

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

EDF-Backed Co. Hunts B.C. Biomass Deals

A subsidiary of developer **Dalkia Canada** is talking to lenders about rounding up roughly \$350 million in debt for two biomass projects in British Columbia this year. Dalkia is an energy services company backed by **Electricité de France** and **Veolia Environment**. **Fengate Capital Management**, a subsidiary of Canadian real estate and infrastructure sponsor **Fengate Corp.**, is an equity backer of the projects.

Western Bioenergy, the Toronto-based Dalkia subsidiary, intends to finance the 33 MW Fort St. James and the 33 MW Merritt separately, via \$175 million club deals. Representatives for the sponsors are discussing the deals with bankers in New York and Toronto. **CIBC** and **Société Générale** are potential participants in at least one of the deals, deal watchers say.

Financiers say the deals have at least two attractions: a respected backer in Fengate Capital, a passive investor in power and infrastructure projects in Canada, and a strong offtaker in **BC Hydro**, which has 30-year offtake agreements for Fort St. James and Merritt. Fengate, which established its maiden infrastructure fund in 2006, invests in hydro, solar and wind projects in Canada. Dalkia, which is based in Saint-André-lez-Lille, France, had 7.2 GW of generation capacity globally as of 2008, according to the company's Web site. It has experience designing and operating combined heat and power projects.

Like all sponsors of biomass projects, Dalkia and Fengate Capital will need to satisfy lenders' concerns of fuel supply, *(continued on page 12)*

THE BUZZ

Industry veterans continue to make headlines in project finance and M&A. Calgary, Alberta-based **Enbridge** ventured south of the border to make its initial foray into the U.S. Senior Reporter **Holly Fletcher** reports that the company, which has been scouting for the right opportunity to launch its U.S. solar development strategy, is buying the 50 MW Silver State North photovoltaic project in Nevada from **First Solar**.

This transaction adds to the list of assets the seller has unloaded in recent months. **NextEra Energy Resources** subsidiary **NextEra Energy Canada** picked up a pair of projects in Ontario with a combined capacity of 40 MW from the Tempe, Ariz.-based shop (PI, 3/12).

For PFR's take on these deals and the rest of the market, see page 2.

Tenaska Scopes Gas-Fired Sale

Tenaska Capital Management is reportedly looking to put a few gas-fired assets on the block after finding tepid buyer appetite for assets last year. The 815 MW Rolling Hills peaker



Rolling Hills

in Wilkesville, Ohio, is among the tagged assets and will likely hit the market later this year, says an industry official.

The Omaha, Neb.-based private equity fund has been trying to sell assets to generate returns to investors as it raises its third fund,

(continued on page 12)

Editor's Pick Podcast

Tune in to our monthly podcast and listen to the *PI* team highlight the big stories of the last month. Visit the community section of www.powerintelligence.com.



Deal Of The Year Awards

Send us your feedback and comments on nominations. Visit www.powerintelligence.com for a complete list of nominated deals for project finance and M&A.

Generation Sale DATABASE

Get the rundown on the latest asset trades in *PI*'s weekly calendar, compiled from our exclusive Generation Sale Database. See calendar, page 3

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THE BUZZ

NRG Energy, GE Energy Financial Services and MidAmerican Energy Holding Co. have also collected projects or stakes from First Solar.

On the non-renewable front in M&A, the year-long journey that has taken **AES Eastern Energy** from the block to bankruptcy court is nearing a close as creditors clinch the prevailing bid in a court-run process that elicited no competing offers. The creditors, who include affiliates of **JPMorgan** and **Credit Suisse**, expect to have the takeover of two New York state coal-fired plants approved in court on March 28. The process is a function of low power prices that have plagued the market for some time and relatively high fuel costs compared to gas.

In project finance, Senior Reporter **Brian Eckhouse** keeps readers up to date on **Terra-Gen Power's** latest deal for its Alta wind project in Tehachapi, Calif. The project marries strong fundamentals to the sponsor's keen understanding of the state of the lender marketplace. Unsurprisingly, the \$660 million deal backing the 300 MW in Alta phases seven and nine is attracting lenders big and small.

The financing has winning attributes: an experienced sponsor with financing precedent; a known and a respected offtaker in **Southern California Edison**; and an unequivocally potent wind location. The deal itself is also attractive: it has a tenor of construction plus seven years, which falls within lenders' preference for deals at or under 10 years, and is priced at LIBOR plus 262.5 basis points, just a touch higher than the recent floor of 250 bps.

While lenders may feel more comfortable with gold-plate sponsors amid the euro-zone crisis, quieter sponsors aren't being ignored. Developer **Dalkia Canada**, backed by **Electricité de France**, and infrastructure sponsor **Fengate Capital Management** are talking to lenders about amassing roughly \$350 million for two biomass projects in British Columbia. The financing is also supported by offtaker **BC Hydro**.

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.

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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/Comments |
|--------------------------------------|---|--|--|---|
| ▶ AES | Cayuga (306 MW Coal) Somerset (675 MW Coal) Red Oak (766 MW CCGT) Ironwood (720 MW CCGT) | Lansing, N.Y. Barker, N.Y. Sayreville, N.J. South Lebanon, Pa. | Barclays Capital Citigroup Citigroup | Creditors near takeover of Cayuga and Somerset; no challenging bids (see story, page 8). PPL Generation is buying Ironwood for \$87M plus cash; ECP is buying Red Oak (PI, 3/5). |
| Air Products & Chemicals | Stockton (50 MW Coal/Biomass Cogen) | Stockton, Calif. | New Harbor | Teasers for the facility went out Feb. 2 (PI, 2/13). |
| ArcLight Capital Partners | Waterside (72 MW Peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (65-mile Transmission) | Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokaa, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y. | Citigroup, Barclays Capital | First Reserve has launched a \$243M package to finance the gas-fired plants minus Hamakua (PI, 2/20). |
| Constellation Energy Group | Rio Bravo Fresno (24 MW Biomass) Rio Bravo Rocklin (24 MW Biomass) Chinese Station (22 MW Biomass) | Fresno, Calif. Lincoln, Calif. Jamestown, Calif. | No advisor | The company has reached out to prospective buyers as it considers selling its stakes (PI, 1/9). |
| Conti Group, Grupo Arranz Acinas | Development pipeline (550 MW Wind) | Texas, Kansas, Minnesota | Alyra Renewable Energy Finance | Teasers went out in late July (PI, 8/1). |
| Covanta Energy | Burney Mountain (11.4 MW Biomass) Mt. Lassen (11.4 MW Biomass) | Shasta County, Calif. Westwood, Calif. | None None | Looking to sell the facilities (PI, 12/19). |
| Duke Energy | Cimarron II (131 MW Wind) Ironwood (168 MW Wind) | Gray County, Kan. Ford County, Kan. | None | Sumitomo is in talks to take a minority stake (PI, 3/5). |
| Edison Mission Group | Stakes Mountain Wind I (60 MW Wind) Mountain Wind II (79.8 MW Wind) Homer City (1.884 GW Coal) | Uinta County, Wyo. Homer City, Pa. | Marathon Capital Barclays Capital | TIAA-CREF and CIRI have closed a \$480M preferred equity stake (PI, 2/27). Looking to exit the facility as its lessee (PI, 3/12). |
| Exelon | Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal) | Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md. | Morgan Stanley | Exelon has 180 days to find a buyer per the merger agreement with Constellation (PI, 3/19). |
| First Solar | Moore (20 MW Solar PV) Sombra (20 MW Solar PV) | St. Clair, Ontario St. Clair, Ontario | N/A | NextEra Energy Canada has bought the plants (PI, 3/19). |
| First Wind | Stakes (Various Wind) | Various, Northeast | Credit Suisse, Macquarie | Algonquin is dropping out of a JV with Emera to take minority stakes. Emera is taking over the investment (PI, 2/6). |
| Gamesa Energy USA | Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) N/A (Wind) N/A (Wind) | Pocahontas County, Iowa Blair County, Pa. | JPMorgan | Selling four merchant wind projects that have tax equity investments (PI, 2/6). |
| GDF Suez Energy North America | Hot Spring (746 MW CCGT) Choctaw (746 MW CCGT) | Malvern, Ark. Ackerman, Miss. | UBS | Arkansas Electric Co-Op Corp. has agreed to buy the Hot Spring; set to file with regulators (PI, 2/20). Quantum Utility Generation bought Choctaw. |
| ▶ Iberdrola USA | Hartford Steam (14.8 MW Cogen) | Hartford, Conn. | TBA | Energen is buying the facility (see story, page 7). |
| NRG Solar | CVSR (250 MW Solar PV) | San Luis Obispo County, Calif. | Credit Suisse, Morgan Stanley | NRG is out talking to potential investors (PI, 3/5). |
| PNM Resources | Altura (600 MW Cogen) Twin Oaks (305 MW lignite-fired) Cedar Bayou 4 (275 MW natural gas-fired) | Channelview, Texas Bremond, Texas Chambers County, Texas | TBA | PNM has been listening to sell-side pitches (PI, 3/19) |
| Perennial Power | Mid-Georgia (300 MW CoGen) | Kathleen, Ga. | Fieldstone | Final bids came in Feb. 28 or 29 (PI, 3/5). |
| Rockland Capital | Boardwalk (4 MW Solar PV) | Atlantic City, N.J. | Energy Asset Advisors | GTG Energy has bought the merchant project (PI, 2/20). |
| Silverado Power, Martifer Solar | Various (130 MW Solar) | Various, Calif. | Marathon Capital | The partners are looking to raise capital around the contracted portfolio (PI, 2/13). |
| ▶ Stark Investments | Batesville (837 MW CCGT) | Mississippi | TBA | Tenaska has exited an agreement to buy the plant (see story, page 7). |
| Sunoco Power | Eagle Point (200 MW Cogen) | Westville, N.J. | TBA | Rockland Capital is buying the facility (PI, 2/13). |
| Tenaska | High Desert (800 MW CCGT) Rio Nogales (800 MW CCGT) | Victorville, Calif. Seguin, Texas | Barclays, Citi | CPS Energy is buying Rio Nogales for about \$521 million (PI, 3/19). |
| Tuusso Energy, Akula Energy Ventures | Antelop (20 MW Solar PV) | Lancaster, Calif. | Marathon Capital | Recurrent Energy has bought the project (PI, 2/20). |
| Tyr Energy | Stake (100 MW Biomass) | Gainesville, Fla. | Fieldstone | Starwood is buying 40% of the project (PI, 1/23). |
| U.S. Power Generating Co. | Gowanus Barges 1 (160 MW Oil) | Brooklyn, N.Y. | Tier One Capital Management | First round bids for the two barges are expected in February (PI, 1/9). |

▶ New or updated listing

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

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

| Sponsor | Project | Location | Lead(s) | Loan | Loan Amount | Tenor | Notes |
|----------------------------------|--|--------------------------------|---|------|-------------|----------|---|
| AES Solar | Imperial Valley (709 MW Solar PV) | Plaster City, Calif. | TBA | TBA | \$1.3B | TBA | Sponsor culls through lenders bids (PI, 3/19). |
| BP, Sempra | Mehoopany (141 MW Wind) | Wyoming County, Penn. | BTMU, Mizuho | TBA | \$200M | TBA | Sponsors tap BTMU, Mizuho (PI, 3/19). |
| ▶ Cardinal Gas Storage | Cadeville (16.5 bcf Gas Storage) | Monroe, La. | RBC, SunTrust | TBA | \$100M | TBA | Sponsor mandates banks, eyes financial close (see story, page 5). |
| Cheniere Energy | Unidentified (Export LNH Facility) | Sabine Pass, La. | TBA | TBA | \$3.2B | 7-yr | Sponsor is hunting more debt \$1 billion more debt for phase one (PI, 3/19). |
| ▶ Dalkia Canada, Fengate Capital | Ft. St. James (33 MW Biomass) | Ft. St. James, B.C. | TBA | TBA | TBA | TBA | Sponsors seek roughly \$300M financing for two B.C. biomass projects (see story, page 1). |
| | Merritt (33 MW Biomass) | Merritt, B.C. | TBA | TBA | TBA | TBA | Sponsors seek roughly \$300M financing for two B.C. biomass projects (see story, page 1). |
| Diamond Generating Corp. | Mariposa (200 MW Gas) | Alameda County, Calif. | TBA | TBA | \$150M | 10+-yr | Sponsor to seek bids March 23 (PI, 3/12). |
| Duke Energy | Cimarron II (131 MW Wind) | Gray County, Kan. | TBA | TBA | \$260M | TBA | Sponsor seeks one financing for Cimarron II and Ironwood projects (PI, 1/30). |
| | Ironwood (168 MW Wind) | Ford County, Kan. | TBA | TBA | \$260M | TBA | Sponsor seeks one financing for Cimarron II and Ironwood projects (PI, 1/30). |
| | Laurel Hill (69 MW Wind) | Lycoming County, Penn. | TBA | TBA | \$77M | TBA | Sponsor hunting funds for wind project (PI, 1/30). |
| ▶ E.ON | Pioneer Trail (150.4 MW) | Ford and Iroquois, Ill. | BoA | N/A | N/A | TBA | BoFA to take a tax equity stake in project (see story, page 5). |
| | Various (Wind) | TBA | UniCredit | TBA | TBA | TBA | UniCredit readies a bond deal (PI, 2/6). |
| Edison Mission Energy | Unidentified (Wind Portfolio) | Midwest U.S. | BBVA, Key Bank, WestLB | TBA | \$113.5M | TBA | Sponsors taps banks to lead financing (PI, 1/16). |
| First Wind | Unidentified (Wind) | Hawaii | TBA | TBA | TBA | TBA | Sponsor looks to finance Hawaii wind project (PI, 3/12). |
| GCL Solar | Various (77 MW PV) | Puerto Rico | Union Bank, WestLB | TBA | \$200M | TBA | MetLife to provide tax equity (PI, 3/5). |
| Gradient Resources | Patua (30 MW Geothermal) | Reno, Nev. | Union Bank | TBA | \$200M | TBA | Sponsor downsizes financing, mandates Union Bank (PFR, 2/27). |
| Inkia Energy | Unidentified (400 MW Hydro) | Cerro del Aguila, Peru | BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC | TBA | \$525M | 12-yr | Sponsor prices financing above LIBOR plus 300 bps (PI, 3/19). |
| Invenery | California Ridge (214 MW Wind) | Vermillion and Champaign, Ill. | TBA | TBA | TBA | TBA | Sponsor, Union Bank discuss financing (PI, 3/19). |
| NRG Solar | Alpine (66 MW PV) | Lancaster, Calif. | Key Bank, Mizuho, MUFG, Santander | Term | \$300M | TBA | Pricing set at roughly LIBOR plus 250 (PI, 3/12). |
| ▶ Pattern Energy | El Arrayan (115 MW Wind) | Santiago, Chile | TBA | Term | \$220M | C+ 15-yr | Sponsor to land a tenor of construction plus 15 years (PI, 3/19). |
| | Ocotillo (315 MW Wind) | Imperial Valley, Calif. | TBA | TBA | TBA | C+ 7-yr | Sponsor seeking lender proposals (see story, page 6). |
| Recurrent Energy | Various (Solar PV) | Northern California | TBA | TBA | \$100M+ | TBA | Sponsor discusses deal with BoTM, Lloyds, Mizuho and UniCredit (PI, 1/9). |
| Sempra U.S. Gas & Power | Copper Mountain 2 (92 MW PV) | Boulder City, Nev. | TBA | TBA | \$130M | 17-18-yr | Sponsor seeks lender proposals (PI, 3/19). |
| ▶ Tenaska Solar Ventures | Imperial Solar Energy Center South (130 MW Solar PV) | Imperial Valley, Calif. | TBA | TBA | \$600M | TBA | Financial close imminent (see story, page 6). |
| ▶ Terra-Gen Power | Alta (300 MW Wind) | Tehachapi, Calif. | MUFG, RBS | TBA | \$660M | C+ 7-yr | Sponsor sets pricing, tenor (see story, page 6). |

▶ New or updated listing

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

PROJECT FINANCE

Cardinal Taps Lenders For La. Gas Storage

Cardinal Gas Storage has tapped **Royal Bank of Canada** and **SunTrust** to participate in a more than \$100 million financing backing its Cadeville gas storage project near Monroe, La. Financial close is expected by month-end, says a deal watcher.

Houston-based Cardinal had also discussed the transaction with **CIT Group** (PI, 1/25).

Whether CIT has joined, or plans to participate in, the Cadeville deal couldn't be learned. Pricing and tenor also couldn't be immediately ascertained. **Dan Hannon**, Cardinal cfo in Houston, didn't return a call. Bank officials declined to comment or didn't return calls.

Shell Energy North America has a contract with the facility, which will ultimately have 17 billion cubic feet of storage. Cardinal, which is partially backed by **Energy Capital Partners**, is targeting operations next year.

BofA Affiliate To Snare E.ON Tax Equity Stake

A **Bank of America Merrill Lynch** affiliate has inked a tax equity deal for **E.ON Climate & Renewables'** 150.4 MW Pioneer Trail project in Illinois' Ford and Iroquois counties. "Bigger sponsors like E.ON are more likely to attract tax equity... from a **Google** or an oil company because they have a good story to tell and aren't a one-off developer," says a financier unaffiliated with the project.

A final decision on the transaction is expected by April 13, according to a March 14 filing with the **Federal Energy Regulatory Commission**. Under the proposed deal, E.ON would create Class A and Class B memberships units in Pioneer Trail; **BAL Investment & Advisory** would buy 100% of the Class A units, which would be passive and non-controlling. E.ON would own 100% of the Class B shares and remain managing member of the project.

Terms of the transaction couldn't be learned. **Charlotte Toerber**, E.ON senior v.p. and general counsel in Chicago, declined to comment. A BofA spokesman in Charlotte declined to comment.

Pioneer Trail uses **General Electric** 1.6 MW turbines. Three electric

cooperatives, **Prairie Power**, **Southern Illinois Power Cooperative** and **Wabash Valley Power Association**, have an offtake agreement for 40 MW of Pioneer Trail generation. Whether E.ON has agreements for the remaining 110.4 MW couldn't be learned.

BAL also holds a 23% tax equity stake in **Peace Garden Wind**, the owner of the 120 MW Ashtabula II wind project in North Dakota. **JPMorgan** led the Peace Garden transaction (PI, 3/19/10).

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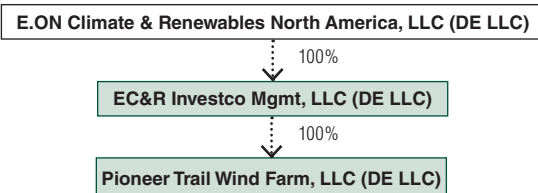
\$76,950 to \$123,181

Under the direction of the VP, Legal and Corporate Services, the Manager, Rates and Revenue manages the design, implementation, ongoing application and results of various rate structures and their impact on the Cooperative's revenue. Incumbent compiles, analyzes, and presents information regarding our current and forecasted revenues and their impact on rates. Incumbent assists Member Systems with rate design and analysis. Incumbent also prepares required rate, or rate change, submissions to state regulatory entities, the Rural Utilities Service and other Federal or State authorities, each as applicable. A Bachelor's degree in economics, business administration, finance, engineering or a related field and five years progressively responsible electric utility rate design, compliance, and market pricing experience or the equivalent combination of education and experience. **View job posting and apply on-line at www.wfec.com.**

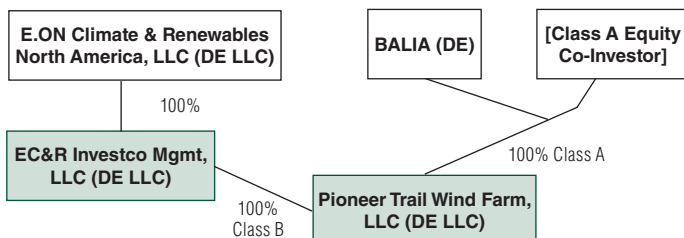
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Pioneer Trail Wind Farm, LLC Equity Investment

Before Transaction



After Transaction



Source: Power Intelligence via U.S. Federal Energy Regulatory Commission

Tenaska Circles Calif. PV Closing

Tenaska subsidiary **Tenaska Solar Ventures** is nearing financial close of a roughly \$600 million financing supporting its 130 MW Imperial Solar South photovoltaic project. The Omaha, Neb.-based sponsor is expected to wrap the bank financing by this week.

The loan was initially priced at LIBOR plus 200 basis points (PI, 1/30), but the margin has inched up to roughly 250 bps, says a deal watcher, citing the effects of the ongoing euro-debt crisis. Lenders that have been attached to the deal include **BBVA**, **Lloyds Bank Corporate Markets**, **Mitsubishi UFJ Financial Group** and **Royal Bank of Scotland**.

The tenor of the deal couldn't be learned. A Tenaska

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

The financing has had various incarnations. Tenaska had pursued a loan guarantee from the U.S. **Department of Energy** before the agency's renewables program expired Sept. 30 (PI, 4/5), but didn't make the cut. It then considered a financing that would have mixed bank debt with bonds (PI, 10/24), before settling on solely bank debt. Why Tenaska opted for bank debt couldn't be learned.

San Diego Gas & Electric has a 25-year offtake agreement for Imperial South, in Imperial County, Calif. The ground-mount PV project is expected to be operational by 2014.

Pattern Seeks Lender Bids For Calif. Wind

Pattern Energy has asked lenders to submit proposals to help finance its 315 MW Ocotillo wind project in Imperial Valley, Calif. It is targeting a financing priced at LIBOR plus 250 basis points, says a deal watcher.

San Francisco-based Pattern had indicated it sought a tenor close to **San Diego Gas & Electric's** 20-year offtake agreement for the project (PI, 10/21), but apparently has settled on a mini-perm of construction plus seven years, adds the deal watcher. Financial close is expected in the second or third quarter.

The size of the financing, the identity of potential bidders and the deadline to submit bids couldn't be learned. A Pattern spokesman in New York didn't return a call seeking comment.

The project will hook up to SDG&E's 500 kW Sunrise Powerlink. Pattern is targeting operation by year-end.



Courtesy of SDG&E

Terra-Gen Sets Alta Pricing, Tenor

Terra-Gen Power has priced a \$660 million financing backing 300 MW at its Alta wind project at LIBOR plus 262.5 basis points. The deal has a tenor of construction plus seven years.

The New York-based sponsor is expected to post slightly more than 10% of project costs via equity. Financial close is

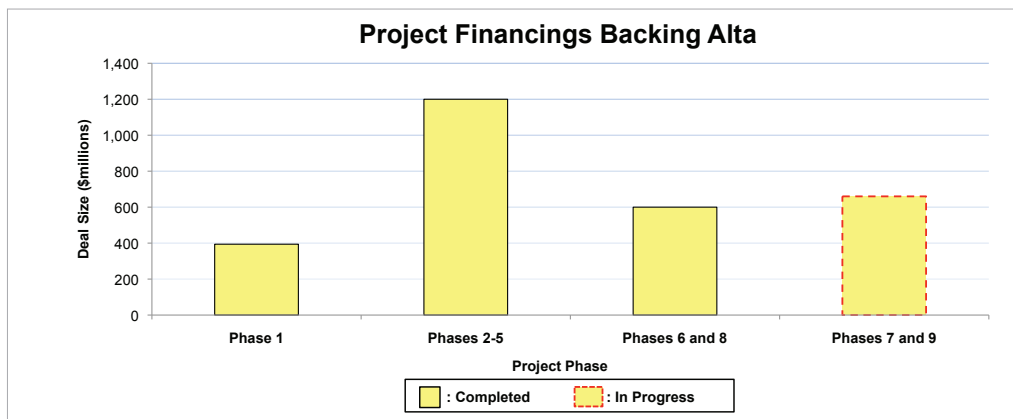
expected in early April.

Lenders mulling participation include **BBVA**, **Banco Sabadell**, **CIBC**, **Helaba**, **Key Bank**, **LBBW** and **Sumitomo Mitsui Banking Corp.**, deal watchers say. **Mitsubishi UFJ Financial Group** affiliate **Union Bank** and **Royal Bank of Scotland** are leading the deal.

Union Bank and RBS have committed to \$100 million tickets, but may sell down depending on the size of the syndicate (PI, 3/8).

Southern California Edison has an offtake agreement for roughly 1.5 GW of Alta generation. The latest Alta financing supports phases seven and nine at the Alta project, in Tehachapi, Calif.

John O'Connor, Terra-Gen cfo in New York, declined to comment. Bank officials declined to comment or didn't return calls.



Source: Power Intelligence

MERGERS & ACQUISITIONS

Iberdrola Trades Conn. Cogen To N.J. Shop

Iberdrola USA has agreed to sell a cogeneration facility in Hartford, Conn., to **Energenic**, a waste heat-to-energy company of Mays Landing, N.J.

Iberdrola USA is selling the 14.8 MW Hartford Steam plant for about \$50 million, says **Kevin Brown**, v.p. at DCO Energy, a joint of Energenic in Mays Landing. Hartford Steam has an offtake contract with Hartford Hospital and sells any excess power to **Connecticut Light & Power**. The transaction is expected to close in mid-April.

Iberdrola has been looking to divest the plants since it sold its natural gas distributors to **UIL Holdings Corp.** for \$1.296 billion in 2010 (PI, 10/15/10). The facilities were carved out of the sale because of state restrictions on gas distributors' ownership of generation. UIL bought **Southern Connecticut Gas**, **Connecticut Natural Gas** and **Berkshire Gas Co.**

Energenic is jointly owned by New Jersey companies **Marina Energy**, a natural gas distribution and marketing company, and **DCO Energy**, a privately held entity. Marina also owns several landfill gas-to-energy facilities in New Jersey.

Calls to an Iberdrola spokesman were not immediately returned.



Hartford Hospital

Tenaska Pulls Away From Batesville Acquisition

Tenaska has exited an agreement to buy the Batesville combined cycle facility from a consortium led by **Stark Investments** after repairs to bring the idled facility back online were not successful, says a banker.

The purchase agreement for Batesville included a stipulation that allowed Tenaska to exit if the 837 MW plant in Mississippi was not online in a certain amount of time, says an observer.

Tenaska said the purchase would not be finalized in a filing earlier this month with the U.S. **Federal Energy Regulatory Commission**—just four months after the agreement was reached (PI, 11/2).

The Omaha, Neb.-based power producer did not give a reason for the pulling out of the transaction. A

spokeswoman confirmed the purchase was cancelled but declined further comment. The extent of the operational outages could not be learned.

It's likely that the plant will find itself in bankruptcy court after the owners assess the options, notes a banker. Stark and affiliates of **Credit Suisse**, **JPMorgan** and **Monarch Alternative Capital** became owners of the plant when it went into foreclosure in 2010. Stark owns 43%, Monarch Alternative Capital 32.5%, CS affiliates 16.2% and JPMorgan affiliates 8.1%.

The lenders took control of the facility when **Complete Energy**, the primary stakeholder of the plant, defaulted on a \$123 million credit agreement (PI, 11/30/10).

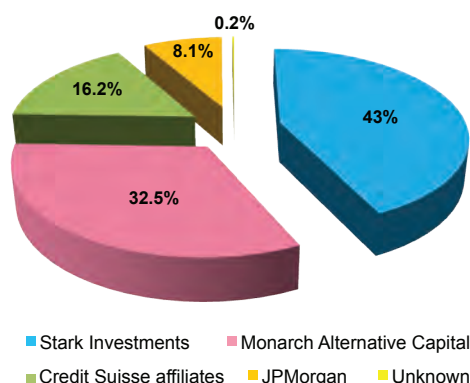
The facility has contracts for 100% of its power with **Goldman Sachs'** affiliate **J. Aron** and **South Mississippi Electric Power Association**. The contracts extend until 2013 and 2015, respectively.

A timeline for the next step regarding the plant could not be learned. Calls to officials and spokespeople at Stark, Credit Suisse, JPMorgan and Monarch were not immediately returned.

FAST FACT

➤ The lenders took control of the facility when **Complete Energy**, the primary stakeholder of the plant, defaulted on a \$123 million credit agreement.

Batesville Plant Ownership Stakes



Source: Power Intelligence

Creditors Net AES Eastern

The creditors of **AES Eastern Energy**, casting the lone bid for the **AES Corp.** subsidiary, will have their takeover offer approved March 28 in a bankruptcy court proceeding after no other bids for the coal-fired unit were submitted. The creditors' bid for the facilities in New York will go

before a judge in the U.S. **Bankruptcy Court District of Delaware.**

FAST FACT

Creditors include affiliates of **JPMorgan**, **Prudential Life Insurance Co.**, **John Hancock**, **Mackay Shields**, which is an affiliate of **New York Life Investment Management Holdings**, **Allstate Insurance** and investment management shop **Standard General**.

AES put the coal-fired subsidiary that owns 1.17 GW on the market early last year (PI, 3/4/11) because the plants were struggling due to decreased power demand and not able to compete with other plants burning cheaper natural gas. The aim was to sell them, although few parties stepped to the table.

The other two AES Eastern facilities—105 MW Greenidge and the 83 MW Westover—are currently offline and will be retired along with two other affiliated New York coal-fired facilities as part of the bankruptcy process.

A court-run auction was planned for Monday, March 26, but was cancelled after no competitive bids were filed on March 19. The sale is expected to be complete by the end of March, according

to the purchase agreement. **Barclays Capital** is advising AES Eastern on its bankruptcy proceedings. Paramus, N.J.-based advisor **Rock Point Associates** is advising the creditors, who have a \$300 million unsecured claim (PI, 1/4).

The creditors are assuming the debt on the facilities. AES Eastern has about \$550 million in debt, including about \$431 million outstanding on 30-year pass through certificates with a 9.67% coupon due in 2029. AES Eastern had a \$30 million working capital facility from **Calyon**.

The creditors, comprised of pass-through certificate holders, will take control of the 306 MW Cayuga in Lansing and the 675 MW Somerset plant in Barker. Creditors include affiliates of **JPMorgan**, **Prudential Life Insurance Co.**, **John Hancock**, **Mackay Shields**, which is an affiliate of **New York Life Investment Management Holdings**, **Allstate Insurance** and investment management shop **Standard General**.

The ownership list could change if some pass-through certificate holders opt to sell down their stakes. They will have a \$300 million unsecured claim. Somerset has a sale leaseback in place until November 2027, while Cayuga has a leveraged lease until February 2033.

Officials at Rock Point and creditors were not immediately reached.

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PEOPLE & FIRMS

CIBC Hires Executive Director

CIBC has hired **Darrel Ho**, **GE Energy Financial Services** senior v.p., as an executive director. Ho started at the Canadian lender

this month and is based in the New York office.

Ho will handle project finance and infrastructure, as well as corporate credit products in the U.S. for CIBC. He joins **Jonathan Kim**, a former **Royal**

Bank of Scotland director, who came on board in January (PI, 1/12).

Kim and Ho will split a universe of 60 relationship clients,

which include independent power producers, according to a person familiar with CIBC's plans. CIBC may hire additional bankers later this year as it expands its project finance footprint in the U.S. (PI, 2/6).

Ho previously was a v.p. at **Fortis Capital**, **Bank of Tokyo-Mitsubishi UFJ** and **Deutsche Bank**, according to his **LinkedIn** profile. A CIBC spokesman in Toronto declined to make Ho available for comment.

Whether GE EFS plans to replace Ho couldn't be learned. A GE EFS spokesman in Stamford, Conn., declined to comment.

FAST FACT

Ho previously was a v.p. at **Fortis Capital**, **Bank of Tokyo-Mitsubishi UFJ** and **Deutsche Bank**.

BORROWER STRATEGIES

NU Taps Floaters For Refi

Northeast Utilities has issued \$300 million in senior floating rate notes to refinance a bond maturing in the weeks before its planned \$4.17 billion merger with **NStar** is expected to close.

The company opted for the 18-month note as it plans to take a fresh look at the debt requirements that the combined company will need, says **Jeff Kotkin**, v.p. of investor relations at NU in Hartford, Conn. "This allows us to bridge a little into the merger, giving us some time to figure out capex and debt requirements of the parent," he says of the 18-month tenor. The companies anticipate receiving the final approvals for the merger in the first week of April and closing the deal mid-month.

The notes carry a coupon and pricing of 75 basis points over

the three-month U.S. dollar LIBOR, which is 0.474% as of March 21.

The notes are rated BBB by **Fitch Ratings**, Baa2 by **Moody's**

Investors Service and

BBB by **Standard**

& Poor's. **Barclays Capital**, **Citigroup** and **JPMorgan** were joint bookrunners. **TD Securities (USA)** and **Wells Fargo Securities** were co-managers. The notes were expected to settle March 22.

The notes are refinancing \$263 million in 10-year notes that mature April 1. The maturing notes carry a coupon of 7.25%.

Excess capital will repay short-term debt under its \$500 million revolving credit facility.

NU and NStar announced the plan to merge in October 2010. Bank spokesmen could not immediately comment.

FAST FACT

The notes are refinancing \$263 million in 10-year notes that mature April 1.



AT PRESS TIME

Enbridge Snags Nev. Solar Project

Enbridge has picked up its first solar project in the U.S.—the 50 MW Silver State North photovoltaic project in Nevada from **First Solar**.

The project near Primm, Nev., has a 25-year offtake agreement with **NV Energy** and is expected to go online next quarter.

Calgary, Alberta-based Enbridge had been looking at several solar projects over the last year, including the 550 MW Topaz project that was ultimately acquired by **MidAmerican Energy Holdings Co.** (PI, 9/19 & 12/9).

The purchase price, Enbridge's financing plans and whether either company used an advisor could not be learned. Spokesmen were not immediately available for comment.

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NEWS IN BRIEF



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

- Natural gas exploration and development in the U.S. has caused a shortage in storage space. Storage capacity is now at 57.8%, with some anticipating storage facilities to fill up by October of this year (*The Wall Street Journal*, 3/22).
- Solar developer **BrightSource Energy** is looking for approximately \$182.5 million as it prepares for an initial public offering. The company is planning to offer 6.9 million shares at \$21-23 in the IPO, which is slated to close April 11 (*Bloomberg*, 3/21).
- Lobbying groups have moved to oppose a bill in the Iowa state legislature that would aid the development of a nuclear plant proposed by **MidAmerican Energy**. Opponents believe the risk of the project will be shifted to consumers (*Businessweek*, 3/21).
- Spanish company **Acciona Wind Energy** is looking to develop a large-scale wind project in Nova Scotia. The company is looking at land around Kings Mountain and is in the early stages of consulting with the community about the project (*The Chronicle Herald*, 3/21).
- **American Electric Power** has named **Pablo Vegas** to the post of president and coo, effective this May. Vegas, currently v.p. and cio of AEP, is replacing **Joseph Hamrock**, who has left AEP for **NiSource** (*Yahoo! Finance*, 3/21).
- Opponents of **Tenaska's** proposed \$3.6 billion coal-fired power facility in Taylorville, Ill., are claiming that the project will come at great cost to taxpayers. Critics of the plant say that the cost of the project's development has gone up 40% since the first assessments were done in 2010 (*The Herald Review*, 3/20).
- A new study is looking to map areas off the New York coast suitable for offshore wind development. The project is a joint effort by the **New York Department of State** and the **National Oceanic and Atmospheric Administration** (*The New York Times*, 3/20).
- **SaskPower** and **Hitachi Ltd.** have partnered to build a carbon capture test facility in Saskatchewan, Canada. The \$60 million project will allow developers to assess the performance of their emissions systems and capture pollution released from coal-fired generation (*The Bradenton Herald*, 3/20).
- Regulators in Georgia have approved a plan proposed by **Southern Co.** to shutter 600 MW of oil and coal-fired generating capacity. Subsidiary **Georgia Power** also received approval to retire 569 MW by 2013 (*Reuters*, 3/20).
- **RGS Energy** and **Smart Energy Capital** have launched a partnership to finance and develop commercial solar projects. The \$150 million fund, dubbed **RGS Energy Capital**, has begun developing projects in New Jersey, Pennsylvania and Massachusetts (*MarketWatch*, 3/20).
- U.S. solar developers are looking to line up new sources of solar equipment to avoid a tariff on Chinese solar imports. The move comes as trade officials consider dropping a complaint against Chinese manufacturers which U.S. solar firms have accused of receiving unfair subsidies and selling their products below the cost of production (*The Wall Street Journal*, 3/19).
- **Dominion Virginia Power** is looking to lease acreage off of the Virginia coast to develop offshore wind projects. Dominion has filed its interest with the **Bureau of Ocean Energy Management** (*Yahoo! Finance*, 3/19).
- **Everpower Renewables'** Buckeye wind project is facing new challenges after being approved by the Ohio Supreme Court. Some county officials believe that the project will not generate enough tax revenue to make up for the potential damage to the landscape or decline in property values (*Coshocton Tribune*, 3/19).
- **Xcel Energy** and **enXco** have failed to come to an agreement on the proposed \$400 million Merricourt wind project in North Dakota. Xcel abandoned the project due to concerns over two local endangered bird species (*The Star Tribune*, 3/19).
- Massachusetts-based wind developer **Minuteman Wind** has requested to reopen the recent **NStar** merger settlement. Under the settlement, NStar has agreed to buy a 27.5% stake in the 468 MW Cape Wind offshore project, but a Minuteman officials says the transaction "unfairly places the interests of one project developer before the interests of others" (*The Boston Herald*, 3/19).
- **Lewis Hay**, ceo of **NextEra Energy**, has announced that he will step down from his position in July. Hay will be replaced by **James Robo**, coo, and will serve on NextEra's board of directors until his retirement in 2013 (*Yahoo! Finance*, 3/16).
- The California **Public Utilities Commission** has approved power purchase agreements for two wind projects. **Sempra Energy** will sell power from its 156 MW Energia Sierra Juarez project to **San Diego Gas & Electric** and **Terra-Gen** will sell power generated by its 1,550 MW Alta Wind energy center to **Southern California Edison** (*Bloomberg*, 3/22).

EDF-Backed *(Continued from page 1)*

given the paucity of wood and waste in some regions. Dalkia is responsible for securing the fuel supply for Fort St. James and Merritt, according to its Web site. The projects will each use an expected 325,000 tons of biomass annually, derived from sawmill waste, roadside residues and dead trees, resulting from a pine beetle kill epidemic in some British Columbia forests, according to the Dalkia Web site.

Lenders' sensitivity to fuel supply is a primary reason why few biomass projects have been financed in North America in recent years. Projects that have secured financing include: \$394 million in debt backing **American Renewables'** 100 MW project in Gainesville, Fla., which wrapped last June (PI, 7/6), a \$125 million financing via mezz debt for **Enova Energy Group** and **SAIC's** 37.5 MW project in Plainfield, Conn. (PI, 1/9) and a \$135 million deal supporting **Rollcast Energy's** 53.5 MW Piedmont project in Barnesville, Ga. (PI, 10/27/10).

Whether Dalkia has secured a fuel pass-through contract couldn't be learned. Deal terms, including pricing and tenor, also couldn't be learned. A Dalkia official in Toronto didn't immediately address an inquiry, while a Fengate Capital official in Toronto didn't return a call seeking comment. Bank officials declined to comment or didn't return calls.

—**Brian Eckhouse**

Tenaska Scopes *(Continued from page 1)*

which has a \$2.4 billion target (PI, 2/25/11). Tenaska is conducting a high-level review of its assets to determine which could be attractive to buyers later in the year if buyer interest improves, says a financier, noting that sellers aren't lining up at auctions at the moment but may in upcoming quarters.

Tenaska rolled five plants out to the market in 2011 and wound up shelving three after bids came in lower than anticipated. The most recent sale put on ice was the CCGT High Desert plant in California (PI, 3/14). Rio Nogales, an 800 MW CCGT plant in Seguin, Texas, is being bought by San Antonio-owned **CPS Energy** for about \$520 million. **LS Power** bought the University Park peaker in Illinois out of a trio that was sent to auction in February 2011 (PI, 4/6).

The previous auctions faded for several reasons, such as merchant exposure and the amount of equity needed given debt markets skittishness,

says a banker.

Rolling Hills, consistent with other Tenaska assets, does not have debt at the project level. Tenaska bought Rolling Hills from **Dynegy** for \$368 million in 2008 (PI, 5/30/08). The Rolling

Plants Tenaska Took To Market In 2011

800 MW Rio Nogales*

830 MW High Desert in Victorville, Calif.,

300 MW Big Sandy in Kenova, W.Va.

300 MW University Park in University Park, Ill.,

250 MW Wolf Hills in Bristol, Va.,

*Bold indicates successful sale

Source: Power Intelligence

ALTERNATING CURRENT

Power of History

FPL's Space Coast Project To Replace Oil-fired Plant

Florida Power & Light is preparing to operate the 1.25 GW Cape Canaveral Next Generation Clean Energy Center gas-fired project, a new facility built on the site that has powered the **NASA** space program in Florida since 1965.

The old 792 MW oil-fired Cape Canaveral facility went online just weeks before **Ed White** left the Gemini 4 to



Cape Canaveral

become the first American to walk in space. Over the years the plant was upgraded to also burn natural gas.

It was razed in

2010 to make way for the new facility, which will burn less fuel and produce fewer emissions.

Juno Beach, Fla.-based FPL is currently building the facility on the existing site in Sharpes, a town of about 3,400 people near NASA's Kennedy Space Center. The town is just off of U.S. Highway 1, which is also known as Space Coast.

FPL is a subsidiary of **NextEra Energy**. A spokesman for NASA did not return calls by press time.

Hills plant has a peaking agreement with a utility in the area, says the official. The identity of the offtaker could not be learned.

Details such as a timeline or whether other facilities could be sold alongside Rolling Hills could not be learned. A Tenaska spokeswoman declined to comment.

—**Holly Fletcher**

QUOTE OF THE WEEK

"This allows us to bridge a little into the merger, giving us some time to figure out capex and debt requirements of the parent."—

Jeff Kotkin, v.p. of investor relations at **Northeast Utilities**, on why the company chose an 18-month tenor on a \$300 million bond issuance in the weeks before the finalization of its merger with **NStar** (see story, page 9).

ONE YEAR AGO

GCL Solar Energy talked to European lenders about financing projects in Puerto Rico and in California's Central Valley. [The San Francisco-based GCL tapped **Union Bank** and **WestLB** to lead a more than \$200 million financing for PV projects in Puerto Rico, with **MetLife** providing tax equity (PI, 3/2).]