

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● ENERGY STORAGE

● PPA PULSE

● MERGERS & ACQUISITIONS

Battery Storage Ruling Stokes Cautious Optimism

A tax ruling in the U.S. has been welcomed by battery storage developers, as a utility looks to install seven projects in California. Page 7

Non-utilities Fill Up on Renewables in U.S. and Mexico

A bathroom fixture manufacturer, a banking corporation and a Mexican department store operator are among the latest offtakers. Page 8

New Jersey Company Markets C&I Systems

South Jersey Industries has tapped an investment bank to hawk a portfolio of commercial and industrial solar assets. Page 12

Enel Experiments with Financing for Mexico Projects

Shravan Bhat

Enel Green Power Mexico is banking on a novel financing structure to provide a return on its aggressively bid renewables contracts.

The Rome-based developer is nearing financial close on around \$700 in limited-recourse financing for its 427 MW Villanueva I, 327 MW Villanueva II and 238 MW Don José solar projects, which won contracts in Mexico's first power auction in 2016.

The company's bid for Villanueva I was \$35.44/MWh, the lowest price in that auction (PFR, 8/2/16),

and project finance professionals have been puzzling over how Enel would make its projects work economically ever since.

The equity internal rate of return factored into the highly competitive bids can not have been more than 8%, according to the calculations of one investment banker. "We know someone who bid 8% unlevered and lost," he says.

The solution Enel has come up with has three prongs—its returns will come from distributions through a minority equity stake, interest on loans it is providing and fees from various

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Leeward to Seek Financing for Wind Repowering Project

Richard Metcalf

Leeward Renewables, the wind generation portfolio company of **ArcLight Capital Partners**, is planning to seek financing for a wind repowering project in Illinois later this year.

The sponsor announced that it had selected **Siemens Gamesa** to supply 29 turbines for the repower-

ing of its Mendota Hills project in Lee County, which will increase its capacity from 50 MW to 76 MW, on March 6.

A power purchase agreement signed by **Digital Realty** last year (PFR, 12/6) will cover the entire output of the repowered project, says **Andrew Flanagan**, senior vice president of development at Leeward in Dallas. PAGE 9 »

Rockland Puts Texas CCGT on the Block

Richard Metcalf

Rockland Capital has tapped an auctioneer to run the sale of a combined-cycle gas-fired plant in Texas.

PJ Solomon, which hired former **Goldman Sachs** managing director **Jeff Pollard** to lead a push into power investment banking last year (PFR, 10/30), is marketing the 290 MW Victoria Power Station on behalf of the private equity firm.

Located in **ERCOT** South, the

unlevered nine-year-old plant is "largely hedged", says a deal watcher.

Rockland acquired it from **ArcLight Capital Partners** for an undisclosed sum in 2016 (PFR, 9/6/16), and has since made operational improvements.

The plant will be vying for the attention of potential buyers with **Invenergy's** 330 MW Ector County peaker in **ERCOT** West, which **Guggenheim Partners** recently began PAGE 11 »



Stepping down—average PPA prices in Mexican auctions keep getting lower.



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● STRATEGIES

Peru LNG Taps Banks for Bond Mart Refi

Four investment banks have been selected to lead an international bond issuance that will refinance the debt of South America's only gas liquefaction plant.

Bank of America Merrill Lynch is global coordinator on a \$940 million 12-year senior unsecured bond from **Peru LNG**, which is being marketed at an investor roadshow that started on March 8 with stop offs in Latin America, Europe and the U.S.

Citi, **Credicorp Capital** and **JP Morgan** are joint bookrunners on the offering. The issuer owns a 4.45 million metric ton per annum liquefaction plant in Pampa Melchorita and a 250 mile pipeline that supplies it with natural gas from the Camisea fields, near Cusco, under two gas supply agreements.

Peru LNG's largest shareholder is **Hunt Oil Co.**, which has a 50% stake. **Royal Dutch Shell**, the parent company of the project's sole offtaker, owns a further 20%.

Shell International Trading Middle East buys the LNG produced by the plant under a sale and purchase agreement that expires in 2028, two years before the pro-

posed bonds mature.

"The mismatch between the maturity of the notes and the expiration of the delivery contract to the off-taker represents a risk that is however mitigated by the payment amortizing feature of the proposed notes," write analysts at **Moody's Investors Service**, which has rated the issuer Baa3.

Under the amortization schedule, the borrower would have \$238 million left to repay when the offtake contract expires, "which the company would cover with accumulated cash flow from operations," according to the Moody's report. **Fitch Ratings** has given the bonds an expected BBB- rating, in line with Moody's.

Peru LNG will use the proceeds of the offering to refinance some of its \$1.2 billion debt pile, which includes bank debt and bonds, and will repay the rest with cash on hand. The project came online in 2010 at a total construction cost of \$3.8 billion.

The project has two other owners besides Hunt and Shell. They are **SK Innovation**, with a 20% interest, and **Marubeni Corp.**, with 10%. ■

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Power Finance & Risk is a general circulation newsweekly.
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Institutional Investor, LLC Issn# 1529-6652
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Do you have questions, comments or criticisms about a story that appeared in **PFR**? Should we be covering more or less of a given area? The staff of **PFR** is committed as ever to evolving with the markets and we welcome your feedback.

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

GENERATION AUCTION & SALE CALENDAR ●

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

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

Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
● Allte Clean Energy	Thunder Spirit (48 MW)	Adams County, North Dakota		Montana-Dakota Utilities is exercising its option to acquire a 48 MW expansion of the 107.5 MW project (see story, page 9).
● AltaGas	Portfolio (837 MW Gas)	California		AltaGas scrapped sale of two projects and will instead seek to sell other assets to finance its acquisition of WGL Holdings (see story, page 11).
Alstom	Portfolio (39.6 MW, Wind)	Meeker County, Minn.	CohnReznick (seller)	This was Canadian developer BluEarth Renewables' first U.S. wind investment (PFR, 2/12).
Avangrid Renewables	Enstor (Gas Storage)	Gulf Coast, Southwest		Amphora Gas Storage, an Arclight portfolio company, will buy the portfolio of storage assets (PFR, 2/26).
● Casa dos Ventos	Ventos do Araripe III (359 MW Wind)	Brazil		Brazilian regulator Cade gave the green light to Voltorantim Energia and the Canada Pension Plan Investment Board to buy the wind farm (see story, 10).
Conduit Capital Partners	Santa Catarina (22 MW Wind)	Monterrey, Nuevo León, Mexico		Conduit plans to launch a sale process for the contracted, operational asset this year (PFR, 1/8).
● Edison International	SoCore Energy (150 MW Solar)	U.S.	Marathon Capital	Engie North America purchased the developer soon after buying wind developer Infinity Renewables (see story, page 11).
Enbridge	Portfolio (~3 GW Wind, Solar, Hydro)	Canada, U.S.		Enbridge is looking to sell about half of its renewable assets (PFR, 1/8).
Energy Future Holdings	Oncor Electric Delivery Co.	Texas		Sempra Energy's proposed \$18.8 billion acquisition took a step forward last month as all ten intervenors named in the Texas state regulatory process signed on to the deal (PFR, 2/12).
First Solar, SunPower	Portfolio (946 MW)	U.S.	MUFG	Capital Dynamics has agreed to acquire 8point3, the companies' joint yield company, for \$12.35 per share (PFR, 2/12).
GD Solar	Portfolio (260 MW Solar)	Brazil		The firm is seeking equity investors for the portfolio (PRF, 1/22).
GenOn Energy	Hunterstown (810 MW Gas)	Gettysburg, Pa.	Credit Suisse (seller)	Private equity firm Platinum Equity is acquiring the asset. AOS Energy, which consulted Platinum, will co-invest in the asset. Morgan Stanley is arranging acquisition financing (PFR, 3/5).
Hudson Clean Energy Partners	Portfolio (210 MW Hydro)	U.S.	Evercore	Hudson is weighing a sale of its stake in Eagle Creek Renewable Energy, which owns 210 MW of hydro assets throughout the continental U.S. (PFR, 2/26).
Infinity Renewables	Portfolio (8 GW Wind, Solar)	U.S.		Engie North America has purchased the renewable project developer (PFR, 2/26).
Invenergy	Ector County (330 MW Gas)	Ector County, Texas	Guggenheim (seller)	Invenergy has put the peaker up for sale (PFR, 2/26).
Invenergy Renewables	States Edge (2 GW Wind)	Cimarron and Texas counties, Okla.		Two utilities owned by American Electric Power have filed for federal approval to acquire the facility (PFR, 1/16).
Macquarie Infrastructure Corp.	Bayonne Energy Center (512 MW Gas)	Bayonne, N.J.		MIC is weighing a sale of the project, which powers parts of New York City (PFR, 2/26).
Morgan Stanley	NaturEner USA (399 MW Wind)	Montana	Morgan Stanley	Morgan Stanley is selling NaturEner, which owns development wind assets in Alberta as well as the 399 MW operational wind portfolio in Montana (PFR, 5/15).
NextEra Energy Partners	Portfolio (~400 MW Wind)	Ontario		NextEra Energy's yield company is weighing the sale of its Canadian assets with a view to reinvesting the proceeds in the U.S. (PFR, 2/5).
Onyx Renewable Partners	Portfolio (small-scale Solar)	U.S.	RBC, CohnReznick	Onyx has begun marketing the portfolio (PFR, 1/29).
Renova Energia	Alto Sertão III (300 MW Wind)	Brazil		Brookfield is bidding for the assets rather than bidding for a stake in the company (PFR, 3/5).
	Development portfolio (1.1 GW Wind)			
● RES Americas	Whirlwind (60 MW Wind)	Floyd County, Texas	PwC	A JV between Ardian and Transatlantic Power Holdings, Skyline Renewables, bought the project (see story, page 10).
Rockland Capital	Stephentown (20 MW Storage)	Rensselaer County, N.Y.	Greentech Capital Advisors (seller)	Convergent Energy and Power is purchasing the projects from Rockland, which acquired them in bankruptcy in 2012 (PFR, 3/5).
	Hazel (20 MW Storage)	Luzerne County, Pa.		
● Rockland Capital	Victoria (290 MW Gas)	Victoria County, Texas	PJ Solomon	Rockland is selling the CCGT, which it acquired from ArcLight in 2016 (see story, page 1).
Southern Power	Portfolio (1,760 MW Solar)	U.S.	Citi	Southern Power has hired Citi to sell an up-to one-third stake in the portfolio (PFR, 11/6).
SunEdison	Milford I (203.5 MW Wind)	Millard and Beaver counties, Utah		Longroad Energy Holdings closed its purchase of a 90% stake in each project on Feb. 20. The remaining interests in the projects have been acquired by individual investors (PFR, 3/5).
	Milford II (102 MW Wind)			
Texas Municipal Power Agency	Gibbons Creek (450 MW Coal)	Grimes County, Texas		The plant is for sale again after an earlier attempt to offload it fell through (PFR, 11/20).
Unknown	Portfolio (119 MW Wind)	Pennsylvania, New Hampshire		The TransAlta Corp. yield company will spend \$240 million to purchase and construct the project (PFR, 2/26).

● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector. A full listing of deals for the last several years is available at <http://www.powerfinancerisk.com/Data.html>

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
174 Power Global	Midway Solar (178 MW Solar)	Pecos County, Texas	MUFG, BayerLB, Credit Agricole, NordLB	Debt, Tax Equity	\$190M	7-yr	The financing comprises a \$100.5 million tax equity bridge loan and a 7-year \$89.5 million construction to back leverage term loan (PFR, 2/26).
Acciona Energia, Tuto Energy	Puerto Libertad (317.5 MW Solar)	Mexico	Istituto de Credito Oficial	Debt	\$250M	18-yr	The joint-venture partners are adding almost 50 MW of merchant capacity to their original plans (PFR, 2/12).
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS, CIT Bank, Credit Agricole	Debt	TBA	TBA	Pricing on similar loans remained stable last year at 325 basis points over Libor (PFR, 1/22).
Akuo Energy	Pecasa (50 MW Wind)	Dominican Republic	IFC, FMO, Govt of Canada, Proparco, DEG	Debt	\$80M	TBA	The project will sell its output to the Dominican public utility through a 20-year, dollar-denominated PPA (PFR, 1/22).
Brookfield Renewable Energy Partners	Portfolio (292 MW Hydro)	Pennsylvania	MUFG, HSBC	Private Placement	\$350M	15	Brookfield will use the notes to repay bridge loans for the portfolio which it bought from Talen Energy for \$860 million in 2016 (PFR, 3/5).
Coronal Energy	Portfolio (30 MW Solar)	Virginia	PNC Bank	Tax Equity	TBA		Signed on Dec. 22, it was the first project finance deal to be supported by the solar revenue put provided by kWh Analytics (PFR, 2/5).
Cypress Creek Renewables	Portfolio (29.9 MW Solar)	North Carolina	CIT	Debt	\$46.5M		The projects are around 5 MW in size and are contracted under PPAs of 10 to 15 years with utility offtakers (PFR, 2/12).
Duke Energy Renewables	Shoreham Commons (24.9 MW Solar)	Suffolk County, N.Y.	BAML	Tax Equity	TBA		BAML was selected as the tax equity investor (PFR, 1/29).
EDP Renewables North America	Arkwright (78 MW Wind)	Chautauqua County, N.Y.	TBA	Tax Equity	TBA		The \$156 million project has so far been funded entirely from EDP's balance sheet (PFR, 3/5).
Enel Green Power	Portfolio (1 GW Solar)	Mexico	TBA	Debt	\$720M	TBA	Financial close is expected by the end of March. Lenders include commercial banks and multilaterals (see story, page 1).
Global Atlantic, Origis Energy	MS 3 (52 MW Solar)	Lamar County, Miss.	Wells Fargo	Tax Equity	\$49M		Wells Fargo's tax equity investment accounts for 49.38% of the project's total capital (see story, page 6).
Hive Energy	Mariel (50 MW Solar)	Cuba	Shanghai Electric	Debt	TBA	1-yr	Chinese EPC company Shanghai Electric is providing construction finance and a share of the project equity (see story, page 5).
Kinross Gold Corp	Portfolio (155 MW Hydro)	Brazil	TBA	Debt	\$200M		Kinross is paying \$257 million to a subsidiary of Brazilian steel company Gerdau for the hydro facilities (PFR, 2/26).
Fotowatio Renewable Ventures	Potosi (342 MW Solar)	Zacatecas, Mexico	KfW, Bancomext, ING	Debt	\$209M	TBA	The lenders are providing the funds through equal commitments of almost \$70 million each (see story, page 5).
Halyard Energy Ventures	Halyard Wharton (348.5 MW Gas)	Wharton County, Texas	Scotiabank (adviser)	Equity	TBA		Halyard is aiming to close financing for the peaker this quarter and bring it online by the second quarter of 2019 (PFR, 2/5).
Invenergy	Upstream Wind Energy Centre (202.5 MW Wind)	Antelope County, Neb.	Santander	Debt			Allianz has provided a 10-year proxy revenue swap for the project - the fourth such hedge in the U.S. (PFR, 2/12).
Invenergy	Gratiot County (110.4 MW Wind)	Gratiot County, Mich.	Natixis, NordLB, Zions, Siemens	Refinancing	TBA		GE EFS, which provided tax equity when the project came online in 2012, continues to hold a minority stake (PFR, 2/20).
Leeward Renewables	Mendota Hills (50 MW Wind)	Lee County, Illinois	TBA	Tax Equity			Leeward is seeking tax equity to repower the project, increasing the capacity by 26 MW (see story, page 1).
Lightstone	Portfolio (5.3 GW Gas, Coal)	Ohio, Indiana	Credit Suisse	Term Loan B	\$1.675B	6-yr	Lightstone, a JV. between ArcLight and Blackstone, is looking to reprice the debt between 375 and 400 basis points over Libor (PFR, 2/5).
Lightsources BP	Johnson Corner (20 MW Solar)	Stanton County, Kan.	TBA	Debt, Tax Equity	TBA		Lightsources has issued a teaser for the project and is seeking indications of interest for tax equity and debt by March 9 (PFR, 3/5).
Navajo Tribal Utility Authority	Kayenta II (27 MW Solar)	Navajo County, Ariz.	TBA	Debt, Tax Equity	\$45M		NTUA has signed a 30-year PPA with Salt River Project for the project, which is expected to be online by Apr. 1, 2019 (PFR, 2/5).
Omega Energy Development	Delta 5 (95 MW Wind)	Brazil	TBA	TBA	\$91.7M		Brazil's National Electric Energy Agency approved four projects in the state of Maranhão (PFR, 2/20).
Panda Power Funds	Portfolio (Gas)	Pennsylvania	Crestline Investors	Mezzanine Capital	\$400M		A mezzanine capital investor in two Panda Power Funds combined-cycle gas-fired projects has hired a financial adviser to sell its preferred notes (PFR, 2/26).
Siemens, Others	Temple 1 (758 MW Gas)	Texas	Goldman Sachs	Debt	\$50M	5-yr	The first lien loan was priced at 450 bps over Libor, while the second lien paper was priced at 800 bps (PFR, 3/5).
Taaleri Energia	Truscott-Gilliland East (277 MW Wind)	Knox County, Texas	NorthRenew Energy (adviser)	Debt, Tax Equity	\$350M		The Finnish developer is seeking debt and tax equity as it enters the U.S. market (PFR, 2/12).
SunEast Development	Portfolio (700 MW Solar)	U.S.	Whitehall & Co.	TBA	\$33M	TBA	The utility-scale developer is raising capital as it seeks to transform its business model by owning projects (PFR, 2/20).

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LATIN AMERICA & THE CARIBBEAN ●

Enel Experiments with Financing for Mexico Projects

◀ FROM PAGE 1

service contracts, say deal watchers.

As part of its publicly announced transition to a “build-sell-operate” model, Enel is selling equity stakes in the Mexico projects to institutional investors with low costs of capital—**Caisse de dépôt et placement du Québec** and **CKD Infraestructura México** (PFR, 10/10/17). “Enel no longer want to own assets,” says the investment banker. “The pension funds love this.”

CKD will hold its investment through a vehicle listed on the Mexican stock exchange through the Fibra-e structure, which enjoys similar tax benefits to real estate investment trusts and master limited partnerships, making this source of capital even more efficient. Mexico’s state utility, **CFE**, used the same structure when it listed its transmission business on Feb. 8.

Enel plans to retain a 20% equity stake, generating a return in the form of distributions.

Meanwhile, the sponsor will also provide loans through **Enel**

Finance International, the Netherlands-based entity through which it raises cash in the international bond market, including via green bond offerings, the proceeds of which are ringfenced for environmentally sustainable investments.

Rated Baa2, BBB and BBB+ by **Moody’s Investors Service**, **S&P Global Ratings** and **Fitch Ratings**, **EFI** raised \$3 billion through a multi-tranche bond offering in October, including a \$1.25 billion

10-year note priced at 3.5%.

CDPQ and CKD are also providing about \$1 billion of project debt, according to the announcement of their investment in the projects, issued in October (PFR, 10/10).

Finally, Enel is also providing engineering, procurement and construction and asset management services, boosting the group’s returns on the project through fees.

Deal watchers have reservations about the financing plan, however. “The question is, can you replicate

this?” says the investment banker. “It depends if you can sort out the conflicts,” he added, referring Enel’s varied interests as equity sponsor, creditor and contractor.

In November, Enel was awarded four more contracts for wind projects at record low prices, ranging from \$17.70/MWh to \$19.40/MWh (PFR, 11/20/17). It is unclear how Enel will finance these projects. Representatives at Enel did not provide a comment by press time. ■

Size of Fotowatio Mexico Solar Project Debt Revealed

More details have emerged on the financing of **Fotowatio Renewable Ventures’** 300 MW Potosi solar project in Mexico, with three banks providing around \$209 million.

KfW IPEX-Bank, **Bancomext** and **ING** are providing the funds through equal commitments of almost \$70 million each. It is KfW’s first renewable project financing in Mexico.

The Potosi project, in Zacatecas,

San Luis de Potosi state, is due to come operation next year after being awarded offtake contracts in a 2016 auction.

The contract package includes a 15-year power purchase agreement and a 20-year contract for *certificados de energía limpia* (renewable energy certificates).

Consorcio Fotowatio, a joint venture between Fotowatio and a subsidiary of **FSL Solar**, which is backed by **Qualitas Equity**

Partners, was one of the lowest bidders, winning a PPA priced at \$26.99/MWh for the Potosi project.

Fotowatio, which is owned by Saudi Arabia’s **Abdul Latif Jameel Energy**, announced that it had received financing for the project in January (PFR, 1/17).

Additional details, such as the tenor of the loan and the leverage ratio of the project, could not immediately be established. ■

British Developer Inks Construction Finance for Cuba Solar Project

British solar developer **Hive Energy** has sealed construction financing for the 50 MW Mariel Solar project in Cuba’s Mariel special economic zone, a new port about 30 miles west of Havana.

Chinese engineering, procurement and construction company **Shanghai Electric** is providing construction finance and, along with Hive Energy, a share of the project equity. The project is expected to cost \$67 million.

Hive will look to refinance the project with a traditional project finance loan provided by multilateral institutions once it is completed, and is aiming for a 70:30 debt-to-equity ratio.

Dutch development bank **Nederlandse Financierings-Maatschappij voor Ontwik-**

kelingslanden (FMO) and German development bank **DEG** have shown interest in the project. FMO had initially approved a line of credit for the project’s development but decided to avoid fronting the construction risk as the project evolved, a source familiar with the project tells *PFR*.

The project is split into three phases, the first of which is slated for completion by this December, while phases II and III should be online by March 2019.

Cuba’s state utility **Unión Eléctrica de Cuba** signed a 25-year power purchase agreement for the project’s output in May 2016, but the effective length of the contract will depend on the project’s commercial operations date since

the PPA was structured to begin from the date of signing rather than the COD. Hive is anticipating an effective tenor of 23.5 years. The PPA price is over \$90/MWh, says the source.

Hive first heard about the project when its ceo, **Giles Redpath**, visited Cuba in August 2015 as part of a **U.K. Trade and Investment** delegation. Hive was awarded the project as the result of an invitation-only tender process which took place from October 2015 to May 2016.

The Hive project will be Shanghai Electric’s second power project in Cuba. The contractor provided equity and EPC services for **Havana Energy’s** \$200 million 62 MW **Ciro Redondo** biomass plant. ■

● PROJECT FINANCE

NYSERDA to Launch Debut Solar Loan Securitization

Public benefit corporation **New York State Energy Research and Development Authority** is readying an \$18.5 million asset-backed securitization to finance loans for rooftop solar installations across New York state.

Ramirez & Co. is the bookrunner on the deal, which will be collateralized by some \$25.5 million of loans originated by **Wisconsin Energy Conservation Corp.**, which trades as **Energy Finance Solutions**.

The overcollateralization, in addition to a reserve account, provides an overall enhancement of 28.9%, according to **Kroll Bond Rating Agency**, which has given the notes a preliminary rating of A.

The deal will include \$25 million of loans at closing, with the \$500,000 balance to be added during a three-month pre-funding period.

The loan pool has a weighted average FICO score of 754, an average loan balance of \$15,473, an average remaining term of 168 months and a weighted average coupon of 4.04%, according to a pre-sale report published by Kroll on March 5.

The deal is unique because the issuer is

a state agency, representatives of Kroll in New York tell *PFR*, adding that this also explains its small size relative to other solar ABS transactions, such as last year's \$307.5 million deal from **Mosaic** and \$128.95 million offering from **Dividend Solar** (*PFR*, 10/10/17 10/2/17). The Mosaic and Dividend bonds were priced at 4.45% and 4.084% respectively.

The loans underlying NYSEDA's offering have a lower borrower interest rate, higher weighted average FICO score and shorter original term than the collateral in Mosaic and Dividend solar's deals, and Kroll expects a lower loss.

NYSEDA's offering is split into eight classes with staggered maturities. The shortest seven bonds, which total \$9.1 million, mature between 2020 and 2026, while the final \$9.1 million term bond is due in 2034. The bonds are not guaranteed by NYSEDA and are non-recourse. The transaction is expected to close on March 21.

Pricing bids are due by March 14. The transaction is expected to close on March 21.

Spokespeople for Ramirez & Co. did not respond to inquiry by press time. ■

Wells Wraps Tax Equity Deal

Wells Fargo has finalized a \$49 million tax equity investment in a Mississippi solar project.

The non-tax equity interests in the 52 MW MS Solar 3 facility are owned by a joint venture of developer **Origis Energy** and equity investor **Global Atlantic Financial Group**.

Spread across 540 acres in Sumrall, Lamar County, the MS Solar 3 project has been online since December and sells its output under a power purchase agreement with **Cooperative Energy**, a not-for-profit utility that serves portions of southern and western Mississippi.

Wells Fargo's tax equity investment accounts for 49.38% of the project's total capital, a spokesperson for Wells Fargo tells *PFR* from San Francisco.

Global Atlantic, an insurer whose largest shareholder, with a 22% stake, is **Goldman Sachs**, also wholly owns a portfolio of solar assets in the Western U.S.—the 80 MW Grand View II project in Elmore County, Idaho, the 80 MW Three Peaks project in Iron County, Utah, and the 60 MW Five Points project in Fresno County, Calif. (*PFR*, 9/28). **Citi** acquired the tax equity associated with Grand View II last year, while **PNC** owns the tax equity in Three Peaks and Five Points (*PFR*, 9/6/16). ■

Solar Bonds Singed by California Wildfires

Fitch Ratings downgraded \$1.1 billion of senior secured notes issued by **Topaz Solar Farms** from A- to BBB+ and placed them on a negative rating watch following the downgrade of the project's offtaker, **Pacific Gas & Electric Co.**, as a result of last year's "unprecedented" wildfires in California.

The 550 MW Topaz solar project, which is owned by **Warren Buffett's Berkshire Hathaway Energy**, sells its output to PG&E under a 25-year power purchase agreement.

S&P Global Ratings and Fitch both downgraded PG&E from A- to BBB+, on Feb. 22 and Feb. 26, respectively. **Moody's Investors Service** placed the utility on review for downgrade on Dec. 21.

"While the cause of the fires and magnitude of exposure is yet to be determined, Fitch's

rating case assumes \$15 billion of third party liabilities will be absorbed by PG&E over 10 years," wrote analysts at Fitch on Feb. 26.

The Topaz facility is located in San Luis Obispo County in southern California. PG&E's

"Fitch's rating case assumes \$15 billion of third party liabilities will be absorbed by PG&E over 10 years"

Northern California service territory was engulfed by 21 wildfires in October 2017, with the fires causing 44 deaths.

Moody's had upgraded the rating for Topaz

from Baa2 to Baa1 on Oct. 23 citing "continued support" from BHE, referring to \$1 billion of common equity that the sponsor had invested into the project.

BHE, then operating as **MidAmerican Renewables**, began constructing the project in December 2011 and issued \$850 million in 144A bonds in February 2012 (*PFR*, 2/24/12). The 25-year notes were priced with a 5.75% coupon. The sponsor issued a further \$250 million of 26-year paper for the project in April 2013 (*PFR*, 4/9/13). The notes are backed by a six-month debt service reserve.

Topaz's base case debt service coverage ratio is 1.81 times with a minimum of 1.67 times, according to Fitch. Despite the downgrade, Fitch sees the DSCRs generally increase over time. ■

ENERGY STORAGE ●

SDG&E Proposes 166 MW of Energy Storage

San Diego Gas & Electric has proposed adding up to 166 MW of energy storage projects in seven locations in California to be built by third parties and owned by the utility company.

The **Sempra Energy**-owned utility requested the **California Public Utilities Commission's** approval of the seven projects on Feb. 28 and is planning to launch a request for proposals next month.

The storage projects aim to improve grid resiliency and boost public safety by directly powering critical public-sector facilities such as police and fire stations and emergency healthcare centers.

Some 600 people were evacuated from San Diego County when wildfires burned through the area and knocked out transmission lines in December.

When the projects are not required to

maintain reliability, they will bid into the **California Independent System Operator** market.

The projects, all located on property owned by SDG&E, are:

- the 30 MW/40 MWh Kearny project in Kearny Mesa, which is expected to be online by 2020,
- the 20 MW/20 MWh Melrose project in Vista, which is expected to be online by 2020,
- the 10 MW/10MWh Boulevard project in Boulevard, which is expected to be online by 2020,
- the 10 MW/10 MWh Clairemont Project in Clairemont Mesa, which is expected to be online by 2021,
- the 10 MW/10MWh Paradise project in Skyline, which is expected to be online by 2021,

■ the 10 MW/10MWh Elliot project in Tierresanta, which is expected to be online by 2021, and

■ the 10 MW/10MWh Santee project in Santee, which is expected to be online by 2021.

The cost of the projects could not immediately be established because the request for proposal process is not complete, but SDG&E has projected a revenue requirement of \$284.6 million over 10 years. The revenue will be generated by bidding capacity into CAISO and through distribution rates.

SDG&E already owns and operates the 30 MW/120 MWh Escondido lithium-ion battery storage system in Escondido, which was constructed in six months by **AES Corp.** and completed in Feb. 2017. The Escondido project bids into the real time and day-ahead markets. ■

Resi Solar Battery Ruling Raises C&I Storage Hopes

The solar storage industry got welcome news on March 2 when a private letter ruling (PLR) made public by the **Internal Revenue Service** revealed that batteries charged with solar energy may be eligible for the 30% federal income tax credit.

The ruling, issued in response to a query raised by an individual household, clarified that if the battery was charged entirely from a rooftop solar array, it would be eligible for the ITC under Section 25D of the tax code. It is unclear how the IRS will determine the source of the energy stored in the battery. In any case, the battery would only be eligible for the tax incentive if it is charged by a solar array that has already qualified for the ITC.

"There's excitement around it," says **Jason Burwen**, vice president, policy at the **Energy**

Storage Association. "This came as a bit of a surprise since most in industry were not aware this PLR was happening."

"There are still risks for investors, especially tax equity investors"

"After the change of administration, the process for formal guidance was stalled. It will now take another entity to request a PLR at the commercial level to see whether the same interpretation applies to the Section 48 ITC."

Section 48 governs which commercial and utility scale solar projects are eligible for the ITC.

"The guidance we have in the

regulation is dated and doesn't address issues of today's storage technology," says **Lee Peterson**, senior manager in **CohnReznick's** national tax services division. "We'd encourage IRS to update guidance on Section 48 to include storage. The IRS is busy with tax reform and their priorities seem to have changed. We are hoping for regulations rather than PLRs."

The optimism among industry observers is tinged with caution, because PLRs are not the same as finalized tax regulation. **Peter C. Friedman**, the senior technician reviewer at the IRS who wrote the PLR, stated that it may not be used or cited as precedent.

"A PLR is not formal guidance from the IRS," says Burwen. "However, if the national office has laid out a fact pattern and

then issued an interpretation, its agents will be inclined to follow that. There are still risks for investors, especially tax equity investors."

He says this could fundamentally change the landscape for investors looking at storage. Aside from benefiting storage vendors, the ruling should give rooftop solar vendors a cheaper product to sell its existing customers.

It is unclear when tax regulations regarding larger scale battery storage projects or aggregations of residential-scale storage assets will be passed.

"The marketplace is on its own timetable, gradually becoming more and more comfortable with storage," says Peterson, "That says more about the asset being unique than about the clarity of the tax law." ■

● PPA PULSE

Bathtub Maker Fills Up — Bank Goes Green

Cincinnati-based **Fifth Third Bankcorp** and bathroom fixture manufacturer **Kohler Co.** are among the corporations that have been procuring wind and solar generation of late, but developers looking for 30-year contracts should probably stick with utilities and coops.

FILLING UP ON WIND

Kohler is one of three offtakers to sign up for generation from a 300 MW wind project in Kansas.

The company will purchase 100 MW of the output of **Enel Green Power North America's** Diamond Vista wind project near Salina under a 15-year power purchase agreement.

Kohler will resell the generation into the wholesale power market but hold onto the renewable energy credits, allowing it to claim that all of the electricity it uses in the U.S. and Canada is offset by the contract.

Besides the bathtubs and plumbing fixtures it is best known for, Kohler produces decorative products, furnishings, engines and onsite generators. The company also owns golf resorts and has a line of chocolates.

The other offtakers for the Diamond Vista project are more conventional. **City Utilities of Springfield** of Missouri and **Tri-County Electric Cooperative** of Oklahoma have agreed to buy 100 MW and 84 MW, respectively.

The project, which Enel acquired from developer **Tradewind Energy**, is expected to begin operations by the end of 2018.

Enel is funding the entire \$400 million investment from “the **Enel Group's** own resources”, according to a statement issued by the Rome-based company on March 6.

GREEN BANK

Cincinnati-based Fifth Third Bankcorp has signed a power purchase agreement for the output of an 80 MW solar project in North Carolina.

SunEnergy1 is developing the Aulander Holloman project in Hertford County, in the northeastern corner of the state that falls within **PJM Interconnection's** territory.

The project is expected to require an investment of \$200 million and is slated to be online by the end of the year.

Schneider Electric assisted Fifth Third with the selection and execution of the PPA, which the bank says will provide as much generation as it uses across the 10 states in which it operates. The length of the contract was not disclosed.

30-YEAR SOLAR DEAL

The length of a PPA recently signed by **Wabash Valley Power** for the output of a 99 MW solar project in Illinois was, however, made public.

The cooperative will buy the output of **Ranger Power's** Prairie State project in Perry County for 30 years.

The project's capacity is greater than all of the existing solar generation in the state, which stands at 81.5 MW, according to the **Solar Energy Industries Association**.

The \$100 million project is expected to be online in 2021 and will sell its renewable energy credits separately through the **Illinois Power Agency** REC procurement process.

Wabash Valley is an Indianapolis-based not-for-profit electric generation and transmission cooperative that provides wholesale electricity to 23 retail electric

distribution cooperatives in Indiana, Illinois and Missouri.

SHOPPING FOR SOLAR

Meanwhile, in Mexico, **Infraestructura Energética Nova** has contracted about half of the output of a 125 MW solar project with several subsidiaries of department store operator **El Puerto de Liverpool** for 15 years.

Located in Benjamin Hill, Sonora, the yet-to-be-named project is expected to cost \$130 million and is slated to be online in the second half of 2019.

ENova is in advanced negotiations with other offtakers for the project's remaining capacity, a spokesperson for the **Sempra Energy** subsidiary tells *PFR*.

HYDRO STOP-GAP

Finally, an Oregon utility has signed two power purchase agreements for generation from the Federal Columbia River Power System to make up for the planned retirement of a 550 MW coal-fired plant, as it prepares a renewables procurement exercise.

Portland General Electric Co.

will be able to purchase up to 200 MW from the federally-owned hydro system under the advanced notice PPAs to help fill projected capacity shortfalls after 2020, when the Boardman Generating Station is due to cease operations.

The amount of notice PGE must give before calling on the resource is the main difference between the two five-year PPAs, which will run concurrently from 2021 through 2025.

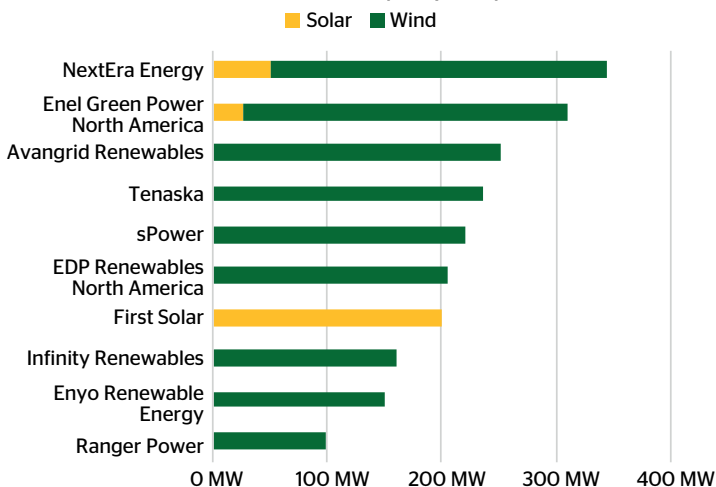
The hydro generation will not count toward Oregon's renewable portfolio standard, which requires PGE to procure 50% of its generation from qualifying renewable sources by 2040.

The utility is preparing to issue a request for proposals later this spring for 100 MW of renewable capacity to help it meet the renewables target.

Bonneville Power Administration markets and distributes the power generated by Federal water projects in the Northwest, which are owned and operated by the **U.S. Army Corps of Engineers** and the **U.S. Bureau of Reclamation**. ■

Top 10 U.S. Sponsors

PPAs Announced Year to Date (by Capacity)



Source: PFR data

PROJECT FINANCE ●

Leeward to Seek Financing for Wind Repowering Project

◀ FROM PAGE 1

The sponsor will begin the process of raising tax equity to finance the project later this year, and does not plan to raise construction financing or project debt. The precise cost of the repowering and the amount of tax equity to be raised could not be immediately determined.

“When you look at a full repowering such as this, we end up with a slight cost advantage to a new-build project,” says Flanagan, who also notes the strong wind resource of the project’s location relative to the rest of the Illinois market.

The Mendota Hills repowering will involve the replacement of all 63 of its existing Gamesa turbines with new technology, so the cost savings stem from the reuse of the project’s roads, interconnection and other facilities such as the operations and maintenance building. The savings are partly offset by the cost of dismantling the old turbines and foregone revenues.

LOOKING AHEAD

Leeward is one of the few sponsors that has experience repowering wind projects, having recently replaced 80% of the turbines at its Sweetwater I and II projects in Nolan County,

Texas. **GE Energy Financial Services** provided \$160 million of tax equity to finance the endeavor (PFR, 1/11).

As the wind fleet in the U.S. ages, however, there are several other sponsors exploring the possibilities. **Quinbrook Infrastructure Partners**, for example, plans to repower six vintage wind projects it acquired in January (PFR, 1/18).

“We’ve got **Vestas** coming to our offices tomorrow morning,” an official at an independent power producer told *PFR* late last year. “There’s a whole team of them coming to talk to us about renewing operating and maintenance contracts and also about repowering options.”

Short of full repowerings along the lines of those that Leeward has embarked on, the refurbishment of existing turbines is also an option under consideration, although qualifying such projects for the production tax credit may present a challenge, and the tax incentive itself is due to be phased out in the coming years.

“To do a repowering with the PTC, there’s a certain window of time,” says an official at another renewables sponsor. “The situation right now is, you can get PTCs if you do repowering in the right way.”

But some wind project sponsors are also tak-

ing a longer-term view. “Repowering will make sense at some point even without the PTC,” says the official.

FIRST IN ILLINOIS

Originated by **Navitas Energy**, Mendota Hills was the first utility-scale wind project in Illinois when it came online in 2003, and was held successively by **Gamesa Energy**, **Babcock & Brown**, and then **Infigen Energy** before ArcLight acquired it in 2015 (PFR, 7/16/15).

GE EFS announced that it had invested tax equity in the project in 2007, noting at the time that the facility would sell its output at market prices. The project will continue to sell its output spot in **PJM Interconnection** until it is taken offline for repowering.

ArcLight bought out GE EFS’s tax equity position in the project and a second wind farm in November 2016 (PFR, 11/9/16), shortly after refinancing the entire Leeward portfolio in a transaction that won *PFR*’s award for project finance deal of the year (PFR, 5/25).

The private equity firm hired **Bank of America Merrill Lynch** to put the entire Leeward portfolio up for sale last year (PFR, 10/3). Flanagan declined to comment on the sale process. ■

MERGERS & ACQUISITIONS ●

Brazil Wind Purchase Gets Regulatory Go Ahead

Brazil’s antitrust regulator **Cade** has given the green light to **Votorantim Energia** and the **Canada Pension Plan Investment Board** to buy wind firm **Ventos de Santo Estevao Holding**.

As a result of the purchase, which was announced at the end of last year, the buyers will own the 359 MW Ventos do Araripe III wind farm in the Chapada do Araripe, on the border of Piauí and Pernambuco (PFR, 12/16).

The Votorantim and CPPIB joint venture is buying the project from Brazilian developer **Casa dos Ventos**, which said it has already invested R\$1.8 billion (\$555 million) in the project.

Votorantim and CPPIB are also

developing the 206 MW Ventos do Piauí I wind farm, which was already owned by Votorantim before the J.V. was established.

CPPIB is initially providing R\$690 million of equity under to the J.V., which is actively looking for further acquisition and investment opportunities in Brazil’s energy sector. ■

Utility to Exercise Right to Buy Wind Project Expansion

Montana-Dakota Utilities is exercising its option to acquire a 48 MW expansion of a North Dakota wind project from **Allete Clean Energy**.

Bismarck, N.D.-based MDU, a subsidiary of **MDU Resources Group**, acquired the first 107.5 MW

phase of the Thunder Spirit wind project from Allete when it entered commercial operations in December 2015. The project is located in Adams County near the city of Hettinger.

The expansion is expected to cost

\$85 million and will add 16 turbines to the 43-turbine project. It is slated to be complete by the end of the year.

The utility company has the right to acquire the project under the terms of a 20-year power purchase

agreement for Thunder Spirit’s output that it signed with the project’s previous owner, **Wind Works Power Corp.**, in 2014 (PFR, 1/9/15).

German developer Wind Works, which sold Thunder Spirit to Allete later the same year, had purchased the project from its initial developer, **Global Winds Harvest**, in 2011. ■

● MERGERS & ACQUISITIONS

Vintage Texas Wind Project Changes Hands

RES Americas has sold a wind project in Texas that has been online since 2007 to a newly established joint venture between Paris-based private investment firm **Ardian** and **Transatlantic Power Holdings**, a company set up by the former chief executive of **Iberdrola Renewables**.

The J.V., dubbed **Skyline Renewables**, is buying the 60 MW Whirlwind Energy Center in Floyd County for an undisclosed price, according to a statement issued by Ardian on March 5.

The project is about halfway through a 20-year power purchase agreement with **Austin Energy**, and is fitted with 26 **Siemens** SWT-2.3-93 turbines.

“For us, it is an excellent opportunity to partner with a top-quality management team”

RES Americas and Siemens extended the initial five-year service and maintenance agreement for the project for an additional 15 years in 2013.

ARDIAN ADMIRER

Transatlantic Power Holdings was formed in 2016 by **Martin Mugica**, the former president and ceo of **Iberdrola Renewables**, and **Lorenzo Rocca**. Mugica, who is based on Portland, Ore., left Iberdrola in 2015 (PFR, 7/16/15).

Transatlantic began looking for an investor to partner with

in 2016 and hired **PwC** to assist with the process toward the end of the year.

PwC introduced the firm to Ardian and joint venture negotiations began at the beginning of the third quarter of last year.

“We’ve been looking at the U.S. market for a few years now,” **Stefano Mion**, managing director at Ardian and co-head of the firm’s U.S. infrastructure business, tells *PFR* from Milan. “For us, it is an excellent opportunity to partner with a top-quality management team,” he adds, referring to the Skyline J.V.

the firm is also exploring battery storage technology, but adding: “Initially, we’ll be more

“We are looking into solar, which is a different animal and has to be approached in different ways”

focused on wind than anything else in order to create the initial platform of assets”.



The Whirlwind project is the first of several planned acquisitions for Skyline, which intends to amass a 3 GW portfolio, with an initial focus on wind.

“Definitely we are looking into solar, which is a different animal and has to be approached in different ways,” Mugica tells *PFR* from Portland, adding that

to have been open to a sale of the project for some time, but not running a formal process.

“I saw a path where we could help them and they could help us,” says Mugica.

RES Americas had financed the project in 2007 on the basis of the 20-year Austin Energy PPA.

The financing comprised a \$100 million construction loan from **HSBC**, which converted into a \$45.7 million term loan provided by **John Hancock Financial Services** when the project reached commercial operations. The remainder of the permanent financing came from **JP Morgan** in the form of tax equity (PFR, 7/13).

As part of its acquisition of the project, Skyline bought out JP Morgan’s tax equity position, according to the announcement. This was necessary for Skyline to gain control of the project and all of its cashflows. A spokesperson for JP Morgan in New York declined to comment. The John Hancock debt remains a part of the project’s capital structure.

Now that it owns the project, Skyline will look for ways to improve its cashflows and returns, says Mugica. The project had a 40% capacity factor in 2015, according to a report published by Austin Energy in 2016.

“The 10 years remaining under the PPA give us sufficient time to work on different solutions, not only on the offtake but in many other parts,” says Mugica, adding that the company would also look at optimizing the project’s capital structure in the future, but had no immediate plans to add to its debt. ■

WHIRLWIND ROMANCE

Transatlantic approached RES Americas to express interest in acquiring the Whirlwind project last year. As an early-to-mid-stage developer and construction contractor, RES Americas typically sells its projects prior to their commercial operations date, and is thought

MERGERS & ACQUISITIONS ●

Engie Racks Up U.S. Renewables, Adding D.G. Solar Biz

Edison International's effort to sell distributed solar company **SoCore Energy** has resulted in an agreement with **Engie North America**, the same company that recently announced the acquisition of U.S. wind developer **Infinity Renewables**.

Marathon Capital ran an auction process for Edison, sending teasers to potential buyers in August and overseeing at least two rounds of bidding (PFR, 8/18).

The purchase price was not disclosed, but the consideration was structured as an all-cash upfront payment, according to an announcement from Marathon.

"High quality operating and under-construction projects resulted in a cost-of-capital that was attractively priced and commensurate with the discount

rate expected on a full-contracted utility-scale solar portfolio," reads the Marathon announcement. The deal was signed on March 1.

"We look forward to working with this team to accelerate the expansion of our renewables presence within the United States"

The seller had initially been open to selling SoCore's operational assets and development platform separately, but zeroed in on a single transaction after receiving interest from a range of financial and strategic investors and overseas bidders

(PFR, 10/25).

SoCore has a 150 MW portfolio of projects that are either operational or will be under construction by the end of March as well as a 170 MW pipeline of late-stage development assets. The company is working on projects incorporating battery storage.

The operational portfolio comprises more than 200 utility-scale, community, commercial and industrial-scale projects all contracted under offtake agreements with an average remaining length of about 20 years, according to the teaser issued last year. The offtakers include schools, municipalities, electric co-operatives and corporations such as **Target**, **Walgreens** and **FedEx**.

SoCore is led by president and ceo **Robert Scheuerman**, a former banker who spent eight

years in the power and utilities group of **ABN Amro**.

Engie intends to retain the company's personnel and its Chicago headquarters and continue to own and operate its projects after they are online.

"As with our recently announced acquisition of wind developer **Infinity Renewables**, with SoCore, ENGIE is investing in an experienced, accomplished development team, and we look forward to working with this team to accelerate the expansion of our renewables presence within the United States," said **Frank Demaille**, president and ceo of Engie North America, in a statement.

Engie announced that it would acquire wind developer and independent power producer **Infinity Renewables** in February (PFR, 2/21). ■

AltaGas Scraps Sale of California Assets

AltaGas has called off its sale of two gas-fired projects in California and will instead seek to jettison other assets to finance its acquisition of utility holding company **WGL Holdings**.

AltaGas, which plans to raise C\$2 billion (about \$1.5 billion) from asset sales in 2018, had been exploring the sale of the 507 MW Blythe and 330 MW Tracy projects in California, but is now looking to monetize other assets in the \$4 billion pool it has identified as candidates for sale.

"With the California market's continued progress on renewables, flexible generation is needed as a backstop," the company's president and ceo **David Harris** told investors on a March 1 earnings call, noting that the two projects benefit from their "unique strategic locations".

The projects are located some 480 miles apart, with Blythe in Southwest California's Riverside County, which borders Arizona

to the east, while Tracy sits in San Joaquin County, about 50 miles from San Francisco. Blythe sells its output to **Southern California Edison** under a power purchase agreement through July 2020, while Tracy has PPAs with **Pacific Gas & Electric Co.** through October 2022.

Calgary, Alberta-based AltaGas acquired Blythe from **LS Power** in a \$515 million deal

in 2013 and bought Tracy two years later from **Highstar Capital** subsidiary **Star West Generation** (PFR, 3/26/13, 9/23/15).

AltaGas is considering offering senior debt, hybrid securities or equity-linked securities to bankroll the WGL deal in addition to asset sales. The acquisition values WGL at C\$8.4 billion, including approximately C\$2.4 billion of assumed debt. ■

Rockland Puts Texas CCGT on the Block

◀ FROM PAGE 1

marketing (PFR, 2/22).

A possible comp for the two projects is **Vistra Energy's** acquisition last summer of the Odessa combined-cycle project from **Koch Ag & Energy Solution**. Vistra paid \$350 million for the 1,054 MW facility (PFR, 7/11).

For a more up-to-date valuation, deal

watchers are also looking at where the senior debt of distressed gas-fired projects in Texas is trading.

Recent secondary debt trading suggests a valuation of around \$400/kW, says one, who notes, however, that **Panda Power Funds** and **ExGen Texas Power's** gas-fired projects in the state are newer and more efficient than the Victoria plant. ■

● PROJECT FINANCE

Hydro Developer Rye Appoints New CEO

Rye Development, which owns hydro assets in several U.S. states, has appointed a new chief executive.

Paul Jacob, who was the company's chief commercial officer, replaced **Ramya Swaminathan** as ceo this month.

Swaminathan joined Rye's predecessor, **Free Flow Power**, in 2008. She was previously a director at **UBS**.

Jacob arrived at Free Flow in 2011, three years after Swaminathan. He was previously senior vice president for marketing and trading at **Edison Mission Energy**, where he worked from 2001 until 2010, according to his

LinkedIn profile.

Rye owns hydro projects in Indiana, Kentucky, Louisiana, Mississippi, Ohio, Oregon and Pennsylvania and has been examining acquisition opportunities in Canada, particularly Alberta.

The company acquired a 50% stake in Swan Lake North, a 390 MW pumped-storage facility in Oregon, from **EDF Renewable Energy** in late February last year (PFR, 3/9/17). **National Grid** co-invested in the project, acquiring the other 50%.

Jacob did not immediately respond to a request for comment. ■

Mitsubishi's Diamond to Buy NRG Trading Platform

Diamond Generating Corp. has agreed to purchase **Boston Energy Trading and Marketing** from **NRG Energy** in a \$70 million deal.

Boston Energy functions as Princeton, N.J.-based NRG's energy management and trading business across the U.S.'s competitive markets.

The sale "is intended to further simplify, streamline and focus our business," NRG president and ceo **Mauricio Gutierrez** said on the company's fourth quarter 2017 earnings call on March 1.

NRG's earnings for the fourth quarter of 2017 showed Ebitda for its generation business of \$104 million, \$13 million lower than

the same quarter the previous year.

However, while low energy prices cost NRG's Gulf Coast business \$51 million year-over-year, its assets in the Northeast, on the West Coast and in Illinois saw an increase of \$38 million as a result of higher capacity revenues, lower operating costs and "higher trading results at BETM".

Mitsubishi Corp.-owned Diamond's purchase of the business will require the approval of the U.S. **Federal Energy Regulatory Commission** and the **Committee on Foreign Investment in the United States**. The acquisition is expected to close in the second half of 2018. ■

● MERGERS & ACQUISITIONS

Financial Adviser Tapped for Sale of C&I Solar Portfolio

A subsidiary of a New Jersey utility holding company has hired an investment bank to market a portfolio of commercial and industrial solar assets.

The seller, **Marina Energy**, is the onsite energy development subsidiary of Folsom, N.J.-based **South Jersey Industries**, which also owns gas distribution and commodity trading businesses.

The company tapped **Guggenheim Partners** to run the sale earlier this year, deal watchers tell PFR. The size of the portfolio could not immediately be learned.

Marina Energy owns 11 commercial and industrial solar projects in New Jersey, including systems installed at municipal buildings, three South Jersey high schools, **Atlantic Cape Community College** and at **FedEx**, **Heller Industrial Parks** and **Barry Plastics** locations.

Marina's entire solar portfolio totals approximately 200 MW (DC), according to its investor presentation for the fourth quarter of 2017.

The process being run by Guggenheim comes after SJI's president and ceo **Michael Renna**, told investors that the company was exploring opportunities to sell non-core assets on its fourth quarter earnings call last month.

Officials at Guggenheim in New York declined to comment and representatives for SJI in Folsom did not immediately respond to inquiries. ■

P.E. Firm Buys Transmission Contractor from Exelon

An investor group led by private equity firm **Bernhard Capital Partners Management** has purchased transmission business **W.A. Chester** from **Exelon Corp.**

W.A. Chester is an electrical contractor specializing in underground and above ground transmission line maintenance, serving utilities and independent power producers.

Exelon acquired the company indirectly through its March 2016 acquisition of **Pepco Holdings**. **Potomac Electric**

Power Co. subsidiary **Pepco Enterprises** purchased the business from **Fischbach & Moore** in 1996.

Frank Musick, W.A. Chester's chief operating officer and a senior vice president, will lead the company's management team post-acquisition, replacing **Robert Thompson**, who will retire as president and ceo of W.A. Chester at the end of this month. Thompson will stay on in an advisory capacity.

The company will retain its headquar-

ters in Lanham, Md., as well as its offices in Washington, D.C., and Charles Town, W.Va., following the deal, which closed on Feb. 28.

The purchase price was not disclosed. An official at Bernhard Capital in Baton Rouge did not immediately respond to an inquiry.

W.A. Chester was founded as the **Henry Ihle Co.** in Canada in the 1930s before relocating to the U.S. with a move to Queens, N.Y., less than a decade later. ■