the market? What are some of the challenges for wind development and financing in the U.S. as a consequence of the expiration?

"Mexico is in the middle of an energy reform. It's still in the early innings there, but we think the fundamentals are trending in the right direction,"

Gaynor: The way I would describe it is a phenomenal short-term opportunity to take advantage of the PTC expiration. We were fortunate to qualify for 1.6 GW of turbines from GE, Siemens and Vestas at the end of 2014, and that will allow us to pursue our own organic pipeline as well as some of the acquisitions I've talked about to take advantage of the relatively small number of players that went out and qualified turbines. In the next two years, people are going to be phenomenally busy in the wind sector. We'll see a big year in 2015 and even a bigger year in 2016 in terms of megawatts installed.

Then again, the question is, will the PTC be reinstated or does it go away forever? I don't know what the answer is, but we have to prepare ourselves for the PTC not being there, or maybe it's there for a period of time and then it expires definitely. There is an effort now to extend the PTC. President Obama and his recent legislative package had a permanent PTC in there. That would be phenomenal, but in political reality, the odds are long for getting that accomplished.

There are other market drivers on the horizon, the biggest being EPA 111d. For us to continue to focus on markets that are short of RPS standards. If you believe that 111d is going to get implemented, and there is some value for low carbon compliance, then there is a very good chance that the wind industry hums along. That's on the demand side.

On the supply, what you've got to believe is that the OEMs are going to continue to improve the technology and drive the prices down by putting a lot more manufacturers in the U.S. That certainly has happened over the last three years in a major way. If you can think about one or more turns of that happening between now and 2020, then maybe there's a scenario where the wind industry doesn't need to be subsidized. And that's

not tomorrow, but think about it over the medium term.

PFR: Going back to your global plans, outside of North America, where are you seeing the most opportunity and why?

Gaynor: We're seeing a lot of opportunities. I'll talk about two countries—Mexico and India. Mexico is in the middle of an energy reform. It's still in the early innings there, but we think the fundamentals are trending in the right direction, and we're putting a fair amount of resources on development assets in Mexico. Again we're doing that in conjunction with our new colleagues at SunEdison, who have a presence in Mexico and speak the language and have the strategic relationships. That's a phenomenal way for us to come together.

India has got so much growth potential. Wind is big, a lot of these states have put out big grill targets, SunEdison has a phenomenal presence in India on the solar side, and we're just trying to leverage off that phenomenal presence to take a piece of the wind sector and the wind growth that's going to happen there. Those are two countries at least in the short term that we're putting a lot of focus on.

PFR: Are you planning to assemble a new team at SunEdison? How is the structuring of that process going?

Gaynor: It's not a new team. Fundamentally, it's the First Wind team. SunEdison has a utility development team that is now part of my organization, so we've already brought those two organizations together. The legacy utility SunEdison team and the legacy First Wind team are now one team in North America. On the international side, we're probably not as advanced as we are in the North American region simply because it's early. We just closed this deal. Obviously, we're just getting our hands around the opportunity set internationally, where the skills are and where the gaps are and then trying to fill it with people. There's a tremendous amount of demand for high quality people, and we'll fill them with a combination of SunEdison folks and people from outside the market. ■

Advanced Power Mulls N.Y. CCGT Debt

« FROM PAGE 1 expects approval by year-end, adds the deal watcher. Cricket Valley is expected to be online by the end of 2018 or beginning of 2019.

Advanced Power had reportedly begun scouting for a debt for Cricket Valley last year and was planning to close a financing by the end of 2014 (PFR, 4/25). Details regarding those efforts could not be learned by press time.

Advanced Power is in the midst

of financing Carroll County, a 755 MW combined-cycle gas-fired project in Ohio. Joint lead arrangers **BNP Paribas** and **Crédit Agricole** are expected to close a deal for Carroll County in the next few weeks (PFR, 1/27). The Cricket Valley deal will need more banks behind it than the Carroll County transaction because of the size of the project, notes a deal watcher.

Spokespeople for Advanced Power in Pawling, N.Y., TIAA-CREF in Boston, GE Energy in Stamford, Conn., and Marubeni Power International and Whitehall both in New York either did not comment or didn't respond to inquiries by press time. ■

First Solar, SunPower Weigh Joint YieldCo

« FROM PAGE 1 SunPower's roster of rooftop solar projects to provide an attractive asset base that will enhance the yieldco's valuation to shareholders, notes **Swami Venkataraman**, v.p. and senior credit officer at **Moody's Investors Service**. "The collaboration is an attempt on their part to increase the scale of the yieldco and provide a better development pipeline for the yieldco," Venkataraman says.

First Solar projects include the 290 MW Agua Caliente project in Yuma County and the 26 MW Avra Valley project in Tuscon, both in Arizona, as well as the 550 MW Desert Sunlight project in Riverside County, Calif. First Solar is supplying 130 MW of generation from its 280 MW California Flats project in Monterey County, Calif. to **Apple Inc.** under a power purchase

agreement announced on Feb. 10 (PFR, 2/20). The California Flats project will be complete in late 2016.

Most of SunPower's operating projects in the U.S. are spread across Florida, Colorado, Arizona, California, Delaware and North Carolina. SunPower's project development pipeline includes the 50 MW photovoltaic plant in San Luis Valley, Colo., under a PPA with **Xcel Energy**, and the 135 MW Quinto project in Merced County, Calif., which is slated to be complete in late 2015.

First Solar's renewed interest in a yieldco comes in the wake of pressures from its investors. First Solar's share price tanked in November when it shelved its pursuit of a yieldco, countering indications it had made earlier in the year (PFR, 11/14/). SunPower has been considering a yieldco vehicle since at least April.

Details of precisely which operating assets SunPower and First Solar would offload to the prospective yieldco could not be learned. Spokespeople at First Solar and SunPower declined to comment. ■

State Tax Benefits for Corporate Investors in Residential Solar

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York State Energy Research and Development Authority. Presumably, PSEG Long Island will again provide for assignability under the new regime.

Note, New York provides a 25% tax credit that is capped at \$5,000 to individual homeowners who install solar systems on the individual's principal residence. The credit even applies to power purchase agreement payments; the PPA must be in effect for at least 10 years, and the credit applies to only the payment made in the first fourteen years. Unfortunately, the credit is not assignable. Therefore, the credit will not provide a direct benefit to corporate investors but may spur solar installation volume in New Jersey.

To further incentivize PPAs, New York State Governor **Andrew Cuomo** called for a sales tax exemption on these arrangements, as part of his budget proposal released on Jan. 21, 2015.

NORTH CAROLINA

North Carolina provides a 35% tax credit for the value of solar equipment installed within the state. The credit belongs to the installer and can be claimed fully in the first year the equipment is put into use if the energy is being used for residential purposes. Where equipment is leased, either the lessor or lessee may claim the credit. There is a ceiling on the value of the credit claimed for an individual residence. The general ceiling is \$10,500, but can be as low as \$1,400 if the equipment is to be used solely for water heating (including pool heating).

RHODE ISLAND

Rhode Island provides grants directly to entities that install solar energy systems within the state. Examples of such entities include limited liability corporations, neighborhood associations, solar contractors and renewable energy developers. A solar energy system can receive a grant of up to \$10,000 at an incentive of \$1.15/kW. Applications for Block 5 of the program are due on April 17, 2015, and applications for Block 6 are due on July 1, 2015. Note that all dates are approximate and subject to change. Rhode Island encourages applicants to submit multiple small solar projects within a single application to streamline the application process for all parties involved.

UTAH

On April 1, 2014, Utah modified its renewable energy tax credit to further incentivize solar projects. Generally, a business entity that purchases or participates in the financing of a commercial energy system in Utah that is not capable of producing 660 or more kWh is entitled to a tax credit of up to 10% of the reasonable cost of the system. The term "commercial energy system" is defined to include solar energy systems that are used as "commercial enterprises." A "commercial enterprise" is defined in part as a "business entity." Accordingly, Utah's incentive regime does not yet incentivize corporations to invest in residential solar energy systems for non-business-related residential use. Business-related residential use might include, for example, employee housing at a ski resort. ■