

# Power Finance & Risk

The weekly issue from **Power Intelligence**

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

## BrightSource Seeks Mega Solar Funding

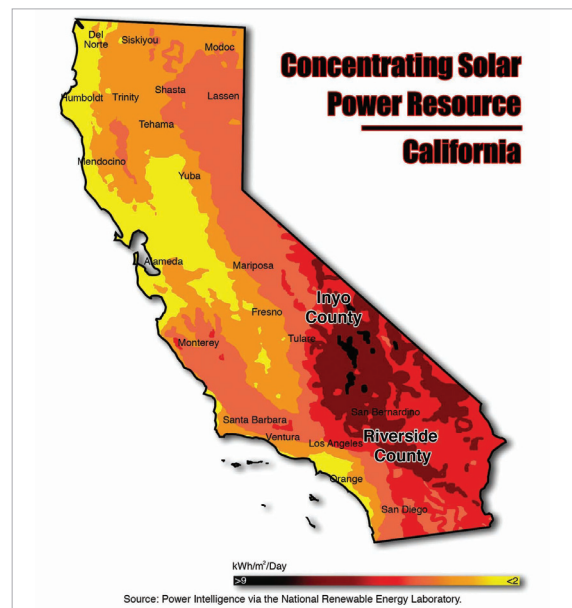
BrightSource is talking to lenders about securing several hundred million dollars in debt for a large concentrating solar project in California this year.

The funding targets are either the 750 MW Rio Mesa project in Riverside County or the 500 MW Hidden Hills project in Inyo County, observers say. Rio Mesa and Hidden Hills are being developed in 250 MW phases. **Southern California Edison** is the offtaker for Hidden Hills and Rio Mesa. The solar thermal projects will use a solar power tower and high-temperature steam to spin a turbine.

The Oakland, Calif.-based sponsor could seek well over \$1 billion if it opts to finance the projects in one swoop. "They realize that they need a lot of different sources of funds," says the senior financier of BrightSource. "How else do you get that [amount] of financing? There's a dwindling bank market, so they'd probably also need institutionals to play, maybe get bonds, too."

The contraction of the number of project finance lenders due to the euro-zone

*(continued on page 11)*



## THE BUZZ

**T**he contradiction of project finance in North America—a bevy of large renewables deals launching despite sharply diminished lender capacity—has come into sharper view recently. Veteran sponsors are looking for funds to back several hundred megawatts of wind and solar deals, in the face of the ongoing euro-zone crisis, and some made headway this week.

Bankers are feeling the heat from the contraction in the project finance marketplace. *PI* reports on several people moves this week that highlight the effects of the debt crisis on European lenders. *PI* also reports on several entities dealing with the fallout of new emissions regulations under the U.S. **Environmental Protection Agency**.

For *PI*'s take on the market, see page 2.

## Outsourcing?

### Developers Hunt Financing For \$2B+ Colombia Hydro

Developers bidding in to a call for a more than \$2 billion hydro project in northeastern Colombia are working with lenders to come up with financing for the project. Utility **Empresa Públicas de Medellín** is expecting bids for the 2.4 GW Ituango Dam project to come in next month, says a banker familiar with the process.

In an unusual twist, bidders are required to submit a long-term corporate financing that EPM could utilize to fund its purchase of the project after it goes in to operation. "It's a corporate credit so it's really better if they go out and structure the deal themselves," said another banker of EPM, adding that the bidders will also need to come up with their own short-term

*(continued on page 12)*

## Deal Of The Year Awards

Visit [www.powerintelligence.com](http://www.powerintelligence.com) for a complete list of nominated deals for project finance and M&A. Winners will be announced next month.

## Edison Int'l Weighs EME Options

Edison International is considering alternatives for subsidiary Edison Mission Group. *See story, page 7*

## 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

**T**erra-Gen Power moved forward with its latest iteration of financing for its mammoth Alta wind project in Tehachapi, Calif. The Boston-based shop tapped **Royal Bank of Scotland** and **Union Bank** to lead a \$600 million bank-only deal backing the next 300 MW at Alta, with a bank meeting set for March 12. Asian banks have generally been perceived as healthier than European counterparts, bankers say, adding that Union Bank affiliate **Mitsubishi UFJ Financial Group** has been particularly active in the past 12 months. Union Bank also co-led a \$600 million deal for phases six through eight of Alta last February.

On the solar front, **BrightSource Energy** may seek more than \$1 billion in bank debt and bonds for a concentrating solar project in California. The concentrating solar project would be one of the first to come to the market in recent years without backing from the U.S. Department of Energy.

Key participatory lenders that have often take tickets in these large renewables deals, including **UniCredit**, are leaving the North American project marketplace. Others have been especially quiet during the crisis and now some respected senior project financiers are leaving these banks. **Gisela Kroess**, a UniCredit director, departed the Italian bank recently. **Peter O'Neill** and **Eric Muth**, a managing director and v.p., respectively, at **Bank of Ireland**, also have exited their longtime employer.

*P* also reports on several shops that are coping with new federal emissions regulations for their coal-fired facilities. **Edison Mission Energy** is working with lessors on its 1.884 GW coal-fired Homer City plant on a possible exit from the plant as the facility faces up to \$700 million in environmental upgrades. Meanwhile, **Louisville Gas & Electric** and **Kentucky Utilities Co.** each took out \$250 million commercial paper programs to fund more than \$2 billion in emissions control equipment for various coal-fired facilities in Kentucky.

## 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](mailto:srosner@iintelligence.com).

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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) Ironwood (720 MW CCGT)	Lansing, N.Y. Dresden, N.Y. Barker, N.Y. Binghamton, N.Y. Sayreville, N.J. South Lebanon, Pa.	Barclays Capital   Citigroup 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 (PI, 3/5).
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 (PI, 3/5).
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	Homer City (1.884 GW Coal) Stakes (Various Wind)	Homer City, Pa. Various, Northeast	N/A Credit Suisse, Macquarie	Looking to exit the facility as a lessee (see story, page 7). 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.
Macquarie Mexican Infrastructure Fund, Macquarie Capital, Fomento Económico Mexicano	Oaxaca (396 MW Wind)	Oaxaca, Mexico		Macquarie Capital and Fomento Económico Mexicano sell stakes to Mitsubishi Corp. and PGGM (PI, 3/5).
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (PI, 3/5).
Perennial Power	Mid-Georgia (300 MW CoGen)	Kathleen, Ga.	Fieldstone	Final bids came in Feb. 28 or 29 (PI, 3/5).
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).

## 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
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, Semptra	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).
▶ Diamond Generating Corp.	Mariposa (200 MW Gas)	Alameda County, Calif.	TBA	TBA	\$150M	10+-yr	Sponsor to seek financing bids March 23 (see story, page 6).
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).
▶ First Wind	Unidentified (Wind)	Hawaii	TBA	TBA	TBA	TBA	Sponsor looks to finance Hawaii wind project (see story page 6).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	MetLife to provide tax equity (PI, 3/5).
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).
Northland Power	Various (50-60 MW PV)	Ontario	Union Bank	TBA	TBA	TBA	Sponsor mandates Union Bank to round up \$180-200M in debt (PI, 3/5).
▶ NRG Solar	Alpine (66 MW PV)	Lancaster, Calif.	Key Bank, Mizuho, MUFG, Santander	Term	\$300M	TBA	Pricing set at roughly LIBOR plus 250 (see story, page 6).
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 xxx).
	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 xxx).
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.	MUFG, RBS	TBA	\$600M	TBA	Sponsor taps lead lenders, preps bank meeting (see story, page 5).
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@iintelligence.com](mailto:beckhouse@iintelligence.com). A full listing of deals for the last several years is available at <http://www.powerintelligence.com/ProjectFinanceDeal.html>.



## PROJECT FINANCE

## Terra-Gen Taps Duo For Alta, Preps Launch

**Terra-Gen Power** has picked **Mitsubishi UFJ Financial Group** and **Royal Bank of Scotland** to lead a roughly \$600 million financing supporting 300 MW at its Alta wind project in Tehachapi, Calif., says a financier.

MUFG affiliate **Union Bank**, RBS and Terra-Gen will host a bank meeting in New York on Monday at 2:30 p.m.

MUFG and RBS have committed to \$100 million tickets, but

## FAST FACT

Mitsubishi UFJ Financial Group affiliate Union Bank, Royal Bank of Scotland and Terra-Gen will host a bank meeting in New York on Monday at 2:30 p.m.

may opt to sell down after they round up the remaining \$400 million in debt from other lenders, the financier says. Pricing and tenor couldn't be immediately ascertained. Bank officials didn't return calls seeking comment. **John O'Connor**, Terra-Gen cfo in New York, also couldn't be reached.

**Southern California Edison** has an offtake agreement for roughly 1.5 GW of Alta generation.

Union Bank and **Crédit Agricole** led a \$600 million deal



Vestas V90 Turbines

supporting phases six and eight at Alta last spring (PI, 2/8). Past phases of the deal have used **Vestas V90** turbines.

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## Diamond To Seek Bids For Calif. Gas

**Diamond Generating Corp.** is planning to solicit lender proposals March 23 for \$150 million of bank debt supporting its 200 MW Mariposa peaker in Alameda County, Calif.

Bids would likely be due three or four weeks later, says **Paula Zagrecki**, v.p. of finance for the **Mitsubishi Corp.** subsidiary in Los Angeles. Diamond will select a deal from two types of proposals: vanilla, 10-year financings that match the life of **Pacific Gas & Electric's** offtake agreement for Mariposa and creative structures that extend beyond 10 years.

Diamond is looking for healthy lenders that can "go long" and can deliver certainty of execution, Zagrecki says. The sponsor has relationships with roughly 30 project finance lenders (PI, 1/9). The

company is targeting financial close in mid-July.

Diamond and co-sponsors **Competitive Power Ventures** and

### FAST FACT

Diamond will select a deal from two types of proposals: vanilla, 10-year financings and creative structures that extend beyond 10 years.

**GE Energy Financial Services**

landed an \$800 million financing backing the 800 MW Sentinel simple-cycle project near Palm Springs, Calif. last May (PI, 5/31). **Bank of Tokyo-Mitsubishi UFJ, ING, Natixis, Royal Bank of Scotland** and **Sumitomo Mitsui Banking Corp.** led that deal.

Bank officials declined to comment or didn't return calls seeking comment.

## First Wind Preps Hawaii Wind Deal



First Wind has reached out to lenders about financing a wind project in Hawaii.

The Boston-based developer began building the 69 MW Kawaihoa project on Oahu late last month. **Steve Schauer**, senior v.p. of finance and treasurer, and a spokesman didn't return calls seeking comment. The size of the financing, desired deal terms and the identity of the project couldn't be learned.

First Wind relationship lenders include **Banco Santander, CoBank, Key Bank** and **NordLB**. The quartet financed the sponsor's most recent deal, a \$210 million financing backing the 105 MW Palouse wind project in Whitman County, Wash. (PI, 1/3). Other First Wind relationship lenders include **Commerzbank, Deutsche Bank** and **Mitsubishi UFJ Financial Group** affiliate **Union Bank**. Bank officials declined to comment or didn't return calls.

Kawaihoa will use 2.3 MW **Siemens** turbines. The **Hawaiian Electric Co.** is the offtaker for the project.

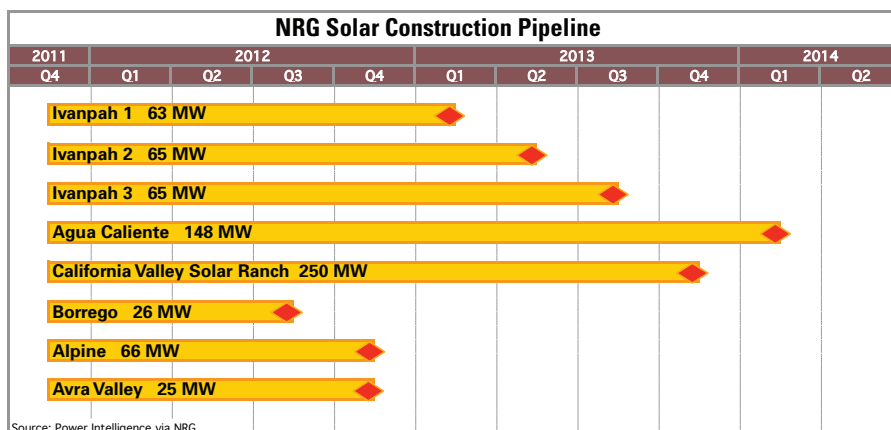
## NRG PV Deal Pricing Emerge

**NRG Energy** affiliate **NRG Solar** has priced a roughly \$300 million financing backing 66 MW at its Alpine solar photovoltaic project at about LIBOR plus 250 basis points.

"It's about where all the solar deals are at right now," says a deal watcher, referring to financings backed by strong sponsors and solid offtake agreements. **Pacific Gas & Electric** has a 20-year power purchase agreement for Alpine.

**Banco Santander, Key Bank** and **Mizuho Corporate Bank** are participating in the deal (PI, 2/21) alongside **Union Bank**. Financial close is expected this month. The length of the tenor couldn't be learned. An NRG spokeswoman in Princeton, N.J., didn't return a call by press time. Bank official declined to comment or didn't return calls.

Alpine is being built in Lancaster, Calif. NRG is targeting operation this fall.





## MERGERS & ACQUISITIONS

### Edison Int'l Mulls How To Proceed With Mission

**Edison International** is considering various options for its unregulated power producer unit **Edison Mission Group** and is looking to exit its Homer City coal-fired facility. The company expects to decide in the coming months whether it needs to sell existing assets to raise capital or pursue a restructuring for EMG, which has been hard hit by a prolonged period of low power prices. **Ted Craver**, chairman and ceo of Edison International, said on a fourth quarter earnings call two weeks ago.

"By summer we'll have a better idea about whether we'll be able to stabilize EMG," he said.

**Edison Mission Energy**, a subsidiary of EMG, is working with the lessors of its 1.884 GW MW Homer City coal-fired facility over how to pay for about \$700 million in environmental upgrades (PI, 9/23). Edison Mission retained **Barclays Capital** and lessor **General Electric Capital Corp.** retained **Blackstone** to advise on bringing in a third party investor to the plant in Pennsylvania. Negotiations have evolved into talks about transferring full ownership of the facility to lessors, which include **Metropolitan Life Insurance Co.**, and Edison Mission leaving the asset altogether. The affiliates of EME and GECC are awaiting approval from regulators to install emissions control equipment on the plant. The potential transfer of control and the installations depend on the outcome of negotiations among the stakeholders.

It is unlikely the company will make the equity rent payment to lessors on April 1 although that will not immediately lead to



Homer City

a foreclosure, according to a Feb. 29 10-K filing with the U.S. **Securities and Exchange Commission**. EME entered into the 33-year lease agreement with GECC and MetLife in 2001. At the end of last year, Homer City had \$660 million outstanding on senior secured bonds due in 2019 and 2026.

The company closed a \$480 million preferred equity stake in its wind unit on Feb. 13 from **Teachers Insurance & Annuity Association of America** and **Cook Inlet Region, Inc.** (PI, 2/22). The proceeds will be used to continue wind project development.

## PEOPLE & FIRMS

### UniCredit NY Director Exits

**Gisela Kroess**, UniCredit director of project and commodity finance in New York, has left the Italian bank. She departed earlier this month.

The reasons for Kroess' departure and UniCredit's plans for the other five originators in New York couldn't be learned. Kroess didn't immediately address an inquiry.

"It's a symptom of the crisis," says a longtime financier of Kroess' departure, detailing how the euro-debt crisis has reshaped the project finance landscape in the Americas, pushing some lenders to the sidelines and others out of the market altogether. "There's no new business for these guys."

UniCredit announced in late December that it would begin winding down its project finance operations in the Americas and wouldn't seek new mandates (PI, 1/6). It continues to manage existing deals, however, including a bond deal leveraging a portfolio of small operating **E.ON** wind farms in the U.S. (PI, 1/30). That deal is being handled by UniCredit's bond unit in London alongside **Greg Hutton**, v.p. of project and commodity finance in New York. **Christoph Fischer**, UniCredit head of oil & gas project & commodity finance in Munich, and Hutton didn't return calls by press time.

### Two Financiers Exit BOI

**Peter O'Neill** and **Eric Muth**, **Bank of Ireland** managing director and v.p., respectively, have left the bank. O'Neill exited Feb. 29. The date of Muth's departure couldn't be learned.

"Peter made several [loan] sales. It was always understood when that was done, he'd leave," says a person familiar with the bank's plans. "That was definitely expected—and for a long time."

O'Neil, Muth and a BOI spokeswoman in Dublin didn't return calls by press time. **Adrian Olsen**, global head of project finance in London couldn't be reached. Muth and O'Neill's future plans for employment could not be learned.

BOI has been a rare player in U.S. project financings in recent years. It sold a \$1 billion portfolio of project finance loans to **GE Energy Financial Services** at an 8% discount (PI, 10/18/11). That portfolio includes renewables, power and oil and gas loans supporting assets in North America, Asia and Australia. The bank also participated in a \$450 million financing backing 203 MW at **First Wind**'s wind project in Milford, Utah (PI, 4/17/09).

## Tax Equity Attorneys Leave Dewey For Sidley

Six attorneys in **Dewey & LeBoeuf's** tax equity team have left for **Sidley Austin**, including partners **Sean Moran**, **Michael Joyce** and **Timothy Moran**. Other members of the Dewey team—part of the firm's energy group—are expected to move to Sidley, observers say.

"Sean and Michael have one of the top tax equity teams in the country," says an attorney who has been tracking the moves. Sean Moran and Joyce are based in Los Angeles, while Timothy Moran (unrelated to Sean) is in Washington, D.C. Dewey & LeBoeuf

advised **Morgan Stanley** on arranging tax equity investment for **NaturEner's** Glacier II wind farm near Ethridge, Mont. (PI, 7/31/09).

Why the attorneys are moving to Sidley from Dewey couldn't be learned. A Dewey spokesman in New York declined to comment, while a spokesman for Sidley, also in New York, didn't make officials available by press time.

This is the second exodus of power attorneys in the past year. In May, most members of **Chadbourne & Parke's** Los Angeles team exited for **Akin Gump** (PI, 5/20).

## BORROWER STRATEGY

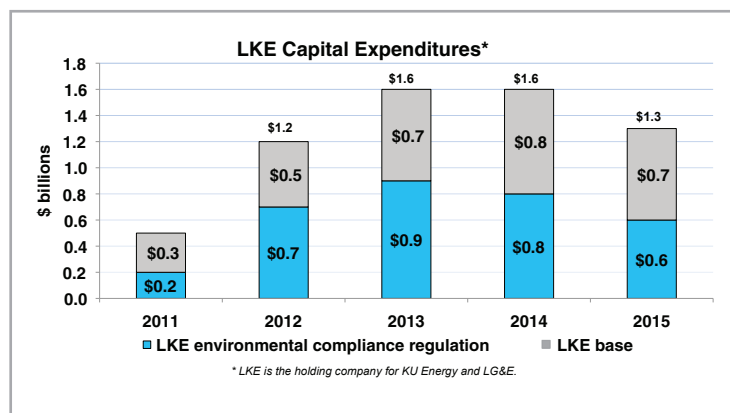
## PPL Subs Net CP Programs For Environmental Spending

**PPL Corp.** subsidiaries **Kentucky Utilities Co.** and **Louisville Gas & Electric Co.** have each secured \$250 million commercial paper programs. The move is a reflection of the companies' ownership change and more than \$2 billion in capital expenditures plans to bring plants into compliance with environmental regulations, notes **A.J. Sabatelle**, senior v.p. at **Moody's Investors Service** in New York.

**Bank of America Merrill Lynch** and **Royal Bank of Scotland** are the placement agents on KU's program. **BAML** and **Wells Fargo** are the placement agents on LG&E's program. "They have good access to investors and we feel that they're well positioned to place our market," said **Dan Arbough**, treasurer of KU and LG&E, of the companies' choice in placement agents. Moody's assigns a Prime-2 rating to the programs.

PPL bought the entities from **E.ON** for \$7.25 billion in 2010. KU and LG&E would borrow from their former parent for short-term debt, Sabatelle says. "PPL's approach is to have subsidiaries borrow on their own... Their need to raise short-term debt has increased pretty substantially," he adds.

KU plans to spend \$896 million on environmental upgrades that include installations of baghouses, or air pollution control equipment, at its 2 GW coal-fired Ghent station in Carroll County, Ky., and scrubbers on Unit 3 of its 739 MW coal-fired Brown station in Harrodsburg, Ky. LG&E has plans to invest \$1.4 billion in baghouses and scrubbers at its 1.7 GW coal-fired Mill Creek station in Louisville, Ky., and scrubbers at its 514 MW coal-fired Trimble County Station near Bedford, Ky.



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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 **PI** does not guarantee its completeness or accuracy.

- Boston-based energy investor **Denham Capital Management** is looking to invest \$190 million in solar projects with Spanish company **Fotowatio**. The two companies are looking to develop projects in Australia, Latin America, Europe and the Middle East (*Bloomberg*, 3/8).

- **American Electric Power** has completed its acquisition of electric supply company **BlueStar Energy Holdings**. The Chicago-based company provided supply and efficiency services for retail customers in Ohio and Illinois (*Yahoo! Finance*, 3/8).

- Tennessee Senator **Lamar Alexander** is calling for a permanent end to federal tax subsidies for the wind industry. Alexander claims that wind energy is unreliable and harmful to the environment (*The Washington Times*, 3/7).

- Solar panel manufacturer **MiaSole** has raised \$55 million to expand its production and sales operations. The California-based company will use the new venture capital to continue the production of its thin-film solar panels and is seeking a buyer or partner to expand its business (*MarketWatch*, 3/7).

- Washington Governor **Chris Gregoire** has approved for a proposed wind project near the Columbia River gorge. The \$150 million Whistling Ridge energy project was scaled back to 35 turbines from 50 to appease opponents who said the project would harm wildlife (*Bend Bulletin*, 3/7).

- New Jersey Governor **Chris Christie** is calling for a new nuclear plant to be built in the state. **Public Service Enterprise Group** submitted paperwork in 2010 for the development of nuclear facility in Salem, N.J., but has not moved forward with the development of the project (*Bloomberg*, 3/6).



Chris Christie

- A Virginia town council has approved the construction of a \$5 billion coal-fired generating facility proposed by **Old Dominion Electric Cooperative**. Council members in Dendron, Va., unanimously affirmed the land-use permits for the 1,500 MW Cyprus Creek station (*Penn Energy*, 3/6).

- **John Crane**, ceo of **NRG Energy**, is moving the company away from nuclear energy and expanding the company's business in the natural gas and solar industries. The move is a result of a tighter nuclear regulatory environment in the wake of the Fukushima Daiichi nuclear meltdown last year. NRG halted development on two nuclear reactors under construction in Texas after the disaster (*The Wall Street Journal*, 3/6).

- California-based **Premier Power** is planning a large scale solar project in a joint venture with European company **Plaan Czech**.

Premier will construct and operate the 16.2 MW Zdravetz solar facility in Bulgaria (*Globe Newswire*, 3/6).

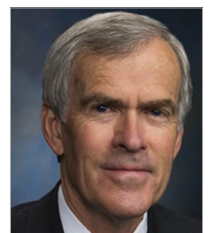
- New Hampshire Governor **John Lynch** has blocked the use of eminent domain from being used for a proposed transmission project between Canada and the U.S. The 180-mile Northern Pass transmission project would deliver Canadian hydro to New England (*Boston.com*, 3/5).

- **Google** is increasing its investments in renewable energy sources, committing to wind and solar investments to power its data centers throughout the U.S. The company generated 30% of its power from renewable sources last year, investing \$917 million in renewable projects (*Businessweek*, 3/5).

- A federal court has ruled that utility company **PNM Resources** must continue on schedule with the installation of emissions control equipment for a New Mexico coal-fired station. The company had requested a deferral for the installation of scrubbing equipment for its 1,800 MW San Juan facility (*Power Engineering*, 3/5).

- **Dominion Resources** has asked a federal court to delay the development of the Atlantic Wind Connection offshore transmission project. The company claims that the project should not be approved until it is reviewed by regional grid operators and the **Bureau of Ocean Energy Management** (*Offshore Wind Wire*, 3/5).

- A bill introduced by U.S. Senator **Jeff Bingaman** could benefit natural gas-fired generation. The bill calls for utilities to make use of energy sources that emit less carbon than coal, but does not mandate that they use zero-emissions sources such as wind and solar (*Bloomberg*, 3/5).



Jeff Bingaman

- **Iberdrola Renewables** has completed construction of a 304 MW wind farm in Ohio and also broke ground on a 189 MW wind project in California. The Blue Creek wind project in Ohio comprises 150 **Gamesa** turbines (*Industry Week*, 3/5).

- A town council of Eagle County, Colo., gave its approval for the construction of **Eagle Valley Clean Energy** proposed 11.5 MW biomass facility. The plan, however, was met with some concern over whether the town would benefit from another industrial structure (*Vail Daily*, 3/4).

- **MidAmerican Energy** has proposed 400 MW of gas-fired generating capacity in the state of Iowa. The company had originally proposed the development of a nuclear facility to make up for lost generation due to coal-fired plant closures, but could not get enough support from state regulators (*Penn Energy*, 3/2).

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## BrightSource Seeks *(Continued from page 1)*

crisis has encouraged several sponsors of large 2012 financings—particularly those supporting solar projects—to mix bank debt with private placements of bonds. Financiers say most projects backed by strong sponsors and solid offtake agreements can land financings of up to \$600 million in bank debt in this lender environment (PI, 1/20).

Private placements thus far this year have backed photovoltaic projects. PV's technological and construction risks are widely understood—and accepted—by financiers and investors. That is not necessarily the case for concentrating solar technologies, observers say. Photovoltaic is also markedly cheaper per megawatt to develop than concentrating solar technologies (PI, 9/30). The cost to develop PV is at or under \$3 per watt, compared to \$4-4.50 per watt for CSP.

"There's not enough of a track record" for some investors, says a senior financier at an institutional investor. "If a company is seeking 30% debt, maybe you can get it. But swinging 75% will be tough." Most of the recently developed large U.S. CSP projects, including

BrightSource's 392 MW Ivanpah project, have had government support. The U.S. **Department of Energy** took part in the \$1.6 billion financing backing the Ivanpah project in Southern California via the **Federal Financing Bank** under the DOE's loan guarantee program (PI, 4/13). **Abengoa**, **NextEra Energy Resources** and **SolarReserve** also participated in the DOE program to build large CSP projects.

In terms of convincing lenders to participate, BrightSource could boost its cause by posting "fairly sizable equity upfront," says a senior syndicator. Several large players have invested in BrightSource at the corporate level, including **BP**, the **California State Teachers Retirement Association**, **Chevron**, **Google** and **Morgan Stanley**, according to the sponsor's web site.

The source of equity for Hidden Hills and Rio Mesa, as well as financing details for the deals, including sizes, pricing and tenor, couldn't be learned. **Natalie Schaefer**, BrightSource director of structured and project finance in Oakland, didn't return a call seeking comment, while a spokesman declined to discuss the 2012 financings.

—**Brian Eckhouse**

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## Developers Hunt (Continued from page 1)

financing to construct the project. One project financier noted that her bank had stopped looking at the facility upon learning about the corporate deal. "It's just strange. We're interested in the project finance, not corporate lending," she said.

Spokesmen at EPM in Medellin, Colombia, did not respond to emails asking why the utility would look for outside entities to structure a corporate financing. Whether other calls have included this type of requirement could not be learned.

### FAST FACT

➤ The project, on the Cauca River near Ituango, would be the largest hydro facility in the country and is expected to be operational by 2018

Three to four consortiums are expected to participate in the process, including groups led by an affiliate of Brazilian giant **Odebrecht**, Spanish construction

company **Grupo ACS** and Mexican construction company **Empresas ICA**. The bidders will likely look to a mix of international and local banks for financial backing, the first banker said. "The local banks are very liquid but they don't have the structuring experience," he noted. Colombia has been drawing the attention of developers and bankers as it plots a multi-billion infrastructure program and enjoys investment grade credit ratings for the first time in over a decade (PI, 11/14).

The project, on the Cauca River near Ituango, would be the largest hydro facility in the country and is expected to be operational by 2018. Officials and spokespeople at the companies either declined to comment or did not respond to calls or emails. A timeline for announcing the winner of the process could not be learned.

—Sara Rosner

## ALTERNATING CURRENT

### A Green Energy Advocate Pursues Senate Seat

In the past year, *PI* has heard a familiar, frustrated refrain from bankers, investors and developers at conferences in Las Vegas, New Orleans, New York, Orlando and San Diego: leaders on Capitol Hill have failed to offer clarity of the future of renewables subsidies.

But soon, one of their own may be fighting for the industry's cause on that very perch.

**Angus King**, a former Maine governor and co-founder of developer **Independence Wind**, announced this month that he will run for the U.S. Senate seat being vacated at year-end by **Olympia Snowe**, a Republican who has served in that capacity since 1994. King, incidentally, is running as an independent.

King's specific views of federal loan guarantee programs and renewables subsidies couldn't be learned. He didn't immediately address an interview request. **Robert Gardiner**, Independence Wind president, didn't return calls by press time.

The Brunswick, Maine-based Independence Wind is co-developing, with **Wagner Wind Energy** of Lynne, N.H., the 50.6 MW Record Hill wind project in Maine—a project financed last summer by the **Federal Financing Bank**, under the U.S. **Department of Energy's** loan guarantee program (PI, 8/18).



Capitol Hill

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## QUOTE OF THE WEEK

*"PPL's approach is to have subsidiaries borrow on their own. Their need to raise short-term debt has increased pretty substantially."* —**A.J. Sabatelle**, **Moody's Investors Service** senior v.p. in New York, on **Kentucky Utilities Co.** and **Louisville Gas & Electric Company** each launching \$250 million commercial paper programs to support environmental compliance costs (see story, page 8).

## ONE YEAR AGO

**Electric Infrastructure Alliance of America**, a real estate trust backed by **Hunt Power**, **John Hancock Financial Services**, **Marubeni Corp.**, **OPTrust Private Markets Group** and **TIAA-CREF**, prepared to tap lenders to lead a financing supporting **Sharyland Utilities'** greenfield transmission lines in West Texas. [**Royal Bank of Canada**, **Royal Bank of Scotland** and **Société Générale** wrapped a \$727 million financing supporting the 295-mile project (PI, 6/27).]