

# Power Finance & Risk

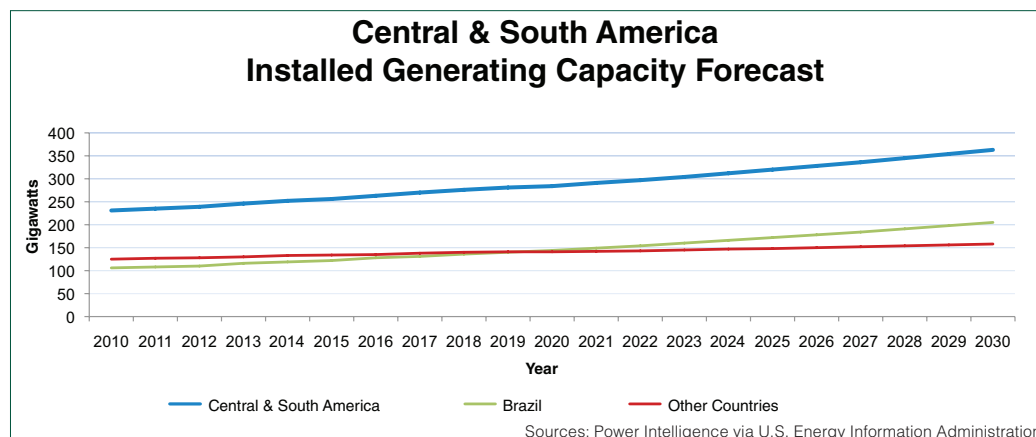
The weekly issue from **Power Intelligence**

[www.powerintelligence.com](http://www.powerintelligence.com)

## Multilaterals Scope Larger Tickets, Changing PF Structures

Multilateral financial institutions are looking at taking bigger tickets in project financings and considering modifications to traditional deal structures. They're being driven by the shrinking pool of banks lenders and enormous energy and infrastructure demands in Latin America.

The region will require roughly \$450 billion in energy and infrastructure investments in through 2015, said **Glaucia Calp**, senior director of Latin  
(continued on page 15)



## China's GCL Targets \$1.5B U.S. Financing

**GCL Solar Energy** is seeking up to \$1.5 billion in construction debt this year to support 450 MW of photovoltaic projects in California and Puerto Rico.

It anticipates wrapping five or six deals in 2012, said deal watchers at **Infocast's** Solar Power Finance & Investment Summit.  
(continued on page 16)

## NRG Scouts Calif. Solar Investor

**NRG Energy** is in the market with a 250 MW solar project in California and is talking with prospective investors about minority stakes.

There are a handful of parties interested in taking a minority stake in its 250 MW CVSR photovoltaic project in a structure akin to the way **MidAmerican Energy Holdings** took a 49% stake in the \$1.8 billion, 250 MW Agua Caliente project, bankers in New York say.

The parties that have shown interest are unregulated utility subsidiaries and other corporates such as **Enbridge** that have looked at picking up solar projects in the last few months, says one industry official (PI, 9/19/11).

CVSR, or California Valley Solar Ranch, in San Luis Obispo County, Calif., has a 25-year power purchase agreement with **Pacific Gas & Electric**. It's scheduled to be online by the end of

(continued on page 15)

### THE BUZZ

**P**/ tackled the Americas this week with coverage of various themes in power markets in Chile, Mexico, Peru and Brazil and the state of the solar industry in the U.S.

For *PI's* take on project finance and M&A, see page 2.

## 6<sup>th</sup> Annual Latin American Energy and Infrastructure Finance Forum

Check out our coverage of power trends and deals in LatAm during the event on Feb. 28-29 in Miami.

See stories, page 7

## Solar Power And Investment Summit

Read what bankers, sponsors and investors had to say about subsidies, tax equity and financing tenors at the event on Feb. 27-March 1 in San Diego.

See stories, page 9

## Generation Sale DATABASE

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

See calendar, page 3

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## THE BUZZ

Industry heavyweights were making headlines this week at Infocast's Solar Power and Investment Summit in San Diego. Senior Reporter **Brian Eckhouse** has the goods on **GE Energy Financial Services** making an investment in **LS Power's** 127 MW Arlington Valley photovoltaic project. The duo are hardly strangers to each other: GE EFS has lent to several of LS' projects, including a deal backing a trio of merchant projects in Connecticut. He also reports that **Chevron** affiliate **Chevron Energy Solutions** is sniffing around some tax equity investments in renewable projects. The oil and gas giant reported \$244 billion in revenues for 2011 and its balance sheet and tax capacity make it an ideal tax equity players, summit attendees said.

Project finance bonds and the changing roles of multilateral finance institutions were at the top of the agenda at **Euromoney Seminars' 6<sup>th</sup> Annual Latin American Energy and Infrastructure Finance Forum** in Miami. The shrinking pool of European lenders is causing developers to lean more heavily on MFIs, export credit agencies and development banks such as **Banco Nacional Do Desenvolvimento Econômico e Social**. Financiers and sponsors are also continuing to work on making project finance bonds a reality. Many of the institutional investors in the region are new to the energy and infrastructure game and are still working through the learning curve.

Household names were also making appearances in our M&A coverage this week. Senior Reporter **Holly Fletcher** reports that **AES** has agreed to sell two gas-fired plants separately to **Energy Capital Partners** and **PPL Generation** in a transaction that nets the company \$234 million in cash. On the renewables front, the trend of looking for equity partners to build out development continues: **Duke Energy Renewables** is negotiating to sell minority wind stakes in a 300 MW pair to **Sumitomo Corp.** while **NRG Energy** is looking for an investor for its 250 MW CVSR solar project in California.

## TELL US WHAT YOU THINK!

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

Feel free to contact **Sara Rosner**, managing editor,  
at (212) 224-3165 or srosner@iintelligence.com.

## Power Intelligence

## EDITORIAL

**Steve Murray**  
Editor

**Tom Lamont**  
General Editor

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

**Sara Rosner**  
Managing Editor  
(212) 224-3165

**Brian Eckhouse**  
Senior Reporter  
(212) 224-3624

**Holly Fletcher**  
Senior Reporter  
(212) 224-3293

**Katie Segreti**  
Data Editor

**Max Adams**  
Contributor

**Kieron Black**  
Sketch Artist

## PRODUCTION

**Dany Peña**  
Director

**Deborah Zaken**  
Manager

**Melissa Figueroa,**  
**James Bambara,**  
**Douglas Lee**  
Associates

**Jenny Lo**  
Web Production &  
Design Director

## ADVERTISING

**David Blide**  
Associate Director  
(212) 224-3187

**Patricia Bertucci**  
Associate Publisher  
(212) 224-3890

**Adrienne Bills**  
Associate Publisher  
(212) 224-3214

## Customer Service

Po Box 5016, Brentwood, TN 37024-5016

Tel: 1-800-715-9195

Fax: 1-615-377-0525

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

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## GENERATION AUCTION &amp; SALE CALENDAR

These are the current live generation asset sales and auctions, according to *Power Intelligence's* database. A full listing of completed sales for the last 10 years is available at [www.powerintelligence.com/AuctionSalesData.html](http://www.powerintelligence.com/AuctionSalesData.html)

Seller	Assets	Location	Advisor	Status/Comments
Abengoa Solar	45% Stake (250 MW Solana Solar CSP)	Gila Bend, Ariz.	TBA	Banco Santander is taking a 45% stake to fund construction and will look to sell slices (PI, 11/28).
AES	Cayuga (306 MW Coal) Greenidge (105 MW Coal) Somerset (675 MW Coal) Westover (83 MW Coal) Red Oak (766 MW CCGT)	Lansing, N.Y. Dresden, N.Y. Barker, N.Y. Binghamton, N.Y. Sayreville, N.J.	Barclays Capital  Citigroup	Creditors are the \$300M stalking horse bid for Cayuga and Somerset in a bankruptcy process that will leave the other two plants shuttered (PI, 1/9).  PPL Generation is buying Ironwood for \$87M plus cash; ECP is buying Red Oak (see story, page 6).
AE Investor II	Ironwood (720 MW CCGT)	South Lebanon, Pa.	Citigroup	
AE Investor II	Astoria Energy II (4%, or 23.3 MW)	Queens, N.Y.	Whitehall & Co.	First round bids were scheduled for Sept. 16 (PI, 9/19).
Air Products & Chemicals	Stockton (50 MW Coal/Biomass Cogen)	Stockton, Calif.	New Harbor	Teasers for the facility went out Feb. 2 (PI, 2/13).
ArcLight Capital Partners	Waterside (72 MW Peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (65-mile Transmission)	Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokaa, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y.	Citigroup, Barclays Capital	First Reserve has launched a \$243M package to finance the gas-fired plants minus Hamakua (PI, 2/20).
Beacon Power	Stephentown (20 MW Storage)	Stephentown, N.Y.	CRG Partners	Rockland Capital is buying the assets for \$30.5 million (PI, 2/13).
CIT Group, Carlson Capital	Stakes (Gas-fired peakers)	Various, Calif.		Calpine is buying out the investor stakes (PI, 1/23).
Constellation Energy Group	Rio Bravo Fresno (24 MW Biomass) Rio Bravo Rocklin (24 MW Biomass) Chinese Station (22 MW Biomass)	Fresno, Calif. Lincoln, Calif. Jamestown, Calif.	No advisor	The company has reached out to prospective buyers as it considers selling its stakes (PI, 1/9).
Conti Group, Grupo Arranz Acinas	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went out in late July (PI, 8/1).
Covanta Energy	Burney Mountain (11.4 MW Biomass) Mt. Lassen (11.4 MW Biomass)	Shasta County, Calif. Westwood, Calif.	None None	Looking to sell the facilities (PI, 12/19).
Duke Energy	Cimarron II (131 MW Wind) Ironwood (168 MW Wind)	Gray County, Kan. Ford County, Kan.	None	Sumitomo is in talks to take a minority stake (see story, page 6).
Edison Mission Group	Stakes Mountain Wind I (60 MW Wind) Mountain Wind II (79.8 MW Wind)	Uinta County, Wyo.	Marathon Capital	TIAA-CREF and CIRI have closed a \$480M preferred equity stake (PI, 2/27).
First Wind	Stakes (Various Wind)	Various, Northeast	Credit Suisse, Macquarie	Algonquin is dropping out of a JV with Emera to take minority stakes. Emera is taking over the investment (PI, 2/6).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) N/A (Wind) N/A (Wind)	Pocahontas County, Iowa Blair County, Pa.	JPMorgan	Selling four merchant wind projects that have tax equity investments (PI, 2/6).
GDF Suez Energy North America	Hot Spring (746 MW CCGT) Choctaw (746 MW CCGT)	Malvern, Ark. Ackerman, Miss.	UBS	Arkansas Electric Co-Op Corp. has agreed to buy the Hot Spring; set to file with regulators (PI, 2/20). Quantum Utility Generation bought Choctaw.
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (see story, page 1).
Perennial Power	Mid-Georgia (300 MW CoGen)	Kathleen, Ga.	Fieldstone	Final bids came in Feb. 28 or 29 (see story, page 6).
RPM Access	Elk (41.25 MW Wind) Vienna (150 MW Wind)	Edgewood, Iowa Iowa	No advisor No advisor	MidAmerican Energy bought the Vienna project last month and RPMA is holding onto Elk (PI, 1/9).
Rockland Capital	Boardwalk (4 MW Solar PV)	Atlantic City, N.J.	Energy Asset Advisors	GTG Energy has bought the merchant project (PI, 2/20).
Signal Hill Power, CarVal Investors	Wichita Falls (77 MW CCGT) Rensselaer (79 MW Peaker)	Wichita Falls, Texas Rensselaer, N.Y.	Scotia Capital	Louis Dreyfus Highbridge Energy is buying the Rensselaer plant (PI, 12/26).
Silverado Power, Martifer Solar	Various (130 MW Solar)	Various, Calif.	Marathon Capital	The partners are looking to raise capital around the contracted portfolio (PI, 2/13).
Sunoco Power	Eagle Point (200 MW Cogen)	Westville, N.J.	TBA	Rockland Capital is buying the facility (PI, 2/13).
Tenaska	High Desert (800 MW CCGT) Rio Nogales (800 MW CCGT)	Victorville, Calif. Seguin, Texas	Barclays, Citi	Final bids came in 1/31; CPS Energy is frontrunner (PI, 1/30).
Third Planet Wind Power	Petersburg (40.5 MW Wind)	Petersburg, Neb.	Morgan Stanley	Gestamp is buying the project after EME deal unraveled (PI, 12/26).
Tuusso Energy, Akula Energy Ventures	Antelop (20 MW Solar PV)	Lancaster, Calif.	Marathon Capital	Recurrent Energy has bought the project (PI, 2/20).
Tyr Energy	Stake (100 MW Biomass)	Gainesville, Fla.	Fieldstone	Starwood is buying 40% of the project (PI, 1/23).
U.S. Power Generating Co.	Gowanus Barges 1 (160 MW Oil) Gowanus Barges 4 (160 MW Oil)	Brooklyn, N.Y.	Tier One Capital Management	First round bids for the two barges are expected in February (PI, 1/9).

## New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes, contact Senior Reporter **Holly Fletcher** at (212) 224 3293 or e-mail [hffletcher@powerintelligence.com](mailto:hffletcher@powerintelligence.com).

## PROJECT FINANCE DEAL BOOK

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

## Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
▶ Abengoa	Mojave (250 MW Solar)	San Bernardino County, Calif.	FFB	Federal	\$1.2B	N/A	Sponsor hunts \$400M in tax equity (see story, page 11).
AES Solar	Imperial Valley (709 MW Solar PV)	Plaster City, Calif.	TBA	TBA	\$1.3B	TBA	Sponsor scouts bank debt and bonds for phase one (PI, 1/16).
BP, Sempra	Mehoopany (141 MW Wind)	Wyoming County, Penn.	TBA	TBA	TBA	TBA	Sponsors plan to choose lenders this month (PI, 2/13).
Cardinal Gas Storage	Cadeville (16.5 bcf Gas Storage)	Monroe, La.	TBA	TBA	\$100M	TBA	Sponsor is talking with CIT, RBC and SunTrust about financing (PI, 1/30).
Duke Energy	Cimarron II (131 MW Wind)	Gray County, Kan.	TBA	TBA	\$260M	TBA	Sponsor seeks one financing for Cimarron II and Ironwood projects (PI, 1/30).
	Ironwood (168 MW Wind)	Ford County, Kan.	TBA	TBA	\$260M	TBA	Sponsor seeks one financing for Cimarron II and Ironwood projects (PI, 1/30).
	Laurel Hill (69 MW Wind)	Lycoming County, Penn.	TBA	TBA	\$77M	TBA	Sponsor hunting funds for wind project (PI, 1/30).
	Los Vientos (402 MW Wind)	Willacy County, Texas	TBA	TBA	TBA	TBA	Sponsor scouts financing and aims to land funding from NADB (PI, 2/20).
E.ON	Various (Wind)	TBA	UniCredit	TBA	TBA	TBA	UniCredit readies a bond deal (PI, 2/6).
Edison Mission Energy	Unidentified (Wind Portfolio)	Midwest U.S.	BBVA, Key Bank, WestLB	TBA	\$113.5M	TBA	Sponsors taps banks to lead financing (PI, 1/16).
enXco	Shiloh 3 (102.5 MW Wind)	Solano County, Calif.	TBA	TBA	TBA	TBA	NordLB, Rabo and Santander circle financing (PI, 2/13).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	Financing expected to total at least \$200M (PI, 1/23).
Gradient Resources	Patua (30 MW Geothermal)	Reno, Nev.	Union Bank	TBA	\$200M	TBA	Sponsor downsizes financing, mandates Union Bank (PFR, 2/27).
Greengate	Black Spring (300 MW Wind)	Alberta	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders (PFR, 2/27).
Inkia Energy	Unidentified (400 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC	TBA	\$525M	12-yr	Sponsor talks to three additional lenders, including Santander (PI, 12/5).
LS Power	Centinela (175 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Sponsor scouts financing, which may cobble bank debt and bonds (PI, 2/20).
▶ Macquarie Mexican Infrastructure Fund, Macquarie Capital, Fomento Económico Mexicano	Oaxaca (396 MW Wind)	Oaxaca, Mexico	Banorte, BBVA, Crédit Agricole, HSBC, IDB	TBA	\$700M	16-yr	Deal wraps and Macquarie Capital and Fomento Económico Mexicano sell stakes to Mitsubishi Corp. and PGGM (see story, page 5).
MidAmerican Energy Holdings	Topaz (586 MW PV)	San Luis Obispo, Calif.	Barclays, Citi, RBS	144A	\$850M	25-yr	Pricing determined (PFR, 2/27).
▶ Northland Power	Various (50-60 MW PV)	Ontario	Union Bank	TBA	TBA	TBA	Sponsor mandates Union Bank to round up \$180-200M in debt (see story, page 5).
NRG Solar	Alpine (66 MW PV)	Lancaster, Calif.	TBA	Term	\$300M	18-yr	Sponsor in talks with four banks (PFR, 2/27).
Odebrecht	Chaglla (406 MW Hydro)	Peru	BNP	TBA	\$650M	TBA	Financial close targeted for February (PI, 11/21).
Recurrent Energy	Various (Solar PV)	Northern California	TBA	TBA	\$100M+	TBA	Sponsor discusses deal with BoTM, Lloyds, Mizuho and UniCredit (PI, 1/9).
▶ Scatec Solar North America	N/A (5 MW Solar)	Hawaii	TBA	TBA	TBA	TBA	Working with NorthWinds Advisors to secure financing by summer (see story, page 11).
▶	Redhills (50 MW Solar)	Iron County, Utah	TBA	TBA	TBA	TBA	Working with NorthWinds Advisors secure cash grant and financing by summer (see story, page 11).
Summit Power Group	Texas Clean Energy Center (400 MW IGCC)	Odessa, Texas	RBS	Loan, private placement	TBA	TBA	Sponsor targets summer financial close (PI, 2/20).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	\$600M	TBA	Sponsor settles on bank-only deal (PI, 2/6).
Terra-Gen Power	Alta (300 MW Wind)	Tehachapi, Calif.	TBA	TBA	\$600M	TBA	Sponsor reaches out to lenders (PI, 2/13).
Wind Capital Group	Unidentified (150 MW Wind)	Osage County, Okla.	BayernLB, Rabo	TBA	\$160M	TBA	Sponsor reignites financing (PI, 2/13).

## ▶ New or updated listing

To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail [beckhouse@powerintelligence.com](mailto:beckhouse@powerintelligence.com). A full listing of deals for the last several years is available at <http://www.powerintelligence.com/ProjectFinanceDeal.html>.

## PROJECT FINANCE

## Union Bank Scores Northland PV Mandate

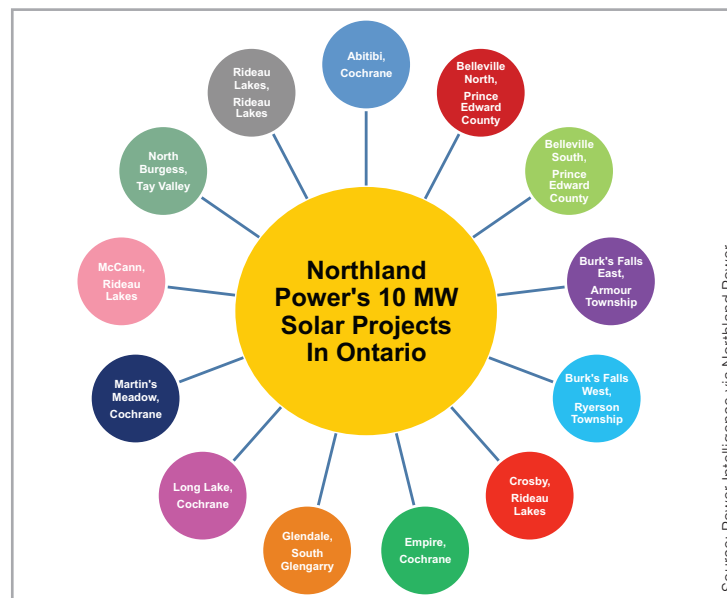
**Northland Power** has mandated relationship lender Union Bank to round up C\$180-200 million (\$180.3-200.3 million) in debt backing five or six 10 MW solar photovoltaic projects in Ontario. The Toronto-based sponsor is targeting financial close in the second quarter, says **Paul Bradley**, cfo.

Northland may finance the projects in two deals. Tenor may determine whether Northland splits the financing. "We do believe there is an appetite for construction plus 18 years," Bradley says. Most tenors have stretched up to 10 years since the fall, when the euro-zone crisis benched one-third of project banks (PI, 1/20). Smaller renewables deals can sometimes score longer tenors. At least one financier says deals under \$150 million that require few lenders can snag 15-year tenors (PI, 2/16).

If Northland opts for one financing encompassing all of the projects, Union Bank likely will syndicate the deal, Bradley says. If two financings are selected, Northland would likely tap clubs to join Union Bank. **Carmelo Restifo**, Union Bank v.p. in Los Angeles, is managing the deal for the lender. A Union Bank official didn't return a call seeking comment.

The Northland photovoltaic projects have 20-year contracts under **Ontario Power Authority's** feed-in tariff programs.

Union Bank co-led a \$580 million financing supporting



Source: Power Intelligence via Northland Power

Northland's 265 MW combined-cycle project in North Battleford, Saskatchewan (PI, 8/31/10). Northland used the North Battleford financing to build its relationship base of lenders for its \$1 billion pipeline of renewables projects (PI, 8/6/10).

## Macquarie Wraps Oaxaca Wind Deal

**Macquarie Mexican Infrastructure Fund** has wrapped a MXN8.9 billion (\$700 million) financing backing Marea Renovables, its 396 MW wind project in Oaxaca, Mexico. Co-sponsors **Fomento Económico Mexicano** and **Macquarie Capital** have also sold their stakes totaling 67.5% to **Mitsubishi Corp.** and **PGGM**, a Dutch pension fund manager.

Mitsubishi snagged a 34% stake, while PGGM took a roughly 33% stake. MMIN holds the remaining 32.5% of equity in the project (PI, 10/7) and plans to maintain that position. The cost of the



Vestas V90 Turbines

acquisitions couldn't be learned. **Nick O'Neil**, MMIN ceo in Mexico City, didn't return a call, while a Macquarie spokeswoman in New York declined to comment. Spokespeople for Mitsubishi and PGGM didn't immediately address inquiries. Officials at FEMSA could not be reached.

**Banco Santander, Banorte, BBVA Bancomer, Crédit Agricole** and **HSBC** financed the project alongside the **Inter-American Development Bank** and Mexican government-backed banks **Banco Nacional de Obras y Servicios Públicos** and **Nacional Financiera**. **Eksport Kredit Fonden**, the Danish export credit agency, is guaranteeing a portion of the construction term loan. The IDB planned to loan the project \$72 million (PI, 11/30). Other ticket sizes and deal terms, including pricing and tenor, couldn't be learned. Bank and government officials or spokespeople declined to comment, didn't respond to messages or couldn't be reached.

FEMSA comprises **Coca-Cola FEMSA**, the largest public bottler of **Coca-Cola** in the world, and **FEMSA Comercio**, Mexico's largest convenience store operator. Subsidiaries of FEMSA and **Cuauhtémoc Moctezuma**, an operating company of **Heineken**, are the offtakers, under 20-year power purchase agreements.

The Oaxaca project will use **Vestas** V90 3 MW turbines. Construction is expected to begin in March and wrap in July, 2013.



## MERGERS &amp; ACQUISITIONS

## Final Bids Imminent For Perennial's Ga. Cogen

Final bids for **Perennial Power**'s cogeneration facility in Kathleen, Ga., came in during the last two days of February, deal watchers say. **Fieldstone Private Capital Group** is running the sale.

New York-based Perennial, a subsidiary of **Sumitomo Corp.**, is considering selling stakes or the plant in its entirety. **Georgia Power**, a unit of **Southern Co.** and the offtaker, is expected



to submit a binding offer, says one observer. A handful of prospective buyers that include Japanese and infrastructure investors were shortlisted (PI, 1/12).

Georgia Power has the first right of refusal on the 300 MW facility under a power contract that matures in 2028. The company was planning to evaluate whether it would make sense to buy the facility rather than have a contract (PI, 12/5). The plant also sells steam to potato chip manufacturer **Frito-Lay** for an adjacent food processing plant. The facility will have \$60.1 million in outstanding debt at year-end.

Officials at Sumitomo and Fieldstone declined to comment.

## PPL Snags AES Plant

**PPL Generation** has agreed to buy a 705 MW combined cycle facility in Lebanon, Pa., from AES for \$87 million. As part of the deal that was signed on Feb. 23, Arlington, Va.-based AES will take over \$217 million in project debt, according to company officials during an earnings call.

The plant has been for sale alongside the Red Oak plant in New Jersey in a quietly run deal, observers say. **Citigroup** is running the sale. **Energy Capital Partners** is buying Red Oak for \$147 million (PI, 2/23).

In addition to Red Oak and Ironwood, AES is selling an 80% stake in a 1.19 GW CCGT facility in Spain to **GDF Suez International Holdings**. AES will receive an aggregate of \$463

million for the plants, according to the company's website.

PPL Generation is an unregulated unit of **PPL Corp.**, based in Allentown, Pa. The company did not use a financial advisor, says a spokesman.

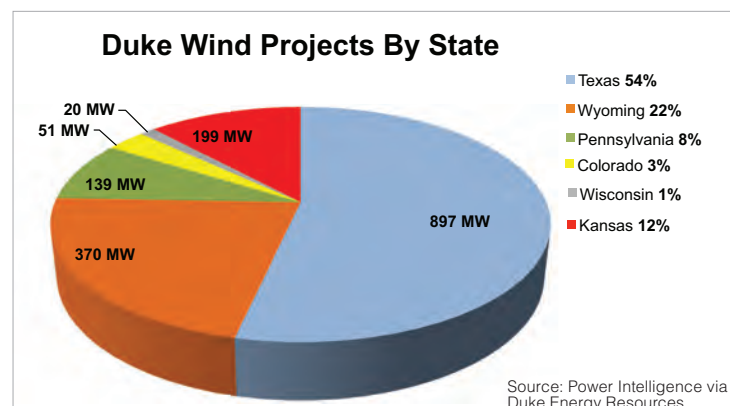
### AES Recent Asset Sales

Seller		Buyer
AES Corp. & Subsidiaries	AES Thames coal-fired, 207 MW	BTU Solutions
	Cayuga coal-fired, 306 MW	Creditors
	Somerset coal-fired, 675 MW	Creditors
	Red Oak CCGT, 766 MW	Energy Capital Partners
	Ironwood CCGT, 705 MW	PPL Generation

Source: Power Intelligence via Generation Sale Database

## Sumitomo Eyes Stake In Duke Wind Pair

**Duke Energy Renewables** and **Sumitomo Corp.** are in talks about Sumitomo taking a minority stake in two wind projects that are under construction and rumbling through the project finance market. Sumitomo would take positions in the Cimarron II and Ironwood projects, both in Kansas and scheduled to be online this summer, bankers say. The parties are not using advisors.



The talks stem from Sumitomo's interest in wind, deal watchers say. Sumitomo's sizeable balance sheet and tax capacity make it an attractive partner in this situation, says one renewables banker, noting that the stake is not solely a tax equity deal although it could be one element. The talks are close to winding up although when the equity transaction is expected to close could not be learned.

Sumitomo's involvement with the projects has been visible to financiers that are involved in putting together debt for the project, lenders say. Duke has been talking with banks about lining up about \$260 million in financing for the Kansas pair (PI, 1/27).

The 131 MW Cimarron II wind project in Gray County, Kan., and the 168 MW Ironwood project in Ford County, Kan., have 20-year power purchase agreements with **Kansas City Power & Light** and **Westar Energy**, respectively.

The size of the stakes or the potential amount of investment could not be learned. A Duke spokesman in Charlotte, N.C., declined to comment while a Sumitomo spokesperson in Tokyo was not immediately reached.

## CONFERENCE COVERAGE

### 6th Annual Latin American Energy and Infrastructure Finance Forum

Developers and representatives of export credit agencies, multilateral finance institutions, law firms and commercial banks convened at **Euromoney Seminars'** 6<sup>th</sup> Annual Latin American Energy and Infrastructure Finance Forum at the Hotel Biltmore in Miami Feb. 28-29. The role of MFIs and project finance bonds created some of the most buzz. Managing Editor **Sara Rosner** filed the following stories:

### Social Hurdles Loom For Renewables

Social concerns are impeding wind project development in Mexico and large hydro projects in Peru and Brazil.

Wind projects in Mexico are often developed in poor, underdeveloped parts of the country, where communal land rights still exist, says **Vanessa Franyutti**, an attorney with law firm **Nader, Hayaux y Goebel** in Mexico. These properties, which often have thousands of custodians or users, must be privatized before they can be bought or leased for wind projects, a process that can require more time and effort than developing the projects themselves, noted **Jim Kaiser**, director of project and export finance for **HSBC**.

These communities often lack the resources to handle the negotiations for these transactions, Kaiser noted. He added that the required intermediaries between these communities and various government officials and the developers also drastically increased costs and prolonged project development.

Meanwhile, large hydro projects that utilize rivers in the rainforests of Brazil or pristine mountainous regions in Peru often incur severe delays or cancellations due to social impacts on indigenous people, several panelists said. A Brazilian judge put the brakes on **Norte Energia's** proposed 11 GW Belo Monte dam on

the Xingu River, in Para, Brazil in 2010, citing affects to indigenous people in the area. **Luis Gonzales Talledo**, vice minister of energy in Peru, cancelled Brazilian consortium **Empresa de Generacion Electrica Amazonas Sur's** proposed 1.5 GW Inambari dam in Peru in June after meeting with local communities and reviewing the project's plans.



Xingu River

### Challenges Persist For Project Bonds In LatAm

Project finance bonds are facing many hurdles despite their favor among developers and financiers, according to attendees of the forum in Miami.

Many financiers and developers are looking to bonds and the capital markets to fill the gap left by commercial and investment banks in the wake of the eurozone crisis. However, institutional investors often don't have the resources to analyze the risk in project finance assets, notes **John Groesbeek**,

head of syndications for Latin America for the **International Finance Corp.**

While the top 50 sponsors in the region can often pull on their ties with a number of banks for traditional loans, those relationships don't exist with

institutional investors, added **Duncan Caird**, managing director and head of project and export finance in the Americas for **HSBC**. Relationships are imperative to carrying project finance deals through completion in the region, added **Edmundo Lujan**, head of oil and gas for **BBVA**.

Groesbeek said institutional investors, which usually require long-term investments with regular and consistent returns, are the natural holders of energy and infrastructure debt. These investors in countries such as Peru have more history with investing in infrastructure than investors in Mexico and Brazil and will therefore have less difficulty in investing in other types of project finance deals, noted many panelists. Capital markets deals are also better suited to portfolios instead of stand-alone assets because they provide diversification, said **Mauricio Gutierrez**, managing director of project finance for **Celfin Capital**.

#### FAST FACT

Many financiers and developers are looking to bonds and the capital markets to fill the gap left by commercial and investment banks in the wake of the eurozone crisis.

## German Turbine Player Hunts LatAm Expansion

German wind turbine manufacturer **Nordex** is looking to expand into Latin America by partnering with developers on, or buying, early-stage projects to deploy its machines in the region. The company is looking at projects in the 50 MW, \$100 million range, said **Ron Flax Davidson**, v.p. of project finance at the forum in Miami.

Nordex, which completed a manufacturing facility that produces 700 MW of equipment annually in Arkansas in 2010, is focusing on projects in Chile or Mexico. The company also has manufacturing facilities in China and Europe and turbines for Latin America projects could come from any of the three facilities, another Nordex official noted.

The company has a total installed global capacity of 7,539 MW.



Nordex Turbine

## MPX Energia Targets Gas-Fired Funds

Brazilian developer MPX Energia is looking to put together long-term financing backing its \$670 million, 517 MW natural gas-fired Parnaíba II plant in Maranhão, Brazil. The company wants at least 70% debt in and aims to close the financing in the second quarter, said **Bernardo Perseke**, general counsel of MPX Energia subsidiary **MPX Colombia** at the forum.

MPX is developing the plant alongside **Petra Energia**, which has a 30% stake in the project. Affiliate **UTE Parnaíba II Geração de Energia** has already secured a \$225 million loan from **Banco Nacional de Desenvolvimento Econômico e Social**. The sponsors are looking for approximately \$235 million of additional debt in the form of debentures or export credit agency financing, Perseke noted.

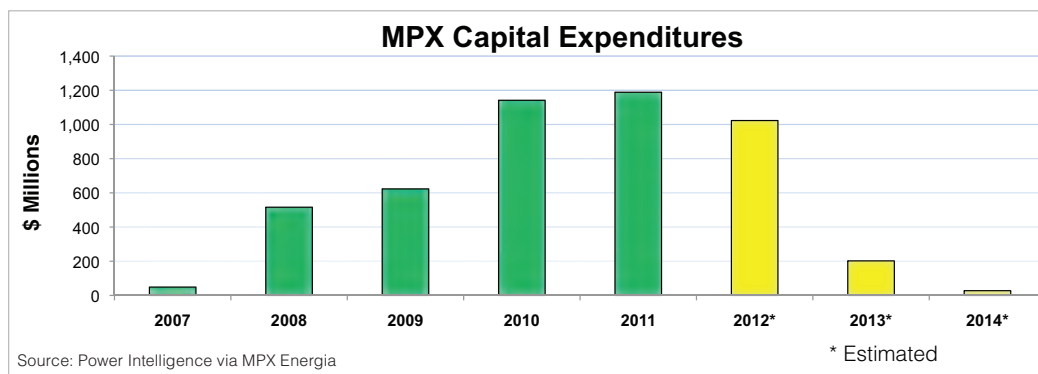
BNDES, **Banco Bradesco**, **Itaú BBA** and **Banco Santander** participated in facilities last year backing the sponsors' 676 MW Parnaíba I. The terms of the BNDES facility, such as pricing and tenor, could not be learned.

The project may also receive some equity backing from German utility **E.ON** under the 50:50 joint venture with MPX that was announced in January,

Perseke said. The JV aims to develop 20 GW in Brazil. Parnaíba II has a 20-year power purchase agreement and is slated for operation in 2014.

In addition to Parnaíba II, MPX is planning for a 2.5 GW expansion to the project and is also developing several other facilities, including:

- 727 MW Sul and 600 MW Seival coal-fired projects in Rio Grande do Sul, Brazil
- 2.1 GW coal-fired and 3.3 GW natural gas-fired Açu project in Rio de Janeiro, Brazil
- 2.1 GW coal-fired Castilla project in the Atacama Region of Chile.



### Reporter's Notebook

• Europe's financial woes permeated the entire conference. "I don't even want to talk about Spain right now, because it's a disaster," said one financier from a Spanish bank.

• The Hotel Biltmore boasts the largest continuous hotel swimming pool in the continental U.S. Many of the attendees, however, were more interested in the venue's 18-hole golf course. A pack of bankers was seen coming off the greens on Monday night.



• Sweet Tooth? **Gabriel de la Concha Guerrero**, chief investment officer of **Empresas Mexico**, compared doing a bond deal for a greenfield projects to making the Mexican specialty *dessert impossible*, also known as *flan impossible*. The dish features a chocolate cake bottom and flan on top. "You just wonder, how did they cook that?"

• Montezuma's Revenge: *Ejididos* are areas of communal agricultural land in Mexico that can have hundreds or thousands of users. The ejido system, which dates from the Aztec empire, is causing concern for wind developers, which cannot get leases for ejidos land until the property is privatized.



## Observers Assess Peru Power Export Potential

Sponsors and financiers weighed the potential opportunities of developing generation in Peru for export to neighboring Ecuador, Chile and Brazil. The country has 58 GW of potential in hydro generation capacity, said **Pablo Eguiluz**, head of project finance at **InkiaEnergy**. Domestic demand is projected to grow to roughly 9 GW in 2020 from 5 GW today.

The relatively higher pricing of power in Chile make it an attractive market for exporting cheaper Peruvian power, noted **Brendan Oviedo**, partner at **Rubio Leguia Normand**. Power costs roughly \$30-40 per MWh in Peru as opposed to up to \$110 per MWh in Chile, he said.

**Mauricio Guitierrez**, managing director of project finance at **Celfin**

**Capital**, pointed to the high power demand from the mining industry in northern Chile, which is not connected to the rest of the country's grid, and added that renewable generation could be a cornerstone of mining companies' agendas as they look to green their businesses.

Peru has had discussions or created initial policies to begin transmitting power with its neighbors. However, much more action is required to bring the schemes to fruition, Oviedo said. **Raphael Dumas**, director of project and export finance at **HSBC**, meanwhile, pointed to Peru's shortfall of supply compared to domestic demand as a major hurdle to exporting generation. Roughly 20% of Peru's population does not have access to power, added Eguiluz.

## CONFERENCE COVERAGE

### Solar Power and Investment Summit

Hundreds of developers, investors, attorneys and bankers converged on the Rancho Bernardo Inn in San Diego for **Infocast's** Solar Power Finance & Investment Summit 2012 from Feb. 27-March 1. Discussion centered on decreasing PPA prices, financing of solar distributed generation projects, striving for grid parity and the state of tax equity and project finance lenders. Senior Reporter **Brian Eckhouse** filed the following stories.

### GE EFS Lands LS Ariz. PV Stake

**GE Energy Financial Services** has invested \$100 million in **LS Power's** \$550 million, 127 MW Arlington Valley II solar photovoltaic project in Maricopa County, Ariz., said **Kevin Walsh**, managing director and leader of power and renewable energy, on the sidelines of the summit.

"It's a good project, well-structured, has proven PV technology and has a good PPA," Walsh told *PI*. "And LS is staying in, so they have skin in the game." **San Diego Gas & Electric** has a 25-year offtake agreement for Arlington Valley, which will be a crystalline silicon PV solar farm.

LS and GE EFS have a long relationship. GE EFS has been a lender to multiple LS gas-fired projects, including a \$73 million financing backing three merchant projects in Illinois and Connecticut (*PI*, 6/15).

GE EFS entered the Arlington project at a late-stage of development. "LS is a very capable developer," Walsh explained. "They didn't need us to co-develop." Walsh declined to specify the terms of the deal.

The purchase of the Arlington stake is part of GE EFS' efforts to boost its commitments to solar projects globally. GE EFS last year bought equity in 50 MW in Ontario PV projects developed by **First Solar**. The **General Electric** unit has committed \$1.4 billion to solar projects worldwide, a segment of \$8 billion committed to renewables projects globally.

GE EFS would take equity stakes in early- and late-stage projects, Walsh said. The unit has looked to boost the number of early-stage renewables, gas-fired and midstream projects it

finances annually (*PI*, 6/24).

LS wrapped a \$466 million financing supporting the 127 MW at Arlington Valley earlier this quarter (*PI*, 2/10). **Banco Santander** led a \$295 million tranche of short-term bank financing; **Prudential Capital Group** provided \$121 million of long-term senior notes, with another \$50 million from other institutional investors. The financing is expected to receive the U.S. **Department of Treasury** cash grant, Walsh said.

Construction of Arlington Valley is expected to begin in March.

### Long Tenors Still Available

At least two lenders are capable of offering 18-year tenors in this contracted bank market, said **Elizabeth Waters**, **Bank of Tokyo-Mitsubishi UFJ** director of project finance, at the summit in San Diego, pointing to BTMU and **Mizuho Corporate Bank**.

Japanese lenders are healthy and have dominated project finance in the Americas in recent years, especially as several European lenders have reduced their roles amid the euro-zone crisis, said conference attendees. One-third of project lenders have been benched since last summer (*PI*, 1/20). Some German banks can also offer 18-year debt, but only under certain circumstances, said Waters, who didn't elaborate. And small renewables deals—\$200 million or less—can secure roughly 15-year debt, as only two to four banks are necessary to participate (*PI*, 2/16).

But most deals have maxed out at 10 years. **BayernLB** cut the tenor of a \$422 million financing supporting **Invenergy's** Bishop Hill I project from 18 years to 10 years (*PI*, 9/23). Sponsors have sought

institutional deals for long-dated debt in recent months, especially for large financings.

## Financiers: DG Needs Scale

Solar distributed generation sponsors must achieve scale in financings to ensure financial efficiencies if the rapidly growing market is to mature, said panelists at the summit. That means aggregating several projects into single portfolios.

But only two dozen players are capable of rolling many projects into a single \$50-100 million vehicle, said **Ted Brandt**, ceo of **Marathon Capital**, who expects the need for scale will drive consolidation in the industry.

A single financing of several DG installations may feature multiple project hosts and multiple closings, said **Jonathan Postal**, senior v.p. of business development and government relations at **Main Street Power Co.**, a Boulder, Colo.-based developer that has a financial partnership with **Morgan Stanley** affiliate **MS Solar Solutions** Corp. **NordLB** wrapped a more than \$30 million financing in December supporting Main Street projects in Ontario.

Landing financing also lessens sponsors' dependence on local subsidies that may not be reliable, given government's tendency to amend or terminate these perks, other panelists said. These subsidies include solar renewable energy credits, which are offered in some Northeast states.

## Bid Prices For Solar PPAs Continue To Drop

Solar sponsors short-listed in 2011 request for offers in California have bid \$73-78 per MWh before applying time-of-day factors, said attendees at the summit in San Diego.

That pre-time-of-day price, commonly referred to as pre-TOD, is down from 2009, when it ranged from \$110-115, attendees told *PI*. The sharp decrease speaks to the plummeting price of photovoltaic panels and heavy competition for increasingly sparse offtake agreements, they added.

One director of project finance said he typically views offer prices as too low—initially, anyway. Then two years later, he wishes his company had secured that price. “But at some point, the music will stop,” he said.

Added **Glen Donovan**, **Sempra Generation** director of origination in San Diego, “There will definitely be dead bodies. Dead projects on the side of the road with PPAs that may not be economic.”

The paucity of power purchase agreements coincides with cost-sensitivity at the **California Public Utilities Commission**. The CPUC last year rejected at least one offtake agreement between a solar sponsor and a utility in the state because the PPA price—agreed to in 2010—exceeded bid prices into 2011 tenders (*PI*, 8/19).

The \$73-78 per MWh pre-TOD translates into roughly \$115 per MWh on a 20-year levelized cost basis, said **Todd Glass**, partner at

**Wilson Sonsini Goodrich & Rosati** in San Francisco and Seattle, on the conference sidelines. The figures represent an average price, as California stipulates specific prices at certain hours of the day at certain points in the calendar, he added.

## Chevron To Join Tax Equity Mix

Chevron affiliate **Chevron Energy Solutions** is expected to emerge as a player in tax equity this year, according to multiple renewables leaders at the summit. “They have the balance sheet and tax capacity as well as the interest,” said a person who is tracking Chevron's efforts. “It makes sense for them.”

**Mark Freyman**, Chevron Energy Solutions director of project finance in San Francisco, is involved in the tax equity operation, said one observer. A Chevron official in San Francisco declined to comment.

Roughly 20 entities play in tax equity, led by industry leaders **GE Energy Financial Services**, **JPMorgan**, **MetLife**, **Mitsubishi UFJ Financial Group** affiliate **Union Bank**, **U.S. Bank** and **Wells Fargo** (*PI*, 12/23). **Apple** and **Microsoft** are two other potential tax equity participants (*PI*, 12/16).

## Election Uncertainty To Hang Over Renewables

Uncertainty over U.S. energy policies will endure through at least election day as presidential aspirants and their backers continue to position about the government's role in subsidizing renewables—and solar in particular, said attendees of the summit.

Solar's plight since August has been well-chronicled. Solar manufacturer **Solyndra**, which benefited from a \$535 million federal loan in 2009, collapsed last summer, sparking Congressional hearings and further polarizing the electorate on solar. It also tainted the legacy of the U.S. **Department of Energy's** loan guarantee program, which propelled more than two dozen solar projects and initiatives (*PI*, 2/15). Two small manufacturers, **Evergreen Solar** and **SpectraWatt**, also went bankrupt. **BP** exited the solar industry late last year, but remains a player in wind.

“Solyndra is not going away. It's becoming an election issue already,” said **Shayle Kann**, managing director of solar at **GTM Research**, a market research firm. He pointed to political advertisements that have already run in so-called swing states—or states without a clear ideological leaning—“that mentioned solar by name.”

The solar industry is dependent on federal, state and sometimes municipal subsidies. A key subsidy, the U.S. **Department of Treasury's** cash grant, which covered 30% of construction costs for renewables projects, expired Dec. 31. Congressional observers doubt it will be revived, considering heavy political opposition from Republicans in both chambers (*PI*, 2/22).

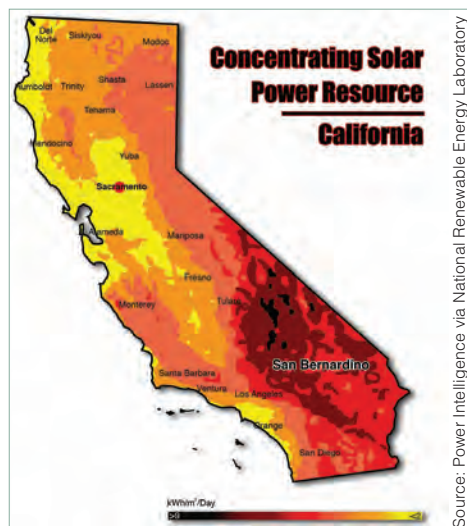
In recent years, renewable portfolio standards have propelled solar in several states, but this appears to be slowing. Some states are nearing the minimum thresholds under their RPS, industry

observers told *PI*, while increasingly cheap gas makes a federal standard unlikely.

## Abengoa To Hunt Tax Equity

**Abengoa Solar** will look to snag up to \$400 million in tax equity for its \$1.6 billion, 250 MW Mojave concentrating solar power project in San Bernardino County, Calif., in 2013 or 2014.

The developer will begin the effort to round up those funds



when it approaches completion of construction, said a person familiar with Abengoa's plans, on the sidelines of the summit yesterday. Completion is expected in 2014. The identity of potential tax equity investors and Abengoa's desired terms couldn't be learned.

The **Federal Financing Bank**,

under the U.S. **Department of Energy's** loan guarantee program, is providing the bulk of construction costs via a \$1.2 billion loan (PI, 9/15). The FFB wrapped that financing in September, shortly before the DOE program expired.

**Pacific Gas & Electric** has a 25-year offtake agreement for Mojave, which is being built near Barstow, Calif.

## Oslo Developer Preps 2012 U.S. Financings

**Scatec Solar North America**, an arm of Oslo developer **Scatec Solar**, is talking to lenders about financings backing almost \$165 million of solar projects in the U.S. this year. It also is in negotiations with potential equity and tax equity partners for stakes in the projects, a 5 MW plant in Hawaii and 50 MW in Iron County, Utah, **Luigi Resta**, Scatec Solar North America ceo, said on the sidelines at the summit.

The projects would be financed individually. Scatec is looking to finance the Hawaii project in June or July and the Utah project before year-end to satisfy its push to initiate construction this year. The Utah project will cost less than \$3 million per MW, Resta said.

The Hawaii project will look to snag the U.S. **Department of Treasury** cash grant. Scatec will likely tap the investment tax credit for its Redhills project in Utah, Resta said. It will also target a new market tax credit for Redhills, said **Darin Lowder**, an attorney at **Ballard Spahr** in Washington, D.C., who is representing Scatec.

The developer has formed a community development authority at Redhills, which is expected to help qualify the project for the credit, Lowder explained. The new market tax credit may be layered on top of the ITC, Resta said.

**NorthWinds Advisors** is Scatec's financial advisor on debt and equity financing structures. Scatec has yet to mandate lenders for the financings and hasn't decided how much equity its parent company plans to hold in the projects. It will seek up to 80% leverage for the deals. Resta declined to identify Scatec's relationship lenders, potential participants in its two maiden U.S. deals and possible equity and tax equity buyers.

**Hawaii Electric Co.** has an offtake agreement for the project in the state, on Oahu, Resta said. It will use alternating current technology. Scatec is in discussions with multiple utilities about 100 MW at Redhills, which will use single-axis trackers. Resta declined to identify potential offtakers.

### Reporter's Notebook

- At a **Chadbourne & Parke**-sponsored dinner Tuesday, **Keith Martin**, partner in Washington, D.C., polled the room. He asked: Will the next Congress be more helpful for renewables? Most raised their hands, indicating a "yes" vote. One attendee piped up: "It couldn't be worse." No one disagreed.

- **Benjamin Cook**, **SolarCity** v.p. and head of structured finance in San Mateo, Calif., noted that renewables subsidies may appear plentiful, but not all are tailored to particular projects. "When you think of a bundle of ITC rebates, it's kind of like giving someone a gift basket," Cook said of the investment tax credit. Continuing the metaphor, he added—to great laughter—that you never know if the recipient is lactose intolerant or drinks alcohol.

- **Foley & Lardner** hosted a cocktail reception at **Stone Brewing Co.**, maker of IPA Arrogant Bastard, in nearby Escondido, on a cold, clear Tuesday evening. Stone has a sloped glass wall facing an outdoor space with fire pits.

- On a Wednesday panel, Martin asked panelists why a spate of solar companies—including **SolarReserve**, **SunEdison** and **SunPower**—opt for one word. Laughing, a developer said: "It turns out that the space is very expensive. We like to economize."

- Balmy conditions returned to San Diego on Wednesday, more than a day after a nor'easter-type storm battered the coast, bringing in unseasonably cool temperatures for a city considered home to the best climate in the U.S.

- Conference sponsor **Infocast** hosted lunch Wednesday on the manicured lawn at the sun-splattered Rancho Bernardo Inn, tucked amid hills of San Diego County. A few balding men scurried inside in search of a hat before sitting down to enjoy lunch. Wednesday's lunch included field greens wrapped in a cucumber slice, beef and asparagus.



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## NEWS IN BRIEF



News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but *PFR* does not guarantee its completeness or accuracy.

- **Algonquin Power & Utilities Corp.** has signed a long-term power purchase agreement for a wind project in Ontario.

**Saskatchewan Power Corporation** will buy power from Algonquin's 177 MW Chaplin wind project for 25 years (*The Sacramento Bee*, 3/1).

- Consultants for the state of New Jersey **Board of Public Utilities** have determined that **Fishermen's Energy**, the developers of a proposed 25-30 MW offshore wind farm near Atlantic City, have to better illustrate the economic benefits of the wind project before it will gain regulatory approval (*NJ Spotlight*, 2/29).

- **MetLife Inc.** and **Longsol Holdings U.S.** have purchased a 30 MW solar facility in Webberville, Texas, from **SunEdison**. The project will sell power to **Austin Energy** in a 25-year power purchase agreement (*The St. Louis Business Journal*, 2/29).

- Wind turbine manufacturer **DeWind Co.**, a subsidiary of **Daewoo Shipbuilding and Marine Engineering Co.**, has completed construction activity for a 20 MW wind project in Texas. The company installed 10 of its turbines at the Frisco wind farm near the Texas-Oklahoma border (*The Sun Herald*, 2/29).

- The **California Energy Commission** has given preliminary approval for a proposed gas-fired generating facility in San Diego County, Calif. The applicant, **Pio Pico Energy Center**, must wait for a public comment period and a final approval from the CEC before it can begin construction on the plant (*Penn Energy*, 2/29).

- **GenOn Energy** will close seven coal-fired facilities throughout the U.S. over the next three years. The company has plans to shutter 3,140 MW of generating capacity in Pennsylvania, Ohio and New Jersey by 2015 in order to comply with federal regulations (*Reuters*, 2/29).

- Solar manufacturer **Borrego Solar Systems** has completed installation of a solar array for a U.S. Air Force base in California. The 3.4 MW facility at Edwards Air Force Base will sell the power back to the base at a fixed rate (*MarketWatch*, 2/28).

- **PSE&G** is considering building a gas-fired facility in New Jersey. The company has been forced to close several plants to comply with emissions standards and is looking to build a 625 MW natural gas-fired station in Sewaren to make up for lost capacity (*Patch*, 2/28).

- Arizona could lose \$18 billion over 25 years if a coal-fired plant located in Page, Ariz., is shuttered, according to an economic impact study conducted by **Arizona State University**. The 2,500 MW Navajo Generating Station may be closed



Navajo

by operator **Salt River Project** to comply with new environmental regulations (*The Republic*, 2/28).

- **Dominion Virginia Power** is planning to build a gas-fired generating facility in Brunswick County, Va. The proposed \$1 billion, 1,300 MW facility is intended to meet growing power demand and comply with new environmental regulations (*Yahoo! Finance*, 2/28).

- Two environmental groups have given their support for a proposed transmission line that will run from Quebec to New York City. The 330-mile Champlain Hudson Power Express project was first proposed in 2010 (*The Wall Street Journal*, 2/28).

- **GE Energy Financial Services** and **JP Morgan** will jointly invest \$225 million in a **NextEra Energy Resources** wind farm. The two companies will invest in the 662.5 MW Capricorn Ridge wind farm in West Texas (*Yahoo! Finance*, 2/27).

- **First Wind** has begun construction on wind project on the North Shore of Oahu, Hawaii. The 69 MW Kawaihoa wind project will comprise 30 2.3 MW **Siemens** turbines and will sell power to the **Hawaii Electric Co.** (*Energy Business Review*, 2/27).

- Texas coal-fired generation has decreased sharply, replaced by natural gas-fired and wind generation. A report from consulting company **Potomac Economics** showed that coal-fired capacity fell 30% in January, while wind and natural gas rose by 45% and 22% respectively (*KDAF*, 2/27).

- Grid operators in Ontario are expecting utilities to add 2,600 MW of new capacity to the grid by 2013. Roughly 400 MW of gas-fired and 700 MW of renewable generation are expected to go online in the next 18 months, while the remaining 3,400 MW of coal-fired facilities will be shuttered by 2014 (*Power Engineering*, 2/27).

- A Vermont environmental group is appealing a decision by the U.S. **Forest Service** that will allow **Iberdrola Renewables** to construct a wind project in the Green Mountain National Forest. Subsidiary **Deerfield Wind** obtained approval last month to build the 30 MW wind farm comprising 15 turbines (*The Bennington Banner*, 2/26).

- **The Bonneville Power Administration** has completed a transmission line that will more effectively incorporate wind generation into the Northwest Power Pool. The \$300 million, 79-mile transmission project is one of several planned projects that will deliver power between Washington and Oregon (*The Seattle Times*, 2/24).

- A Minnesota wind project is facing delays because of regulator concern over the local bald eagle population. The Minnesota **Public Utilities Commission** denied the proposal for the 78 MW Goodhue wind project submitted by **AWA Goodhue** until the developers come up with an avian and bat protection plan (*Twin Cities*, 2/23).

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## Multilaterals Scope *(Continued from page 1)*

America global infrastructure and project finance at **Fitch Ratings**. Many deals in the past 20 years have featured A and B tranches that allow investment and commercial banks to participate in deals in B tranches and alongside MFIs in the A tranches, says another credit analyst on the sidelines of the 6th Annual Latin America Energy and Infrastructure Finance Forum in Miami.

But, the eurozone crisis has sidelined or scaled back the participation of many of the lenders in B tranches and that absence, coupled with the sheer size of the investments, means that MFIs must bring more of their own resources and others to the table, said **Peter Vonk**, v.p. at Latin America development bank **Corporación Andina Fomento**. Adequate liquidity is a huge concern for European banks, said **Edmundo Lujan**, head of oil & gas in Latin America for **BBVA**, adding that more liquidity in project finance deals will need to come from MFIs.

CAF, which is working on a transmission deal in Peru, is looking at ways of covering some of the construction risk of the project to entice institutional investors, Vonk said. Meanwhile, the **International Finance Corp.** is looking to expand the

typical B tranche beyond European participants to Asian and U.S. lenders, said **Luc Dejonckheere**, portfolio manager for infrastructure and natural resources in Latin America and the Caribbean at the IFC.

The IFC has also set up the **Asset Management Company** as a way of providing more project funding via equity, Dejonckheere said. The IFC subsidiary manages capital from sovereign and pension funds and other entities and invests alongside the IFC. AMC has \$4.1 billion in assets under management including \$1 billion in its IFC African, Latin American and Caribbean Fund.

—Sara Rosner

## NRG Scouts *(Continued from page 1)*

next year.

**Credit Suisse** and **Morgan Stanley** had worked with NRG to bring investors into **NRG Solar** last spring and are still working with the company (PI, 5/6). At the time NRG wanted to bring an investor into a portfolio including both Agua Caliente and CVSR, but the goal now is to bring in a buyer on each project, a banker says.

**David Crane**, ceo, alluded to a stake sell-off on Tuesday's fourth

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quarter conference call on Feb. 28, although no details were given. Proceeds from a stake sale would likely be kept in reserve in case the company makes any strategic acquisitions, Crane noted. A spokeswoman could not immediately be reached regarding CVSR specifically.

A spokesman for Credit Suisse declined to comment while a Morgan Stanley spokesman couldn't immediately comment.

—Holly Fletcher

## China's GCL *(Continued from page 1)*

The San Francisco-based firm, a member of Chinese solar giant **GCL-Poly Energy Holdings**, is developing 350 MW of solar photovoltaic in California alone this year. It has mandated **Morgan Stanley** to lead a \$150-200 million 144A deal supporting 80-90 MW. GCL is targeting financial close in the second quarter, one deal watcher said.

The sponsor anticipates tapping insurance companies to help lead some of the deals. Some of the financings will likely mix institutional tranches with bank debt, as has become common in large solar deals this year. **LS Power** was one of the first to use the strategy when it landed \$466 million in short-term construction debt and a private placement supporting 127 MW at its Arlington Valley PV project in Maricopa County, Ariz. (PI, 2/10).

**Bank of America** is expected to play a role in some of the financings, as well, possibly via tax equity. BofA has already financed a cluster of small GCL projects in Southern California this year.

**MetLife** has agreed to take a tax equity piece of at least part of 77 MW of GCL PV projects in Puerto Rico, says a person familiar with that transaction. GCL previously mandated **Mitsubishi UFJ Financial Group** affiliate **Union Bank** and **WestLB** to finance PV projects in Puerto Rico (PI, 1/18). Debt for the Puerto Rico projects is expected to total at least \$200 million. The **Puerto Rico Electric Power Authority** has an offtake agreement for at least 48 MW of GCL photovoltaic projects.

GCL generally targets 40% of construction costs in debt and

## ALTERNATING CURRENT

### Powering Down: Vacationing Off-The-Grid



Try something new this summer for your Caribbean getaway. There's a new boutique hotel on the Vieques island of Puerto Rico that offers an experience you won't find even on the most exclusive resort in the region: a luxurious off-the-grid stay.

**John Hix**, a Canadian architect who has created "eco-hip" lodging in the Caribbean, according to the hotel's Web site, has designed a six-room hotel that uses no oil or gas. **Casa Solaris** is, as hinted by the name, powered by the sun.

Vieques is a 52-square mile island municipality that sits east of the main Puerto Rico island. Hix has rented rooms on Vieques in the **Hix**



**Island House** for 15 years although Casa Solaris is the first completely off-the-grid set of suites.

Rates for Casa Solaris range from \$240 a night for a one-bedroom in the off season of April to December to \$725 a night for a required week's stay over the winter holidays.

another 40% in tax equity (PI, 10/16). The company has a joint venture with **SolarReserve** to build new PV projects in the 5-20 MW range (PI, 11/24/10).

A GCL official declined to comment.

—Brian Eckhouse

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## QUOTE OF THE WEEK

"There will definitely be dead bodies. Dead projects on the side of the road with PPAs that may not be economic."—**Glen Donovan**, director of origination at **Sempra Generation**, on how some solar projects could languish because of developers' low pricing bids into request for offers in California (see story, page 10).

## ONE YEAR AGO

**AES** put its four coal-fired plants, totaling 1.169 GW under subsidiary **Eastern Energy** in upstate New York, on the market with **Barclays Capital**. [AES filed for bankruptcy for the unit on Dec. 30 as the financial situation worsened and a buyer was not found. A group of creditors is the stalking horse bidder (PI, 1/4).]