

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

ArcLight Restarts Calif. Cogen Sale On PPA Extensions

ArcLight Capital Partners has re-launched the sale of its nine cogeneration facilities under its Redwood portfolio in California after extending the power purchase agreements on several.

The initial sale of the nine-facility, 426 MW Redwood portfolio was launched by boutique advisor **McManus & Miles** and subsequently pulled this summer after it piqued little interest. Now, it's back on the market after ArcLight lined up seven-year term extensions to four or five of the facilities, say deal watchers. McManus & Miles is still

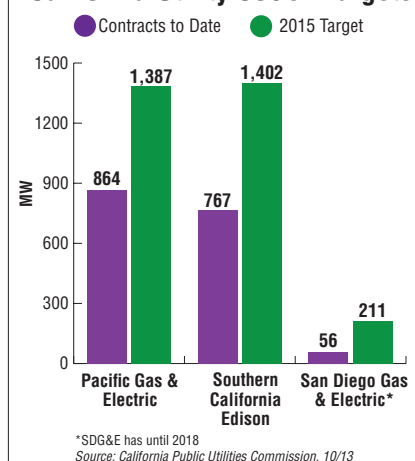
the advisor.

The PPA extensions are part of a program that has utilities gunning to contract more cogeneration in the next 15 years under the Clean Energy Jobs Plan that calls for 6.5 GW of new combined heat and power, or cogeneration, by 2030. The three big utilities in the state, **Pacific Gas & Electric**, **Southern California Edison** and **San Diego Gas & Electric** have individualized targets to meet along the way.

The California initiative is complimentary to

(continued on page 12)

California Utility CoGen Targets



LATAM ENERGY & INFRA

Mexican Energy Reforms To Boost Renewables

The much-discussed reforms to the Mexican energy sector will provide opportunities for foreign investment in renewables projects, according to panelists at **Euromoney's** 8th Annual Latin American Energy & Infrastructure Finance Forum at the Biltmore Hotel in Miami on March 11.

Further details on the reforms, which Mexican President **Enrique Peña Nieto** first delivered last year, are slated to be revealed this month. They will clarify stipulations such as domestic ownership laws, which could limit the influence of foreign companies looking to make a splash in the market. Despite some uncertainty, U.S. and other foreign companies are courting Mexican enterprises as they look for a foothold in

(continued on page 6)

Infigen Stokes \$1.8B Solar Development Pipeline

Infigen Energy, the Sydney-based renewable shop widely known for its 1 GW of operational U.S. wind assets, is developing 600 MW of solar projects in the U.S.—a pipeline that carries a roughly \$1.8 billion price tag.

Infigen has spent the last two years building its pipeline through both greenfield development and acquisitions. It currently has projects in development in California, the southwest and the southeast as well as New York and Texas.

The company plans to develop and own much of its pipeline and will look to finance construction with either non-recourse debt and tax equity or a sale leaseback structure, **Richard Farrell**, investor relations manager in Sydney, says in an email to *PFR*.

Infigen is working to line up power purchase agreements for

(continued on page 12)

Bottoms Up

Mingle and talk cogeneration/CHP at #CogenDrinks on March 26 at Brother Jimmy's in Union Square 6:30-8:00 p.m.

RSVP at ow.ly/uqBw4.

New Project Finance Loans

We've added updates to our weekly roundup of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

Generation Sale DATABASE

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

See calendar, page 3

IN THIS ISSUE

PROJECT FINANCE

- 5 | Canadian Solar Nets Manulife Debt

CONFERENCE COVERAGE

- 6 | Officials Emphasize Local Banks, Community Backing
- 7 | Project Bonds Pegged For Growth
- 7 | Reporter's Notebook
- 9 | Maturing Market Moves To Diverse Structures

MERGERS & ACQUISITIONS

- 9 | UBS Position In Northern Star Molds Sale

- 11 | First Solar Fires Up Debut Merchant Solar
- 11 | Pension Funds Board ECP III
- 11 | ArcLight To Offload Coal-Waste Stake

DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 12 | PowerT weets

THE BUZZ

The solar sector is growing up. It's a short stroll down memory lane to recall the first securitization — **SolarCity Corp.** — or the first construction bond — **MidAmerican Energy Holdings**, (PI, 11/4 & 2/7/12). And with its age, solar is proving an ever more complex sector brimming with first of-its-kind deals. First Solar's new experiment with a merchant project highlights where parts of the sector could be headed. **First Solar** is developing to own a 22 MW project in west Texas that could be expanded to 150 MW. While the final size is undecided, what is certain is that the company is developing what is thought to be the first utility scale, merchant solar asset.

The company is self-financing the project but saying that the market needs to get used to a mature, diverse industry that can, in certain locales, support merchant facilities. Financiers and investors, the company is talking to you (see story, page 9).

ArcLight Capital Partners is keeping lawyers busy this year. It has re-launched the sale of its cogeneration fleet in California following the successful extension of power purchase agreements on at least four of the nine facilities (see story, page 1). The private equity shop is also selling its stake in the Scrubgrass waste coal-fired plant in Pennsylvania to **Olympus Power** (see story, page 9).

More than 200 bankers, developers, executives and attorneys flocked to **Euromoney Seminar's** 8th annual Latin American Energy & Infrastructure Finance Forum at the salubrious Biltmore Hotel in Miami (see coverage, pages 6). There were plenty of topics ripe for discussion, including reforms to the Mexican energy sector that have broken open decades-old monopolies south of the border. Attendees saw many opportunities, particularly in the renewable energy sector, once the ink dries on the reforms. The energy reforms are just one example of a sector and region that is maturing fast.

TELL US WHAT YOU THINK!

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

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

Power Intelligence

EDITORIAL

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

Sara Rosner
Managing Editor
(212) 224-3165

Nicholas Stone
Senior Reporter
(212) 224-3260

Holly Fletcher
Senior Reporter
(212) 224-3293

Stuart Wise
Data Associate

Andrea Innis
Data Associate

Kieron Black
Sketch Artist

PRODUCTION

Gerald Hayes
Manager

Dariusz Hessami
Deputy

Andy Bunyan
Associate

ADVERTISING

James Barfield
U.S. Publisher,
Capital Markets Group
(212) 224-3445

PUBLISHING

Emmanuelle Rathouis
Marketing Director

Vincent Yesenosky
Head Of U.S. Fulfillment
(212) 224-3057

Nina Bonny
Customer Service Manager
(212) 224-3433

SUBSCRIPTIONS/
ELECTRONIC LICENSES

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Ken Lerner
Account Executive
(212) 224-3043

REPRINTS

Dewey Palmieri
Reprint & Permission
Manager [New York]
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

Richard Ensor
Chairman

John Orchard
Managing Director,
Capital Markets Group

Customer Service

PO Box 4009, Chesterfield, MO 63006-4009, USA

Tel: **1-800-715-9195**

Overseas dial: **1-212-224-3451**

Fax: **212-224-3886**

UK: **44 20 7779 8704** Hong Kong: **852 2842 8011**

E-Mail: customerservice@iintelligence.com

Institutional Investor Hotline

(212) 224-3570 and (1-800) 437-9997 or Hotline@iintelligence.com

Editorial Offices 225 Park Avenue South, New York, NY 10003

Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

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Institutional Investor, LLC ISSN# 1529-6652

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GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comment
AES Corp.	Stakes (DPL Energy Coal, Gas, Oil)	Various	Barclays	Indicative bids due early March; likely to overlap with Duke (PI, 2/24).
Acciona	Portfolio (Wind, Solar)	Various	Morgan Stanley	First round bids expected in early March (PI, 3/3).
▶ ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	Sale relaunched after several PPAs were extended (see story, page 1).
	50% Stake (SEGS VIII 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
	50% Stake (SEGS IX 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
BP Wind Energy	Various (3.7 GW Wind project portfolio)	Various	TBA	NextEra is looking at the development assets (PI, 1/20).
Cameco	Stake (6.2 GW Bruce Nuclear)	Ontario	CIBC	Borealis Infrastructure is increasing its stake (PI, 2/10).
Direct Energy	Portfolio (1.3 GW Gas)	Texas	Barclays	Blackstone upsized acquisition financing (PI, 2/24).
Duke Energy	Portfolio (6.6 GW Coal, Gas, Oil)	Various	Citi, Morgan Stanley	Restarting the sale of Commercial Power (PI, 2/24).
Edison Mission Energy	Various (7.5 GW Coal, Wind, Gas)	Various	JPMorgan, Perella Weinberg	NRG is issuing bonds to partially fund the acquisition (PI, 1/20).
Entegra Power Group	Various	Arizona and Arkansas	Houlihan Lokey	Retained Houlihan to advise on restructuring (PI, 1/13).
Essar Group	Algoma (85 MW CCGT)	Algoma, Ontario	Barclays	Teasers are on the market (PI, 1/13).
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Fieldstone	Fieldstone is advising on equity hunt in tandem to debt raise with Goldman.
▶ First Solar	Macho Springs (50 MW Solar)	Luna County, N.M.		Southern Turner Renewable Energy is buying the project (see story, page 11).
Greenwood Energy, Soltag	Portfolio (12 MW Solar)	Various	Ambata Securities	John Hancock is financing construction with a equity stake (PI, 1/27).
JPMorgan	Jackson (540 MW Gas)	Jackson, Mich.	JPMorgan	Consumers Energy is buying it (PI, 2/17).
K Road Power	McHenry (25 MW Solar)	Modesto, Calif.	TBA	Firm backed by BlueMountain, Global Cleantech is buying it (PI, 3/10).
LS Power	Columbia (20 MW Solar)	Pittsburg, Calif.	Marathon Capital	Process is in the second round of due diligence (PI, 7/1).
	Stake (417 MW Hydro)	Pennsylvania	None	Brookfield is buying 33% for \$289M (PI, 2/17).
	Cherokee (98 MW CCGT)	Gaffney, S.C.	Suntrust Humphrey Robinson	Teasers are on the street (PI, 11/18).
Longview Power	Longview (695 MW Supercritical Coal)	Maidsville, W.Va.	Lazard	Filed for bankruptcy (PI, 9/3).
MACH Gen	Stakes	Various	TBA	Filed for bankruptcy; ECP gets stake via swap (PI, 3/10).
Maxim Power Corp.	CDECCA (62 MW Gas)	Hartford, Conn.	Credit Suisse	Rockland is seeking to terminate its deal to buy the assets (PI, 12/9).
	Forked River (86 MW Gas)	Ocean River, N.J.		
	Pawtucket (64.6 MW Gas)	Pawtucket, R.I.		
	Pittsfield (170 MW Gas)	Pittsfield, Mass.		
	Basin Creek (53 MW Gas)	Butte, Mont.		
NextEra Energy Resources	Pheasant Run II (75 MW Wind)	Huron County, Mich.	None	DTE Electric is considering buying the farm via a PPA option (PI, 3/3).
▶ Ontario Teachers Pension Plan Board	Stake (Northern Star Generation)	Various	Citigroup	Buyers moved into the second round (see story, page 9).
Optim Energy	Portfolio (1.4 GW Coal, Gas)	Texas	Barclays	Mulling a sale via bankruptcy filing (PI, 3/10).
Project Resources Corp.	Rock Aetna (21 MW Wind)	Minnesota	Alyra Renewable Energy Finance	Looking for a buyer with access to turbines to qualify for PTC (PI, 1/13).
Terra-Gen Power	Alta (947 MW Wind)	California	Citigroup, Morgan Stanley	Teasers were released in Jan. (PI, 1/20).
TransAlta	Wailuku (10 MW Hydro)	Hawaii	TBA	MidAmerican Energy Holdings is buying TransAlta's stakes for \$193M (PI, 3/3).
	Fleet (327 MW Geothermal)	California		
	Fleet (867 MW Gas)	Various		
Wayzata Investment Partnes	Guadalupe (1 GW CCGT)	Marion, Texas	Tudor, Pickering & Holt	Calpine launched B loan add-on to finance (PI, 2/24).
We Energies	Presque Isle (425 MW Coal)	Marquette, Wis.	None	No buyers submitted proposals in RFP (PI, 3/10).

▶ 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 Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@powerintelligence.com.

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
BluEarth Renewables	Renewable Projects	Canada	TBA	TBA	~C\$300	TBA	Sponsor looking for debt backing wind, hydro and solar projects in Canada (PI, 2/17).
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor is shooting for pricing of L+175 bps (PI, 3/10).
Canadian Solar	Val Caron (14 MW Solar)	Val Caron, Ontario	Manulife	Construction/ Term	\$43M	TBA	Sponsor landed the debt with a sole lender and arranger (see story, page 5).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU	TBA	TBA	TBA	The sponsor lands \$600 million from the Danish ECA (PI, 3/3).
Cheniere Energy	Sabine Pass Trains 3 & 4 (LNG Export Facility)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Sponsor ups the original bank loan to \$4.4 billion and taps Korean entities for a further \$1.5 billion (PI, 6/3).
Competitive Power Ventures	St. Charles	Charles County, Md.	TBA	TBA	~\$600M	TBA	Sponsor approaches banks again looking for debt financing (PI, 2/17).
Dalkia/Fengate	Merrit (40 MW Biomass)	Merrit, B.C.	BTMU	TBA	\$168M	TBA	Sponsor aims to wrap the financing early next year (PI, 12/2).
Duke Energy	Los Vientos III & IV (Wind)	Starr County, Texas	TBA	TBA	~\$600M	TBA	The sponsor is slated to look for bank debt (PI, 10/7).
EDP Renewables North America	Headwaters (200 MW Wind)	Randolph County, Ind	TBA	Tax Equity	\$350-400	TBA	The sponsor is looking to secure both equity and tax equity investment (PI, 6/24).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	Goldman Sachs	TBA	TBA	TBA	The sponsor is close to lining up equity and will tap Goldman Sachs to launch a B loan (PI, 1/27).
First Wind	Oakfield (147 MW Wind)	Aroostook County, Maine	TBA	TBA	\$300M	TBA	The sponsor is looking to line up the debt, with tax equity (PI, 10/21).
Freeport LNG	Freeport (LNG Export Terminal)	Freeport, Texas	Credit Suisse, Macquarie	TBA	~\$4B	TBA	More than 20 lenders are eyeing the deal, with some offering tickets of \$600M (PI, 2/10).
GDF Suez/Marubeni	GNL del Plata (LNG Re-gas)	Montevideo, Uruguay	BBVA	TBA	TBA	TBA	GDF brings in Marubeni and taps BBVA to lead the financing (PI, 8/12).
Innergex	Three projects (153 MW Hydro)	B.C., Canada	TBA	TBA	\$590M	40-yr	Innergex wrapped on one of its hydro facilities, the 17.5 MW Northwest State River (PI, 6/3).
Invenergy	Nelson (584 MW Gas)	Rock Falls, Ill.	GE EFS	TBA	TBA	TBA	Sponsor is looking for a bank loan backing the merchant facility (PI, 9/2).
KSPC, Samsung	Kelar (517 MW Gas)	Chile	Natixis	TBA	TBA	TBA	The JV appoints Natixis as lead on the deal (PI, 1/13).
Lake Charles Exports	Lake Charles (LNG Export Facility)	Lake Charles, La.	TBA	TBA	TBA	TBA	Sponsor begins preliminary financing search for the potentially \$11B project (PI, 8/26).
Magnolia LNG	Magnolia LNG (LNG Export Facility)	Lake Charles, La.	BNP, Macquarie	TBA	\$1.54B	TBA	Sponsor expected to mandate leads by year end (PI, 12/9).
NTE Energy	Multiple Gas	U.S.	Whitehall	TBA	TBA	TBA	Sponsor is looking to line up equity investors and then debt backing three projects in the U.S. (PI, 3/10).
Pattern Energy	Panhandle II (TBA Wind)	Carson County, Texas	Credit Ag, NordLB, BayernLB	Construction	~\$500M	C	The deal will likely be a "copy, paste" of the Panhandle I deal, say observers (PI, 11/18).
	K2 (270 MW Wind)	Huron County, Ontario	TBA	Mini-perm	\$750M	TBA	The sponsor has lined up a large club of banks for the deal (PI, 3/10).
Radback Energy	Oakley (586 MW Gas)	Contra Costa County, Calif.	BTMU	Term	\$990M	4-yr	Deal is temporarily put on hold following an appellate court decision (PI, 11/11).
Sempra U.S. Gas & Power	Copper Mountain III (250 MW Solar)	Boulder City, Nev.	BTMU, SMBC	TBA	~\$400M	TBA	The sponsor has tapped BTMU and SMBC as leads on the deal (PI, 10/21).
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	Morgan Stanley	TBA	\$450M	TBA	Sponsor taps Morgan Stanley to secure debt, tax equity and equity (PI, 8/26).
Tenaska	Imperial Solar Energy Center West (150 MW CPV)	Imperial County, Calif.	TBA	TBA	TBA	TBA	The company has started talking to banks as it looks to line up debt for the facility (PI, 9/23).
Transmission Developers	Champlain Hudson (Transmission)	New York State	RBC	TBA	~\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PI, 3/3).

New or updated listing

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PROJECT FINANCE

Canadian Solar Nabs Manulife Debt Package

Developer Canadian Solar has secured a C\$48 million (\$43.67 million) construction and term loan from **Manulife Financial** backing the 14 MW Val Caron solar project in Val Caron, Ontario.

Canadian real estate investor **Concord Green Energy** will acquire Val Caron once it is constructed. **BowMont Capital and Advisory** acted as financial advisor to Concord in the purchase. The 14 MW solar project is one of five utility scale solar projects in Ontario to be acquired by the clean energy unit of Concord. Canadian Solar agreed to sell the 49 MW of solar capacity to Concord in August 2013 for C\$290 million (\$264.04 million).

Construction on Val Caron has begun and it is

slated to be connected later this year. The project has a 20-year power purchase agreement the **Ontario Power Authority** under the province's feed-in-tariff program.

Canadian Solar has been busy of late, landing a C\$104 million (\$100 million) of construction financing from **Deutsche Bank** backing three 10 MW projects in the province last year (PI, 11/5). The company also recently issued shares and convertible notes as it looks to expand its business (PI, 2/13).

Calls placed to Canadian Solar officials in Guelph, Ontario, and Concord Pacific Developments in Vancouver, B.C., were not returned by press time. Manulife officials could not be reached by press time.

"BowMont Capital and Advisory acted as financial advisor to Concord in the purchase. The 14 MW solar project is one of five utility scale solar projects in Ontario to be acquired by the clean energy unit of Concord"

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LATAM ENERGY & INFRA

More than 200 sponsors, financiers and lawyers packed their swim trunks and headed to sunny Miami's Biltmore Hotel for the 8th Annual Latin American Energy & Infrastructure Finance Forum on March 11 and 12. Mexico's historic energy reforms, the proliferation of project bonds and the importance of local banks and stakeholders created the buzz. Senior Reporter **Nicholas Stone** packed his sunblock and filed the following stories.



Mexican Energy *(Continued from page 1)*

the newly open Mexican energy sector, observers say. The size of Mexico's GDP will also prompt companies to look to develop a business in the country, despite other countries having been open for investment for longer.

"De-regulation will allow for renewables to compete more readily," said the founder and partner of a New York-based private equity shop focused on investing in Latin American renewables. "I think it will take a while and you won't see that flurry of new deals for years to come, but we are looking at solar and wind in Mexico and we are fairly optimistic."

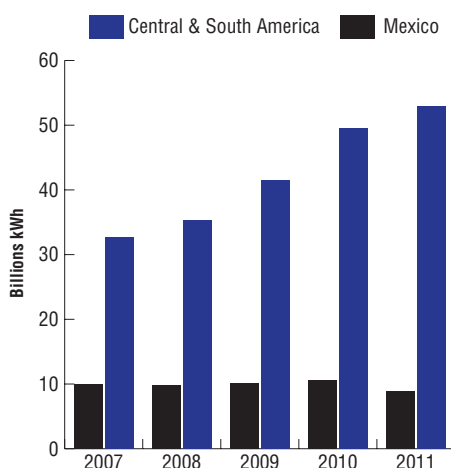
Foreign and privately held companies are set to reap the biggest reward, noted panelists. "In Mexico, as the energy reforms play out, there will be even more opportunities for the private sector," noted the director and team leader of Latin America project finance at a Japanese lender.

"The important energy reform going on in Mexico will generate some changes. We are quite optimistic and we think the effect will be very positive for the private sector," said a cfo at an independent power producer focusing on solar.

The reforms are expected to increase competition, reduce the

heft of state-backed monopolies such as **Pemex** and increase competition with public-private partnerships with state-backed utility **Comisión Federal de Electricidad**. The development of power and energy related infrastructure is an area where panelists expected to see the most development, while issues such as transparency and accountability were also said to be up for improvement.

Non-Hydro Renewable Electricity Net Generation



Source: U.S. Energy Information Administration

Officials cautioned that industry players may have to wait a few years to fully realize development opportunities as the fine print of the reform is worked out. "The energy reform will mean a lot of investment from sponsors, bankers and equity financing, but it has to be done in a very, very careful way," said the director of Latin America at an energy consultant and management company, noting that the full benefits may not be realized for a couple of years.

This sentiment was echoed by a director of project finance at another Japanese lender, who also had worked for one Mexico's state-backed monopolies. The director said that a lack of human resources in government bodies in the

country would ultimately delay the reaping of the rewards promised by the reforms. "There has got to be some transition for each of those sectors; oil and gas as well as power. And that is just going to take time," the director said.

Officials Highlight Local Banks, Community Support

Working with local stakeholders and lenders in a constructive manner are critical factors in financing projects in Latin America. "Working with local groups is still very important for the deal," said the director and team leader of Latin America project finance at a Japanese lender, adding that working with local lenders is becoming easier. "I've been impressed recently with how sophisticated they are in the understanding of the project finance market. This has come about largely from good deal flow in the last few years and

"We have seen sponsors become more intelligent and engaging social stakeholders."

they are now pretty good partners."

Local interest groups also have a critical role to play in project financings and sponsors are pushing to increase the engagement of these entities. "Some projects are not attractive to debt or equity because of political reasons in certain countries," said the director of Latin America at an energy consulting and management company.

"We have seen sponsors become more intelligent and engaging social stakeholders."

LATAM ENERGY & INFRA

Involving local communities in the construction and maintenance facilitates development, observers say. “I would prefer to have the community as part of the project; hiring them, teaching them what you are going to do, hire them in order to have them working,” said an official, adding that he has seen projects canceled due to a lack of local stakeholder support, most recently in Peru.

“Sponsors need to be engaging local communities where projects are going to be built, the flow of information from the sponsor to the community needs to be constant,” adds the director at the energy consulting and management company, noting that educating

FAST FACT

➤ Assuaging local stakeholder concerns makes potential foreign investors more comfortable with projects, which need that capital.

local communities on the economic, social and other benefits of projects can remove extra headaches for sponsors. “If they can feel the tangible benefit back into the community, they are going to be more open and more supportive.”

Assuaging local stakeholder concerns makes potential foreign investors more comfortable with projects, which need that capital. “The governments need us, need the private sector,” said a project and export finance director for Latin America at French conglomerate. “Infrastructure projects on the continent can’t be done without our support. It is very important to try to explain more and more and get the population on our side.”

Project Bonds Tagged For Growth

The proliferation of project bonds is set to continue in Latin America as financiers and sponsors work to optimize deal structures, according to panelists at the event.

The economic and political progression of the region has opened up bond markets for developers; as countries’ credit ratings increase, so too will opportunities for both the buy- and sell-side. “This is an emerging market and the direction it is going is to more investment-grade countries and that means greater access to the bond markets,” said a managing director of global project finance at an institutional investor. “You are seeing more bonds in what was traditionally a club bank market — you are seeing that change.”

Bonds are also increasingly able to take on construction risk, noted panelists. Optimum deals with construction risk involve well-known developers in investment grade countries with projects that use proven technology.

The increasing number of investment-grade countries and a growing pool of investors and is testing some countries. “Peru is

“You are seeing more bonds in what was traditionally a club bank market — you are seeing that change.”

the perfect example, now they might have a problem in terms of human resources in putting all the projects to market,” said a managing director, utilities and infrastructure, at a rating agency.

Issuers must decide whether to issue on local markets or to pursue cross-border deals, which usually lead issuers to the U.S. “Size and liquidity are important,” said a senior portfolio manager at an investment bank. “Cross-border deals tend to be more liquid,” he said, adding that deals done in the U.S. also tend to price more attractively for investors, noted panelists.

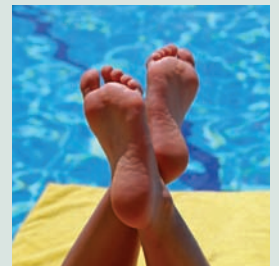
Working with bank debt in the capital structure of a project finance deal can be challenging. Bond buyers like to be as high as possible up the capital stack, but bank debt tends to rank either above or *pari passu* with bonds. “We always like to have as much

say as possible,” said the senior portfolio manager, adding that the bankruptcy processes in emerging markets are not as well defined, which has led to issues in the past for deals with bank and bond tranches. “You need to figure out how can you structure this in a way that keeps the project viable,” he said.

The presence of multilaterals in transactions gives institutional investors some comfort. “I like multilaterals,” said a managing director of investments at an insurance company. “They have the A/B structure, they have skin in the game and they have done tremendous diligence. They’ve fine-tuned their process to be more capital markets friendly.”

Reporter’s Notebook

- Lunch on the first day consisted of a garden salad, Tuscan white bean salad, rigatoni, pan-seared chicken breast with sweet onion jam and provolone as well as seared Florida snapper with a tropical fruit beurre blanc and citrus sautéed spinach.
- The salubrious surrounds of the Biltmore Hotel provided a magical backdrop for proceedings. The hotel lobby features a number of birdcages, filled with some delightful avian amigos.
- Many attendees came from one of the coldest winters on record down to warmer climes a little early to soak up as much sun as possible. This reporter spoke to many attendees who arrived in Miami on Saturday to work on their tans before the start of the conference on Tuesday.
- Day one ended with a cocktail reception overlooking the enticing and huge swimming pool at the Biltmore. Ice cold beer, champagne and spirits flowed as the sun went down.



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LATAM ENERGY & INFRA

Variety Of Structures Emerge As Market Matures

A maturing project finance market in Latin America is opening up opportunities for structures such as those with term loan B or mezzanine tranches to play alongside traditional forms of debt, noted panelists at the event.

The much-storied Latin American boom has given rise to a market flush with funds at all levels of the capital stack, noted panelists. Project sponsors are now looking to emulate structures that have been seen in U.S. and other more developed markets. International commercial banks, local banks, in-country pension funds and mezzanine lenders all have tremendous appetite for activity in Latin America, which means term loan Bs and mezzanine level debt are now being floated as possibilities for potentially suitable projects.

"There is a tremendous amount of capital that wants to come into this space, particularly in power," said a principal at a global asset management firm. "Mezzanine level money has not yet fully infiltrated Latin America like it has in the U.S., and that is something that really

makes an opportunity for mezzanine lending," he said, adding that competition with mezzanine lenders is coming from the institutional investors in Latin America, as well as equity investors and banks looking to increase their positions in project finance transactions.

Banks are looking to securitize project loan portfolios in order to free up capital to lend to other projects, another signal of a ripening market in Latin America. "For the financial institution, it allows them to diversify risk and clean up their balance sheets and give them more power to go back out and do more loans," said a managing director at a ratings agency. "What we are seeing now in the region is local capital markets developing. The term loan Bs really started in the U.S. about ten years ago. It has morphed into some of the other regions in the world and I think eventually that will happen here."

The market has also become comfortable with delayed draws and other such instruments, which ultimately proliferate in bonds to take out loans and other capital markets solutions, noted a managing director at a bond insurer.

MERGERS & ACQUISITIONS

UBS' Co-Owner Slot In Northern Star Shapes Auction

UBS International Infrastructure Fund's decision to not sell its stake in **Northern Star Generation** and chatter about a limited partner or two coming in for stakes is coloring the auction of **Ontario Teachers' Pension Plan Board's** stake.

OTPPB has taken initial bids in a first round that was characterized as "well-attended," according to one deal watcher, who said the bidder roster would have been higher if UBS had wanted to exit. The idea of stepping into an existing partnership was not attractive, says one investor, who had wanted the assets but decided not to put together a first round offer.

Moreover for those that did put together a bid, chatter that UBS was testing waters with a handful of limited partners about the possibility of assembling a "friends and family" offer, or co-investment, has put some on edge. A UBS spokeswoman declined to comment on whether limited partners were interested in co-investing.

There were concerns at the outset UBS would act on its right of first refusal toward the end of the auction, in the same way **Harbert Management Corp.** stepped in for **Energy Investors Funds'** stake in Astoria II although the fund later said it was not interested in being the sole owner (PI, 11/22).

Citigroup is advising OTPPB.

Houston-based Northern Star Generation owns or has stakes in eight facilities totaling about 1.4 GW comprised of natural gas, coal, waste coal, and fuel oil (see chart for full list). Its ownership

Northern Star Generation's Portfolio

Plant	Size	NSG's Stake	Fuel Type	Location
Mulberry	115 MW	100%	Gas-fired Combined Cycle	Bartow, Fla.
NCA 1	90 MW	100%	Gas-fired Combined Cycle	Las Vegas, Nev.
Orange	104 MW	100%	Gas-fired Combined Cycle	Bartow, Fla.
Orlando	119 MW	50%	Gas-fired Combined Cycle	Orlando, Fla.
Vandolah	680 MW	100%	Gas-fired Combined Cycle	Hardee County, Fla.
ACE	102 MW	12.80%	Coal-fired Cogen	Trona, Calif.
Cambria	88 MW	100%	Waste Coal	Ebensburg, Pa.
Colver	105 MW	75%	Waste Coal	Colver, Pa.

Source: Northern Star Generation and PI

stakes total 1,180 MW. It landed a new 15-year power purchase agreement with **Progress Energy** Florida in 2012 for its largest facility, the 680 MW Vandolah gas-fired facility in Hardee County, Fla. Northern Star bought the assets from **El Paso Corp.**

The IPP inked a \$146 million term loan B in December 2012 refinancing the balance on a loan from 2007, with some proceeds earmarked for a dividend recapitalization. The pricing on the seven-year loan came in at LIBOR plus 350 basis points. A Citi spokesman declined to comment.

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MERGERS & ACQUISITIONS

First Solar Starts Merchant Solar Dry Run

First Solar is experimenting with the development and eventual operation of a merchant solar project in West Texas, a departure from its develop-and-sell model.

It has started construction on the 22 MW Barilla solar project near Fort Stockton, Texas, with the intent of testing the merchant solar model given the state's rising demand but relatively flat new build. "We believe that we can provide power real time," especially in the late afternoon, a spokesman told PFR, referencing recent comments by CEO **Jim Hughes** at an event in Houston about the project. The first phase of the self-financed project could be online in the middle of this year and could be expanded to 150 MW.

First Solar has historically brought in a long-term owner around the point of financing or start of construction. But, Hughes has said the market needs to get used to seeing merchant solar assets in the parts of the country that can support uncontracted assets. The demand-capacity tension in parts of Texas is an opportunity to test merchant solar given the relative speed of constructing a solar facility to a gas-fired project. "I can build it in phases. I can build it smaller," Hughes said. "A guy building a gas plant is looking at four to six years development."

Keeping in line with its typical model, the company expects to find long-term buyers for two projects it's concurrently developing: the 150 MW SolarGen 2 Imperial Valley project in Imperial County, Calif., and the 20 MW Maryland solar project. SolarGen has a 25-year PPA with **San Diego Gas & Electric**; Maryland has a long-term offtake agreement with **FirstEnergy Solutions Corp.** The spokesman could not comment on whether there are negotiations for these projects, citing company policy.

Southern Turner Renewable Energy has also agreed to buy the 50 MW Macho Springs project in Luna County, N.M., which is contracted to **El Paso Electric Co.** for 20-years. Southern Turner, a joint venture between **Southern Co.** and Ted Turner, is near closing on another First Solar project—the 20 MW Adobe solar project in Kern County, Calif. That deal could close in the coming weeks with a Macho Springs close in April, according to a U.S. Federal Energy **Regulatory Commission** filing about the Macho Springs project.

Six Public Pension Plans Sign On For ECP III

Energy Capital Partners has received commitments from six public retirement plans across the country totaling up to \$615 million for its targeted \$3.5 billion third fund.

The two largest checks are coming from retirement systems in Minnesota and New York, according to public documents. **Minnesota State Board of Investments** has committed up to \$200 million to the fund while **New York State Teachers Retirement**

System has committed \$125 million.

ECP has set a hard cap of \$5 billion for **Energy Capital Partners III**, according to a filing from **San Francisco Employees' Retirement System**, a repeat investor that has earmarked \$50 million to the fund. The private equity shop has also brought in both **North Carolina Retirement System** and **Teachers' Retirement System of Louisiana** for \$100 million. **The Los Angeles City Employees Retirement** system is investing \$40 million.

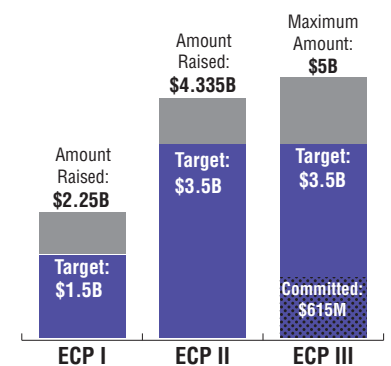
The Short Hills, N.J.-based shop kicked off fundraising this fall (PI, 11/15). It made its first public U.S. **Securities and Exchange Commission** filing in December; it has not hit first close. **UBS Securities** and **Bel Air Securities** are placement agents.

The new fund is expected to target similar investments in different parts of the energy spectrum, ranging from midstream to generation and power services companies.

ECP bought **Energy Solutions**, global provider of nuclear services to government and commercial customers, in early 2013, in a deal that raised some eyebrows because it signaled that the shop was open to expanding its investment scope.

An ECP investor relations official did not immediately respond to an inquiry.

Energy Capital Partners Funds



Source: Power Intelligence

ArcLight To Sell Coal-Waste Stake To Olympus

ArcLight Capital Partners is selling its minority stake in a waste coal-fired plant in Kennerdell, Pa., to **Olympus Power**.

Olympus is on tap to buy 30% of the 94.7 MW Scrubgrass waste-coal plant from ArcLight's second fund, ArcLight Energy Partners Fund II. The plant, in the northwestern corner of the state, is merchant.

Stakes in the plant have been on the market at various points in the last decade. Currently, **Energy Investors Funds** is managing partner and operator the facility, with a 70% stake. It bought the stake as part of the **Calypso Energy Holdings** portfolio from **Cogentrix Energy** in 2011 (PI, 4/5/11). ArcLight bought into Scrubgrass in 2005.

The deal is expected to close in the second quarter, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Spokespeople for ArcLight and Olympus could not immediately comment.

ArcLight *(Continued from page 1)*

a federal push to bring more combined heat and power, or cogeneration online across the country, through an executive order signed by President Obama in 2012 calling for 40 GW of new cogeneration by 2020.

An ArcLight spokeswoman declined to comment.

ArcLight Calif. CoGens For Sale

Badger Creek	46MW	Bakersfield
Bear Mountain	46MW	Bakersfield
Chalk Cliff	46MW	Bakersfield
Corona	47MW	Corona
Double C	49.8MW	Bakersfield
High Sierra	49.8MW	Bakersfield
Kern Front	49.8MW	Bakersfield
Live Oak	46MW	Bakersfield
McKittrick	46MW	Bakersfield

Infigen Stokes *(Continued from page 1)*

five late-stage development projects totaling 120 MW in California and New Mexico. Those projects are:

-15 MW Wildwood II, 20 MW Rio Bravo and 20 MW Rio Bravo II in Kern County, Calif.;

-40 MW Aragonne project in Gaudalupe County, N.M.; and the -25 MW Caprock in Quay County, N.M.

To further expand its pipeline the company is open to buying projects or pipelines at different stages of development and will

evaluate each asset on an individual basis rather than target projects that meet certain permitting or development criteria.

The company is in the process of selling two contracted projects in California to **Duke Energy Renewables** although it prefers to develop for its own long-term ownership. Duke is buying the 20 MW Pumpjack project in Kern County, Calif., and the 20 MW Wildwood I, both of which are ready for construction and have 20-year power purchase agreements with **Southern California Edison**. Duke will finance those projects.

In addition to developing projects on its own, Infigen's California projects are being developed alongside partner **Pioneer Green Energy**, a renewable development shop out of Austin, Texas.

ONE YEAR AGO

The U.S. **Federal Energy Regulatory Commission** blocked **Wayzata Investment Partners'** purchase of the 1 GW Harquahala combined cycle facility from **Rockland Capital**. [**MACH Gen**, the consortium that includes Rockland and owns Harquahala along with other assets, has filed a pre-packaged bankruptcy plan in the U.S. **Bankruptcy Court of Delaware** (PI, 3/4).]

POWER TWEETS

The #Power Tweets feature tracks trends in power project finance and M&A in the Americas on **Twitter**. For more news and coverage, follow @power_intel on Twitter, as well as Managing Editor @SaraReports and Senior Reporters @HollyFletcher and @NicStone.

@EnergyLawyer Live@CPUC: Cmnr Sandoval notes loss of SONGS was "sudden" in #utility terms but we need #fossil as well as preferred (i.e. #storage #EE etc)

@Clint_Wilder Is storage the next 'sexy' clean tech sector? It's getting financed, it's challenging utils, it's packing them in at #CFSF14 session.

@NicStone: US #Dollar and local currency financing available in#LatAm. #LAEIFF14

@Silvio Marcacci

Me, on @cleantechnica: America's largest grid system could reach 30% renewables by 2026 while cutting costs <http://ow.ly/uqcrp>

@RosieFitzmauric In Miami discussing #LatAm greenfield project bonds: interplay between EPC contracts, intercreditor agreements & liquidity is key #LAEIFF14



@AWEA: .@Vestas Unveils Taller Wind Turbine 4 Low Wind Locations: @cleantechnica <http://cleantechnica.com/2014/03/10/vestas-unveils-taller-wind-turbine-low-wind-locations/> ... #windpower #windenergy

@NobleIdeas BREAKING: RT @MWenergynews: Minnesota becomes 1st state to establish "value of solar" tariff <http://www.midwestenergynews.com/2014/03/12/minnesota-becomes-first-state-to-set-value-of-solar-tariff/> ... By @DanHaugen

@insideclimate: Oklahoma Senators pass moratorium on wind farms in eastern Oklahoma. @TheOklahoman: <http://ow.ly/uuyv0D>

@SEIA: California's Grid Sets Two New #Solar Energy Records in Two Days: <http://seia.us/1ewAoQ3> via @cleantechnica

@RobertKleiburg: More innovation needed to bring down the cost of energy for offshore wind. <http://mobile.businessweek.com/news/2014-02-19/birds-bombs-sharks-thwart-offshore-wind-from-u-dot-k-dot-to-germany> ... #cleantech