

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

● RESTRUCTURING

● PEOPLE & FIRMS

LS Power Peaker Refi Gets South Korean Bid

South Korean institutions were among the lenders when LS Power refinanced a pair of Illinois peakers earlier this year. [Page 5](#)

Exelon Unit Mandates Restructuring Adviser

An **Exelon Corp.**-owned Texas independent power producer has mandated **PJT Partners** for a potential restructuring. [Page 6](#)

Exec Leaves Highstar After 12 Years' Service

A long-serving m.d. at **Highstar Capital**, which is owned by **Oaktree Capital Management**, left the firm in January. [Page 12](#)

Regulators Quash Calpine Gas-fired Sale

Fotios Tsarouhis

Calpine Corp.'s planned sale of a gas-fired project to two subsidiaries of **Berkshire Hathaway Energy**-owned **NV Energy** has been canceled, following the rejection of the deal by the **Public Utilities Commission of Nevada**.

Nevada Power and **Sierra Pacific Power** had agreed to acquire the 520 MW South Point Energy Center, a combined cycle facility in Bullhead City, Ariz., for \$76 million last year (PFR, 6/8).

The acquisition, which had been expected to close in the first quarter of 2017, was approved by the U.S. **Federal Energy Regulatory Commission** in two separate orders [PAGE 10 »](#)



Nevada Power's plea for reconsideration of the deal failed to move the PUC

LS Power Upsizes Loan for TransCanada Asset Buy-up

Richard Metcalf

LS Power has increased the size of a term loan B financing its acquisition of a portfolio of assets from **TransCanada** and tightened the pricing on the deal, which has attracted a lot of interest from investors.

The size of the term loan B, which LS Power is issuing through **Helix Gen Funding**, has been increased from \$1.54 billion to \$1.675 billion. A \$175 million revolving credit facility is also part of the deal.

Pricing on the seven-year term loan has been reverse-flexed from talk of 425 basis points over Libor and an original issue discount of 99 to 375 bps and an OID of 99.5.

The deadline for commitments was March 8 and allocations were expected to be made the same day, said a deal watcher.

Credit Suisse is the lead left on the deal, which was launched about three weeks ago with Ba2 and BB ratings from **Moody's Investors Service** and **S&P Global Ratings**, respectively (PFR, 2/22).

The proceeds [PAGE 5 »](#)

Brookfield to Replace SunEdison as Sponsor of Two TerraformYieldcos

Richard Metcalf

Brookfield Asset Management has agreed to replace SunEdison as the sponsor of its two yieldcos in deals which will involve Brookfield and institutional partners acquiring a 51% stake in **TerraForm Power** and 100% of **TerraForm Global**.

The announcements of the deals come at the end of a period of exclusive negotiations between Brookfield, SunEdison and its two yieldcos that began in January (PFR, 1/23).

The deal resolves a key question which arose when SunEdison filed for bankruptcy last April, namely, what would

become of the developer's controlling stake in its publicly listed yieldcos.

TerraForm Power owns an almost 3 GW fleet of operational wind and solar assets in the U.S., Canada, Chile and the U.K., while TerraForm Global owns a 952 MW portfolio spread across China, [PAGE 8 »](#)



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● THE BUZZ

Nothing is Certain, Not Even Taxes

Bankers are blaming a slow start to the year in U.S. renewables project finance on uncertainty around corporate tax reform, but activity could pick up once developers get their heads around the risks.

With control over both houses of **Congress** and the presidency, Republicans are mulling what could be a massive overhaul of the tax system, potentially including major corporate tax cuts.

In the long run, that could mean lower appetite for renewable financing deals among tax equity investors and, ultimately, fewer projects getting built, say deal watchers. But even in the near term, uncertainty appears to be restricting deal flow.

There was a flurry of closings immediately following the election of **Donald Trump**, for deals that needed to be signed before year end.

Since December, however, a lull has set in as negotiations take place between sponsors and tax equity investors about how to proceed with deals that are in the works or have already been signed.

"It's very quiet right now," says a New York-based loan syndicate banker. "Renewables developers are working through tax issues with tax equity providers. I have no insight into how

long that will take."

The negotiations revolve around what will happen if a change to the tax code means that a tax equity investor in a partnership flip transaction hits its yield target too early or too late.

"If a deal needs to get done this year—and many do—we'll find a way of dealing with those risks," says a project finance attorney.

Whatever the solution is, one thing seems clear—the risk will be on the sponsor.

Another topic up for discussion is the point at which an investor can pull out of a deal with multiple fundings, as is the case in rooftop solar deals.

"At what point in the legislative process can the tax equity investor stop funding, if the economics would be changed too much by a proposed tax law?" says a second project finance lawyer.

The lack of activity certainly can't be blamed on a lack of contracted projects, however. Although corporate power purchase agreement signings for 2016 came in lower than some had hoped, more than 2 GW of renewable projects did obtain such contracts, according to deal watchers. Meanwhile, utility companies have also been signing PPAs (PFR, 3/2).

"I'm cautiously optimistic it'll start picking up soon," says the first project finance attorney. "There are lots of good projects out there to be built." ■

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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
AEP	Zimmer (1,350 MW Coal, 25.4%)	Moscow, Ohio		Dynegy will acquire AEP's 25.4% interest in the project in exchange for Dynegy's 40% interest in the 780 MW Conesville project in Conesville, Ohio (PFR, 3/6).
Brookfield Renewable Partners	Price (189 MW Wind), Comber (166 MW Wind), Gosfield (51 MW Wind)	Sault Ste. Marie, Lakeshore, and Kingsville, Ontario	Scotiabank, TD Securities (seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
● Calpine Corp.	South Point Energy Center (520 MW Gas)	Bullhead City, Ariz.		The acquisition of the project by two NV Energy subsidiaries has been blocked by Nevada regulators (see story, page 1).
Cypress Creek Renewables	Innovative Solar 37 (78.7 MW Solar)	Anson County, N.C.		Dominion Resources is purchasing the project, which was part of the portfolio Cypress Creek acquired as part of its purchase of FLS Energy (PFR, 3/6).
Dynegy	Armstrong (753 MW Gas)	Shelocta, Pa.		LS Power has agreed to acquire the two peakers from Dynegy (PFR, 3/6).
	Troy (770 MW Gas)	Luckey, Ohio		
Dynegy	Conesville Unit 4 (780 MW Coal, 40%)	Conesville, Ohio		AEP will acquire Dynegy's 40% interest in the project in exchange for AEP's 25.4% interest in the 1,350 MW Zimmer project in Moscow, Ohio (PFR, 3/6).
● EDF Renewable Energy	Swan Lake North (390 MW Hydro)	Klamath County, Ore.		Rye Development and National Grid are acquiring the asset from EDF (see story, page 7).
● Energy Capital Partners	Empire (635 MW Dual-fuel)	Rensselaer, N.Y.		Tyr Energy, Tokyo Gas Co. and Kansai Electric Power Co. closed their acquisition of the project on March 3 (PFR, 10/24).
Eversource	Portfolio (1.2 GW Coal, Hydro, Oil)	New Hampshire	JP Morgan	JP Morgan has distributed teasers in preparation for a two-stage auction for the portfolio (PFR, 3/6).
First Reserve	First Reserve Energy Infrastructure Funds	U.S., Mexico, Europe		BlackRock has agreed to acquire First Reserve's infrastructure equity arm (PFR, 2/13).
BTG Pactual Infraestructura II, Pátria Investimentos, GMR Group	Latin America Power (114 MW Hydro, Wind)	Chile, Peru	BTG Pactual, Morgan Stanley	Several bidders have been shortlisted in the sale of the company, which also owns an 803.9 MW development pipeline that includes its first solar asset (PFR, 2/13).
● Madison Gas and Electric Co., WEC Energy Group	Columbia Energy Center (1,112 MW Coal, 7.2%)	Pardeeville, Wis.		Alliant Energy is acquiring a 4.2% stake and a 3% stake from WEC and MSE, respectively (see story, page 7).
Mercuria	Danskammer (500 MW Dual-fuel)	Hudson Valley, N.Y.	Guggenheim Partners	The first round of a two-stage auction is underway (PFR, 10/3).
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	First round bids for the 2.5 GW portfolio were due in November (PFR, 10/31).
Renova Energia	Portfolio (386.1 MW Wind)	Bahia, Brazil		AES Tietê has entered into exclusive negotiations to acquire the portfolio (PFR, 1/23).
Rockland Capital	Elgin Energy Center (484 MW Gas)	Elgin, Ill.	Barclays	Barclays is running a two-stage auction for the four assets, all of which sell into PJM (PFR, 12/19).
	Rocky Road (349 MW Gas)	East Dundee, Ill.		
	Eagle Point Power Generating (238 MW Gas)	Westville, N.J.		
	Tilton (180 MW Gas)	Tilton, Ill.		
● Sorgente	Frosthall (15 MW Hydro)	British Columbia		Sammons Renewable Energy has acquired the projects from Sorgente. Franklin Park Investments is managing the projects on Sammons' behalf (see story, page 10).
	Clemina (10.5 MW Hydro)			
	Serpentine (10.5 MW Hydro)			
	English (6 MW Hydro)			
sPower	Portfolio (6.7 GW Solar)	U.S.	Barclays (lead), Marathon Capital, CohnReznick, Citi (co-leads)	AES Corp. and Alberta Investment Management Corp. are buying the independent power producer from hedge fund Fir Tree Partners (PFR, 3/6).
● Standard Solar	Portfolio (80 MW Solar)	U.S.	Macquarie (seller)	Gaz Métro has acquired the Maryland solar shop, including its 80 MW development pipeline (see story, page 7).
● SunEdison	Portfolio (1.5 GW Solar)	Latin America		Actis has closed its fourth energy-focused fund, which will hold the assets it recently acquired from SunEdison (see story, page 12).
● SunEdison	TerraForm Global (Portfolio)	Africa, Asia, Latin America	See story, page 1	Brookfield Asset Management is acquiring the yield company and replacing SunEdison as its sponsor (see story, page 1).
	TerraForm Power (Portfolio)	U.S., Canada, Chile, U.K.	See story, page 1	Brookfield Asset Management is acquiring a 51% stake in the yield company, replacing SunEdison as its sponsor (see story, page 1).
Terra Firma	Portfolio (752.25 MW Wind)	U.S.	Barclays, KeyBanc	Terra Firma is marketing the U.S. wind shop, whose assets also include an up-to-1,759 MW development pipeline (PFR, 3/6).
Veresen	Portfolio (625 MW Gas, Hydro, Wind)	Canada	TD Securities	Veresen has found three buyers for the assets, including Capital Power Corp., which will acquire 294 MW (PFR, 2/27).

● New or updated listing

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

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

PROJECT FINANCE

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

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Ahana Renewables	Portfolio (45.7 MW Solar)	California, Massachusetts, New Jersey	Legal & General	Private Placement	\$65.80	14.5-yr, 12-yr	The two-tranche private placement marks Legal & General's first renewables debt financing in the U.S. (PFR, 2/13).
Arclight Capital Partners, Avangrid, EDP Renewables North America	Portfolios (1,393 MW Wind)	U.S.	BAML	Tax Equity	TBA		BAML is acquiring RBS's minority tax equity stakes in the projects and transferring the combined tax equity to a joint venture with an unnamed third-party investor (PFR, 2/27).
Ares-EIF	Birdsboro (450 MW Gas)	Birdsboro, Pa.	CIT, GE EFS, Investec	Loan	\$340M	C+3-yr	The deal closed on Feb. 10, with pricing at Libor+325 bps (PFR, 2/21).
Canadian Solar	Portfolio	Brazil	CPDFund	Senior Secured Debt	\$20M	TBA	Candian Solar has secured funding for several Brazilian projects, including Pirapora I (see story, page 6).
State Grid Corporation of China, Electrobras	Belo Monte (11 GW Hydro)	Pará, Brazil	BNDES	Loan	R\$2.56B (\$826M)		The financing partly refinances an existing BNDES loan. The project also has commercial bank financing (PFR, 2/27).
Cheniere Energy	Sabine Pass (LNG)	Cameron County, La.	BAML, HSBC, Morgan Stanley, SMBC	Senior Secured Bond	\$1.35B	11-yr	The senior secured bond offering was priced on Feb. 28 at 185 bps over Treasuries (PFR, 3/6).
				Private Placement	\$800M	20-yr	The private placement closed on Feb. 24 (PFR, 3/6).
Competitive Power Ventures	Fairview (1,050 MW Gas)	Cambria County, Pa.	TBA	Debt, Equity	\$900M		CPV was initially targeting a 2016 financing for the project (PFR, 12/6).
D.E. Shaw Renewable Investments	Balko (300 MW Wind)	Beaver County, Okla.	KeyBank	Private Placement	>\$50M	19-yr	The back-leveraged loan was privately placed with Allianz Global Investors (PFR, 2/21).
Duke Energy Renewables	Portfolio (-700 MW Wind)	Texas, Oklahoma	Mizuho, Morgan Stanley	Private Placement	\$581M	17.4-yr	The Duke Energy subsidiary closed the project debt deal in January (PFR, 3/6).
ExGen Texas Power	Portfolio (3,477 MW Gas)	Texas	PJT Partners	Restructuring	TBA		The Exelon Corp. subsidiary has hired PJT Partners to lead restructuring negotiations (see story, page 6).
Longroad Energy Holdings	Portfolio (3 GW Solar)	U.S.	TBA	Debt			The sponsor plans to seek debt financing this year for the first of a portfolio of projects it acquired from 7X Energy (PFR, 1/23).
LS Power	Aurora (968 MW Gas)	Aurora, Ill.	MUFG, Bank of Montreal, GE Energy Financial Services, KEB Hana Bank, ING, BNP Paribas, ICBC, NH Investment & Securities	Term Loan	\$300M	7-yr	Pricing on the term loan is 325bps over Libor (see story, page 5).
	Rockford (485 MW Gas)	Rockford, Ill.		Revolving Credit Facility	\$25M	7-yr	
LS Power	Portfolio (3.9 GW Gas, Wind)	U.S.	Credit Suisse	Term Loan B	\$1.675B	7-yr	The term loan B has grown from an expected \$1.54 billion to \$1.675 billion (see story, page 1).
				Working capital facility	\$175M	5-yr	
Mackinaw Power (75.05% Carlyle, 24.95% GE)	Portfolio (1,066 MW Gas)	Georgia	Natixis, CoBank, MUFG	LOC	\$193M	7-yr	The loan, which partly refinances the contracted gas-fired fleet after two assets were removed from the collateral package, closed on March 1 (see story, page 5).
				Debt Service Reserve LOC	\$22.5M	7-yr	
				Working capital facility	\$30M		
Panda Power Funds	Mattawoman (850 MW Gas)	Prince George's County, Pa.	BNP Paribas, ICBC, Investec	Loan		TBA	Panda has mandated three banks to raise debt for the project (PFR, 2/6).
Panda Power Funds	Temple I (758 MW Gas)	Temple, Texas	Jefferies	Refinancing	~\$750M	TBA	The sponsor and arranger are considering a structure involving mezzanine debt (PFR, 2/21).
	Temple II (758 MW Gas)						
Pattern Development	Broadview (324.3 MW Wind)	Curry County, N.M., Deaf Smith County, Texas	Allianz Capital Partners, JP Morgan Capital Corp., Capital One, RBC	Tax Equity	TBA		The four investors are investing tax equity in the project, which is slated to be dropped down into yieldco Pattern Energy Group (PFR, 2/6).
Pattern Energy	Mont Sainte-Marguerite (147 MW Wind)	Québec	Manulife, CDPQ, BayernLB	Term Loan	C\$263M	25-yr	Pattern has closed the debt financing for the project (see story, page 6).
Quantum Utility Generation	Moundville (643 MW Gas)	Marshall County, W.Va.	BNP Paribas	Debt	TBA		Quantum could launch a debt financing for the project this year (PFR, 2/6).
				Equity			
Swift Current Energy	HillTopper (175-200 MW Solar)	Logan County, Ill.		Debt, Tax Equity	TBA		The sponsor plans to finance the project with debt and tax equity (PFR, 2/13).
TerraForm Power	Portfolio (60 MW Solar)	Ontario	CIBC, Deutsche Bank	Mini-perm	C\$220M	7-yr	The size of the debt package was increased from C\$120M to C\$234M (see story, page 8).
				LOC	C\$14M		

New or updated listing

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LS Power Upsizes Loan for TransCanada Asset Buy-up

◀ FROM PAGE 1

will be used to fund LS Power's acquisition of an almost 3.9 GW mostly gas-fired portfolio from TransCanada. LS Power initially planned to fund the remainder of the \$2.2 billion purchase price with about \$680 million of sponsor equity from LS Power Fund III, but the size of the equity investment could change

as a result of the increased debt.

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

The 2,480 MW Ravenswood gas-fired project in Queens, N.Y., makes up the bulk of the portfolio being acquired by LS Power. The other projects in the bundle are the 778 MW gas-fired

Ironwood project in Lebanon, Pa., the 560 MW Ocean State Power gas-fired project in Burrillville, R.I., and the 132 MW Kibby wind project in Franklin County, Maine.

Calls to **Ryan Williams**, director of leveraged finance capital markets at Credit Suisse in New York, and **Joe Esteves**, cfo of LS Power in New York, were not returned by press time. ■

Details Emerge on LS Power Peaker Refi.

LS Power refinanced two peakers in Illinois in early February, *PFR* has learned. Like other recently signed loans backing gas-fired projects in **PJM Interconnection**, the deal attracted interest from South Korean investors.

MUFG, Bank of Montreal, GE Capital, KEB Hana Bank, ING, BNP Paribas, ICBC and **NH Investment & Securities** were the mandated lead arrangers on the \$325 million package, which was

backed by the 968 MW Aurora project and the 485 MW Rockford project, both of which are named for the cities where they are located.

The refinancing, which was signed on Feb. 7, comprises a \$300 million seven-year term loan and a \$25 million seven-year revolving credit facility.

Pricing on the term loan was 325 basis points over Libor.

"This transaction was particularly attractive to Korean investors,

who look at every quasi-merchant loan in the U.S., because of two distinguishing factors," says **Mike Pepe**, managing partner at broker/dealer **Wellford Capital**, which brought in Seoul-headquartered NH Investment & Securities as a lead arranger on the deal. "One is the most accomplished sponsor in the industry, LS Power. The second is the near-term certainty of project cashflows. Our investors are well aware of the advantage

of an amortizing debt financing based on the known capacity prices in PJM over the next three years faced by power plants which are already operating."

LS Power acquired the Aurora and Rockford projects from **NRG Energy** last year following an auction process led by **Citigroup** (PFR, 5/19).

A call to **Joe Esteves**, cfo of LS Power, was not returned by press time. Spokespeople for the lead arrangers either declined to comment or did not immediately respond to inquiries. ■

Carlyle Refis Georgia Gas-fired Facilities

The **Carlyle Group** has partly refinanced a 1,066 MW portfolio of gas-fired plants in Georgia, having removed two assets from the collateral package, with implications for a series of bonds related to the portfolio.

The private equity firm amended and extended the senior secured bank loan package for **Mackinaw Power**, the financing vehicle for the facilities, in a deal signed on March 1, pushing out the maturity of the loans from April 2017 to 2024.

The deal comprises a \$193 million letter of credit facility, a \$22.5 million debt service reserve letter of credit and a \$30 million working capital facility.

Natixis, CoBank and **MUFG** were the lead arrangers on the transaction

The collateral package for the new loans is understood not to include two assets that were part of the original deal—the 500 MW Effingham plant and units one and four of the Washington facility, which have

a combined capacity of 300 MW.

The assets remaining as security for the loans are the 320 MW Monroe facility, the 450 MW Walton plant and units two and three of the Washington project, which total 300 MW. All of these assets have tolling agreements with **Georgia Power** that expire in 2024.

Carlyle owns Mackinaw Power through a joint venture with **General Electric** called **South-east PowerGen**. Carlyle has a 75.05% stake in the J.V. and GE holds the remaining 24.95%.

Besides its bank facilities, Mackinaw Power also has about \$110 million of amortizing senior secured bonds maturing in October 2023.

The removal of the Effingham facility and Washington one and four from the collateral package of the bank debt suggests that Carlyle intends to go ahead with its plan to remove them completely from the Mackinaw Power vehicle to other companies within Southeast PowerGen, as detailed in paperwork filed with the U.S. **Federal Energy**

Regulatory Commission (PFR, 7/7).

This would mean cashflows from the projects would no longer go toward servicing the bonds.

The sponsor can do this without the bondholders' consent, according to rating reports from **Moody's Investors Service** and **S&P Global Ratings**, which rate the bonds Baa3 and BBB+, respectively.

"[A] release of the Washington Units 1&4, should it occur, would reduce [Mackinaw Power's] cash flows materially leading to lower sustained [debt service coverage ratios] more akin to a Ba rating category and could result in a negative rating action," wrote Moody's analysts in a credit opinion circulated on Feb. 9.

Effingham has been merchant since 2015, while Washington one and four recently secured tolling agreements through 2035 with **Central Georgia Electric Membership Corp.** and **Snapping Shoals Electric Membership Corp.**

Officials at Carlyle and the banks either declined to comment or did not respond to inquiries. ■

● PROJECT FINANCE

Texas IPP Hires Restructuring Adviser

ExGen Texas Power, a subsidiary of **Exelon Corp.** that owns 3,477 MW of gas-fired generation in Texas, has hired a restructuring adviser amid tough conditions in the **ERCOT** market.

The independent power producer has hired New York-based **PJT Partners** to lead restructuring negotiations with its creditors.

Exelon's aim in the restructuring negotiations will be to hold off a default until summer, when the portfolio generates most of its cash flow, and hope that power prices improve next year, says a deal watcher.

On Feb. 25, **S&P Global Ratings** downgraded the rating on the ExGen Texas Power's \$675 million term loan B maturing in 2021 by two notches, from B to CCC+, citing weak power prices in ERCOT, low debt service coverage ratios and the upcoming expec-

tion of some hedges at the company's plants.

The downgrade mirrored an earlier move by **Moody's Investors Service**, which lowered its rating of the IPP's debt from B2 to Caal on Jan. 19 (PFR, 1/26).

"The multi-notch downgrade reflects our

"The multi-notch downgrade reflects our expectation of substantial liquidity stress in the coming months."

expectation of substantial liquidity stress in the coming months and an increased default probability over the intermediate term," wrote **Charles Berckmann** and **A.J. Sabatelle**, analysts at Moody's.

ExGen Texas owns two combined-cycle projects, the 738 MW Wolf Hollow project in Granbury and the 510 MW Colorado Bend facility in Wharton.

Rounding out the portfolio are the 1,265 MW Handley boiler in Fort Worth, the 808 MW Mountain Creek boiler in Dallas and the 156 MW ExTex LaPorte simple-cycle unit in La Porte.

Exelon is in the process of adding 1,000 MW of combined-cycle generation to each of the plants in Granbury and Wharton through expansion projects called Wolf Hollow II and Colorado Bend II.

Officials at PJT Partners in New York did not immediately respond to inquiries. A spokesperson for Exelon in Chicago did not respond to a request for comment by press time. ■

Canadian Solar Gets Debt for Brazil Projects

Canadian Solar has received \$20 million of unsecured funding from the **China and Portuguese-speaking Countries Co-operation and Development Fund** (CPDFund) to fund the construction of renewable projects in Brazil, including its Pirapora I solar project in Minas Gerais.

The 193 MW (DC) Pirapora I project won a 20-year power purchase agreement in an auction in August 2015 (PFR, 8/31/15). Construction began in October and the project is expected to be completed in the third quarter of this year.

Canadian Solar sold 80% of its interest in the project to **EDF Energies Nouvelles'** Brazilian subsidiary, **EDF EN do Brasil**, last year (PFR, 10/14). Canadian Solar has another 207 MW (DC) of solar projects with 20-year power purchase agreements in the country, as well as a 380 MW solar module manufacturing facility.

The CPDFund was set up in 2013 with starting capital of \$1 billion.

The fund is operated by the **China-Africa Development Fund**, which is part of **China Development Bank**.

The fund expects to ramp up its exposure to Brazilian power and infrastructure, according to **Jianxin Chi**, chairman of **CPD-Fund Management Company**.

"[We] believe that the milestone funding is the start of more cooperation on solar energy in Brazil, other Portuguese-speaking countries and Africa," Chi said in a

statement. "We also have strong confidence in the future of Brazilian economy and the economic cooperation between China and Brazil, and expect to invest more in power, infrastructure and other industries in Brazil."

The financing comes as Brazil's President **Michel Temer** launches an infrastructure concessions program to raise the equivalent of \$14 billion of investment for transmission lines, roads, port terminals and railways.

The announcement comes after the inaugural meeting of the Investment Partnerships Program.

The program includes 35 new concessions representing approximately R\$12.8 billion of investments in the energy sector, according to a statement. Tender documents are slated to begin coming out before the end of March, with the first energy concession auction due to take place in the first half of this year. ■

Pattern Seals Loan for Québec Wind Project

Pattern Energy has closed a C\$263 million (\$196 million) debt financing for a 147 MW wind project in Québec.

Construction began on the project, which is called Mont Sainte-Marguerite and located about 30 miles south of Québec City, in the Chaudière-Appalaches region, in the third quarter of last year. It is

expected to be online by the end of this year.

The debt consists of a construction loan that will convert into a fully amortizing 25-year term loan once construction of the project is complete. The tenor of the loan matches the length of the project's 25-year power purchase agreement with **Hydro-Québec**.

Manulife, **Caisse de Dépôt et Placement du Québec** and **BayernLB** are the lenders. CPDQ said in a statement that it had provided C\$90 million (\$67 million), about a third of the loan.

The project is on the right of first offer list of Pattern's yield company, **Pattern Energy Group**. ■

MERGERS & ACQUISITIONS ●

Gaz Métro to Acquire Canadian Solar Shop, Seek Financing

Canadian gas distribution company Gaz Métro is acquiring **Standard Solar**, a Rockville, Md.-based shop that develops and finances solar projects in the U.S.

Standard Solar has a portfolio of shovel-ready projects totaling over 80 MW and is seeking to add development-stage and operational assets.

Its existing assets are spread across 14 states—California, Connecticut, Delaware, Georgia, Maryland, Massachusetts, New Jersey, New Mexico, New York, North Carolina, Pennsylvania, South Carolina, Texas, and Virginia—and Washington, D.C.

The company has developed projects at various sites, including farms, libraries, schools and a wastewater treatment plant. The company has also installed solar systems at **Catholic University** in Washington, D.C., the **University of Delaware** in Newark, Del., the Terry Sanford Federal Building in Raleigh, N.C., and **DAR Constitution Hall** in Washington, D.C., a National Historic Landmark.

Standard Solar, which will retain both its Maryland headquarters and its management team when the acquisition closes, also manages 100 MW of solar assets owned by third parties.

The purchase price could not immediately be learned. The transaction is expected to close in late March or early April.

Macquarie Capital advised Standard Solar on the deal and **Chadbourne & Parke** was the company's legal coun-

sel. **Nixon Peabody** served as Gaz Métro's legal adviser. The company did not retain an

“We didn’t like the premium we had to pay to acquire existing assets, so that’s why we were looking for a platform, and we found it in Standard Solar.”

external financial adviser.

The acquisition is part of Gaz Métro's long-term strategy to diversify into renewables and expand its presence in the U.S. market.

“We like renewables,” **Mathieu Lepage**, director of finance at the gas distributor, tells *PFR* from Montréal.

“We’ve been doing renewable energy in Québec, in Vermont over the last few years, and we really like that market. We didn’t like the premium we had to pay to acquire existing assets, so that’s why we were looking for a platform, and we found it in Standard Solar.”

Gaz Métro has partnered with **Boralex** on wind projects in Canada (PFR, 11/23/11, PFR, 5/5/16) and owns Vermont-based renewables company **Green Mountain Power**, having acquired it in 2007.

“We want them to really focus on the C&I market.”

“We’re very bullish on the renewable market in the U.S.,” says Lepage. “And that means wind, solar and hydro.”

FINANCINGS IMMINENT

Of Standard Solar's 80 MW-plus project pipeline, Lepage expects between 60 MW and 70 MW to be brought online in the next nine to 12 months, adding that the company will consider opportunities to add to that number through project origination and acquisitions.

“We want them to really focus on the C&I market,” says Lepage.

Under Gaz Métro's ownership, Standard Solar expects to raise between \$150 and \$200 million in equity and debt to finance the projects, says Lepage. Equity is expected to make up between \$50 and \$75 million of the financing, though the final figures will also depend on the amount of tax equity raised.

Gaz Métro also owns gas distributor **Vermont Gas Systems** and a minority interest in the **Portland Natural Gas Transmission System** pipeline. ■

Alliant-owned Utility to Increase Stake in Wisconsin Coal-fired Plant

An **Alliant Energy** utility company is upping its stake in the Columbia Energy Center in a deal that will make it the majority owner of the Wisconsin coal-fired project.

Madison, Wis.-headquartered **Wisconsin Power & Light** will increase its shareholding in the 1,112 MW baseload plant to 53.4% under the terms of a deal described in a filing with the U.S. **Federal Energy Regulatory Commission**.

WP&L, which already owns

a 46.2% stake in the 1,112 MW merchant facility, is acquiring an additional 7.2% interest from its two co-owners.

The Alliant subsidiary will acquire 4.2% of the plant from **WEC Energy Group**, which owns a 31.8% interest in the project, and 3% from **Madison Gas and Electric Co.**, which owns a 22% stake.

In exchange for the stakes, WEC Energy and Madison Gas and Electric will be relieved of certain capital expenditure obli-

gations.

The Columbia plant, which is located in Pardeeville, comprises two units, each of which has a capacity of 556 MW. Unit one came online in 1975 and unit 2 followed three years later. Wisconsin Light & Power is responsible for the project's day-to-day operations.

Representatives of Alliant and Madison Gas and Electric in Madison and WEC in Milwaukee did not immediately respond to inquiries. ■

● MERGERS & ACQUISITIONS

Brookfield to Replace SunEdison as Sponsor of Two TerraForm Yieldcos

« FROM PAGE 1

Brazil, India, Uruguay, South Africa, Malaysia and Thailand.

Private equity firm **D.E. Shaw** and independent power producer **AES Corp.** had also expressed an interest in taking the reigns.

Brookfield and its institutional partners will pay an effective price of \$11.46 per class A share of TerraForm Power, implying a total equity value of \$1.7 billion and an enterprise value of \$6.6 billion.

Under the terms of the deal, Brookfield will give TerraForm Power a right of first offer over an approximately 3.5 GW portfolio of operating and development stage renewables projects in North America and Western Europe.

Brookfield and its co-investors will also provide a \$500 million sponsor equity line to fund future growth of the yieldco.

“We estimate that **Brookfield Renewable** will have a 25% participation in the transaction, translating to a \$200 million equity investment,” wrote **Nelson Ng**, equities analyst at **RBC Capital Markets**, in a note on March 7.

Meanwhile, Brookfield and its partners are paying about \$787 million in cash for TerraForm Global and assuming about \$455 million of debt.

The union of Brookfield and the TerraForm yieldcos could evolve into a “symbiotic relationship” according to Ng and fellow RBC analyst **Orhan Eldarov**, who published a follow-up report on March 8.

“If TERP has access to a competitive source of capital, we believe TERP could grow

through acquiring BEP’s operating wind facilities located in North America and Western Europe,” the analysts write, referring to TerraForm Power

“We do not believe the two entities will ‘compete’ to acquire assets.”

and Brookfield by their stock tickers.

“BEP would benefit from recycling capital and also rebalancing its generation mix to maintain a significant hydro weighting,” the analysts add. “We do not believe the two entities will ‘compete’ to acquire assets.”

Morgan Stanley, Centerview Partners and AlixPartners are advising TerraForm Power on its sale, and Centerview and AlixPartners are also advising TerraForm Global on its sale, alongside **Greentech Capital Advisors**.

Sullivan & Cromwell and **Sidley Austin** are acting as legal counsel to TerraForm Power, while **Greenberg Traurig** and **Hughes Hubbard & Reed** are advising the yieldco’s independent directors and corporate governance and conflicts committee.

Sullivan & Cromwell is also advising TerraForm Global and Greenberg Traurig is also advising TerraForm Global’s independent directors and corpo-

rate governance and conflicts committee, alongside **Robbins, Russell, Englert, Orseck, Untereiner & Sauber**.

Cravath, Swaine & Moore is legal adviser to Brookfield on the deal. **Rothschild and Ankura Consulting** are SunEdison’s financial advisers and **Skadden** is the developer’s legal adviser.

JP Morgan and **Houlihan Lokey** are also involved in the deal as financial advisers to a group of second lien creditors to SunEdison and **Akin Gump** is the creditor group’s legal counsel.

The transactions are expected to close in the second half of the year. ■

● PROJECT FINANCE

TERP Adds Debt to Ontario Solar Projects

TerraForm Power has raised an additional C\$114 million (\$86 million) of project-level debt secured on its 60 MW utility-scale solar portfolio in Ontario.

The transaction is an expansion of a C\$120 million (\$90 million) seven-year mini-perm the yield company secured in November, at a rate of 3.7%, in part to pay down \$70 million of borrowings under its revolving credit facility (PFR, 11/30).

The upsizing increases the total size of the package to C\$234 million (\$175 million), split between a roughly \$220 million seven-year term loan with a 17-year sculpted amortization profile and a \$14 million letter of credit facility.

The deal was heavily oversub-

scribed, says a deal watcher.

The **SunEdison** yield company will use the expansion to repay additional corporate-level debt.

CIBC and **Deutsche Bank** were the co-lead arrangers on the deal. **Fédération des Caisses Desjardins de Québec, Commonwealth Bank of Australia, Laurentian Bank of Canada** and **Siemens Financial Services** were co-syndication agents.

The financing closed on Feb. 28, one week before the acquisition of a 51% stake in the yieldco by **Brookfield Asset Management** was announced.

Toronto-based Brookfield entered exclusive talks to acquire or assume sponsorship of

TerraForm Power and TerraForm Global in January.

TerraForm Power’s utility-scale solar portfolio in Ontario comprises the 15.5 MW SunE Perpetual Lindsay project, the 18.5 MW Marsh Hill project and two projects—the 12.6 MW Woodville and 13.1 MW Sandringham projects—which the yieldco refers to collectively as the Northern Lights in its earnings reports.

All four projects are contracted with offtakers rated Aa2 by **Moody’s Investors Service** under agreements that have between 17 and 18 years left to run, according to TerraForm Power’s earnings report for the third quarter of 2016, which the company filed on Feb. 24. ■

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● MERGERS & ACQUISITIONS

Sammons Buys Hydro Assets in B.C., Plots Debt Financing

Sammons Renewable Energy has acquired four development-stage hydro projects in British Columbia from Italian developer and contractor **Sorgent.e**, and is planning to raise debt financing for the projects next month.

The portfolio comprises two contracted 10.5 MW projects called Clemina and Serpentine and two other projects slated to obtain power purchase agreements later this year and in 2018. The as-yet-uncontracted projects are the 15 MW Fosthall project and the 6 MW English project.

Toronto-based law firm **Miller Thomson** advised Sammons on the acquisition, which closed on Feb. 22, and **Americas Energy Services** was the buyer's technical adviser.

The purchase price could not immedi-

ately be learned.

Franklin Park Investments is managing the projects on Sammons' behalf, and plans to raise \$150 million in debt financ-

“As the company expands in the renewable energy market, we will continue to look for operational and late stage development projects throughout North America”

ing for the projects. “We will be in the market starting the financing process in April 2017,” says **Kevin Lapidus**, chief investment officer at Franklin Park in Vienna, Va.

The Clemina and Serpentine projects, located roughly 185 miles north of Kamloops, have 40-year contracts with **BC Hydro**. Construction is expected to commence this summer, says Lapidus.

The Fosthall and English projects are located approximately 250 miles south-east of Kamloops. Sammons plans to execute power purchase agreements with BC Hydro for Fosthall in 2017 and for English in 2018.

Sammons is looking to add more renewable projects to its portfolio. “As the company expands in the renewable energy market, we will continue to look for operational and late stage development projects throughout North America,” **Sammons Enterprises** ceo **Heather Kreager** said in a statement. ■

EDF Subsidiary Sells Oregon Hydro Asset

EDF Renewable Energy has found two buyers for a hydro facility that is under construction in Oregon.

Boston-based **Rye Development** and the U.K.'s **National Grid** have acquired the Swan Lake North pumped storage project, which will have a capacity of 390 MW, from the **Électricité de France** subsidiary. The project will be located in Klamath County.

The share each entity has acquired, the purchase price and whether the project has a power purchase agreement could not immediately be established.

Ramya Swaminathan and **Erik Steimle**, ceo and v.p., project development, at Rye, respectively, were not available to comment. **John Biertuempfel**, manager of divestiture and portfolio management at EDF Renewable Energy, and a spokesperson for National Grid in London did not immediately respond to inquiries.

Rye Development, which builds generation projects on existing dams, owns assets in six other states—Indiana, Kentucky, Louisiana, Mississippi, Ohio and Pennsylvania.

BUSY NORTH AMERICAN MARKET

The acquisition comes in what has so far this year been a busy market for hydro in the U.S. and Canada. Last month, **Fengate Real Asset Investments** infrastructure director **Andrew Cogan** told *PFR* his firm was considering hydro acquisitions in the U.S. (*PFR*, 2/2). **Veresen** has lined

up buyers for its generation platform, which includes three hydro assets, all in Canada (*PFR*, 2/21).

In the U.S., **Exelon Corp.** has moved forward with the sale of its renewables business, which includes two hydro projects totaling 1,642 MW in Maryland and

Pennsylvania (*PFR*, 2/9).

Sammons Renewable Energy recently acquired four development-stage hydro assets in British Columbia from **Sorgent.e** and plans to raise \$150 million debt financing (see story, above). ■

Regulators Quash Calpine Gas-fired Sale

« FROM PAGE 1

issued on Nov. 9 and Feb. 7. However, the Nevada PUC, in an order issued last December, refused to greenlight the transaction.

Nevada Power filed a motion for reconsideration of the deal in January, but on Feb. 8 the PUC declined to approve the sale a second time.

In a Feb. 2 statement accompanying its fourth quarter and full-year 2016 earnings, Calpine

maintained that it had a right to appeal the commission's decision, saying the company was assessing its options, but on March 7, lawyers for Calpine, Nevada Power and Sierra Power informed FERC that the transaction would not be consummated.

Officials at Calpine in Houston were unavailable for comment. A spokesperson for NV Energy in Las Vegas did not respond to an inquiry. ■

FAST FACT

390 MW

The size of the Swan Lake North pumped storage project being acquired by Rye Development and National Grid



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● PEOPLE & FIRMS

Long-serving Exec. Departs Oaktree's Highstar

A managing director who was at **Highstar Capital** for 12 years left the firm in January, *PFR* has learned.

Christopher Beall joined Highstar in 2004 and sat on the firm's investment committee and executive committee before his departure.

He joined Highstar in 2004 after leaving **Lehman Brothers**, where he had worked as an associate in the natural resources group for almost three years. He has been a director on the board of **Amtrak** since September 2012, when he was nominated to the position by President

Barack Obama.

Los Angeles-based hedge fund manager **Oaktree Capital Management** acquired Highstar in 2014, at which time it owned a fleet of 2,057 MW of gas-fired generation in the U.S., mostly through portfolio company **Star West Generation** (*PFR*, 6/9/14).

Beall joined Oaktree along with the rest of the Highstar team, which continues to be led by founder and managing partner **Christopher Lee**.

In 2015, Highstar sold three gas-fired projects totaling 523 MW in California to **AltaGas** for \$642 million (*PFR*, 9/23/15) and

refinanced the remaining assets it owns through Star West with a \$450 million term loan B (*PFR*, 11/13/15).

Following the sale of the California assets, Highstar owns two gas-fired combined-cycle facilities in Arizona through Star West—the 572 MW Griffith combined-cycle plant in Kingman and the 579 MW Arlington Valley project.

Star West recently secured a six-year summer-only tolling agreement for Arlington Valley, which will come into effect in June 2020, according to a **Moody's Investors Service**

report dated Jan. 27. Griffith has a summer-only tolling agreement with Nevada Power that expires in September 2017.

Separately, Highstar owns a 50% stake in the 943 MW Linden cogeneration project in New Jersey, which was refinanced in June of last year (*PFR*, 6/16). **Ares-EIF** owns the other 50%.

Beall's plans following his departure from Highstar could not immediately be learned. He declined to comment other than to confirm that he had left the firm. A spokesperson for Oaktree in New York also declined to comment. ■

● STRATEGIES

Actis Closes Fourth Energy Fund

Actis has closed its fourth energy-focused fund, Actis Energy 4, which will invest in generation and distribution businesses in Latin America, Africa and Asia.

Approximately half of the investors making commitments to the fund were U.S.-based public and private pension funds, a spokesperson for Actis in New York tells *PFR*. Other investors included endowments, insurance companies and sovereign wealth funds.

The fund was oversubscribed, exceeding its \$2 billion target in under eight months and reaching its \$2.75 billion hard cap four months after initial close.

"This fundraise was achieved very swiftly," said **Neil Brown**, partner and head of the investor development group at the London-based private equity firm, noting that the firm launched the fund in July and crediting strong investor appetite with the relatively early close.

BUILDING ON RECENT LATAM MOVES

The fund will look at investments across Latin America, leveraging its teams in

São Paulo and Mexico City, which manage existing investments in Chile, Mexico, Brazil and Uruguay, the spokesperson tells *PFR*.

The fund will own **Atlas Renewable Energy**, the Latin American solar platform that Actis launched as part of its acquisition of a nearly 1.6 GW portfolio of solar assets from SunEdison (*PFR*, 3/1). The SunEdison portfolio includes 578 MW of assets that are operational, under construction and in late-stage development and a 1,000 MW early-stage development pipeline.

Atlas Renewable Energy is seeking acquisition opportunities in Brazil, Chile, Mexico and Uruguay (*PFR*, 3/1).

Actis and Costa Rican private equity firm **Mesoamerica** divested from **Globeleq Mesoamerica Energy** in January. GME, which owns a 394 MW portfolio of generation assets in Costa Rica, Honduras and Nicaragua, was acquired by **Corporación Multi Inversiones**, a Guatemalan conglomerate (*PFR*, 1/4). A planned sale of GME to **SunEdison** yield company **TerraForm Global** had fallen through in

March of last year (*PFR*, 3/22/16). Actis also sold its 92% stake in Guatemalan electricity network **Energuate** to **IC Power** in January.

Actis' third energy fund, Actis Energy 3, closed at \$1.15 billion in 2013. That fund holds the firm's investments in **Zuma Energía** in Mexico and **Atlantico Energias Renováveis** in Brazil, as well as **Aela Energía**, a Chilean joint venture with Dublin-based developer **Mainstream Renewable Power** (*PFR*, 12/5). ■

● ONE YEAR AGO



TerraForm Power Closed a \$300 million debt refinancing backing the 211 MW Bishop Hill 1 wind project in Henry County, Ill., that it had just acquired from **Invenery** as part of a 930 MW portfolio (*PFR*, 3/14/16). [The yield company announced last week that **Brookfield Asset Management** had agreed to take over from **SunEdison** as its sponsor (see story, page 1).]

● QUOTE OF THE WEEK

"This transaction was particularly attractive to Korean investors, who look at every quasi-merchant loan in the U.S."

Mike Pepe, managing partner at **Wellford Capital**, on **LS Power's** recent refinancing of two peaker plants in Illinois (see story, page 5).