

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

● MERGERS & ACQUISITIONS

● PEOPLE & FIRMS

Sunnova Hunts Debt Following Tax Equity Deal

The residential solar company is looking for upwards of \$100 million in the bank market for a 55 MW portfolio.

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Alternative Investment Manager Targets Wind

Castlelake, a firm that specializes in distressed assets and aviation finance, has begun building a wind portfolio.

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Ex-Lehman Banker Departs Barclays for Con Ed

A veteran of the **Lehman Brothers** team bought by Barclays in 2008 has become corporate finance director at Con Ed.

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ArcLight to Amend and Extend Term Loan B

Richard Metcalf

ArcLight Capital Partners is amending and extending a term loan B it secured last year to refinance a 5 GW portfolio of gas-fired merchant projects it had acquired from **Tenaska Capital Management**

the year before.

ArcLight is reducing the size of the

term loan B from about \$1.701 billion to \$1.647 billion and extending the maturity of the loan by two years, from 2021 to 2023.

Morgan Stanley is reprising its role in the original deal by acting as bookrunner on the transaction. A lender call was scheduled to take place at 2pm on March 21.

The existing loan was priced at 400 basis points over Libor and signed in August. The pricing is not expected to change as a result of the A&E transaction,



The term loan B market has been busy so far this year, with sponsors taking advantage of tight credit spreads.

says a deal watcher.

A spokesperson for ArcLight in Boston and **Bill Graham**, m.d. in leveraged and acquisition finance at Morgan Stanley, declined to comment.

Moody's Investors Service and **S&P Global Ratings** rate the existing loan B1 and BB-, respectively, both with stable outlooks.

S&P downgraded the debt by one notch in December after ArcLight chose to use an accordion feature, increasing the amount of debt by \$200 mil-

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Axium Buys Stakes in Two Gas-fired Assets

Fotios Tsarouhis

Axium Infrastructure has acquired equity interests in two gas-fired projects from **Capital Dynamics**.

The Montréal-based firm has taken a 25% stake in the contracted Kings Mountain Energy Center in Cleveland County, N.C., and a 19.6% stake in the quasi-merchant Middletown

Energy Center in Butler County, Ohio.

Both of the 475 MW projects are under construction.

"They're slightly ahead of schedule," says **John Breckenridge**, m.d. at Capital Dynamics, adding that he expects the projects to come online in early to mid-2018.

Capital Dynamics did not use a financial adviser

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Ex-Natixis Financier Lands at Regional Bank

Richard Metcalf

A regional bank seeking to establish itself as a major player in power project finance has bolstered its team with the addition of a former senior **Natixis** financier.

The banker, **Robert Park**, is the latest in a series of hires made by Salt Lake City-headquartered **Zions Bancorporation** as it has grown its Los Angeles-based project finance practice in recent months.

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● CONFERENCE COVERAGE

Infocast Solar: Market Pauses to Consider Tax Reform

Olivia Feld

A lack of sunshine failed to dampen the mood at the **Infocast Solar Power Finance & Investment Summit**, which attracted approximately 1,000 attendees to the Rancho Bernardo Inn in San Diego, where the prospect of tax reform was mentioned on nearly every panel.

Conference attendees on the sidelines

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● PROJECT FINANCE

Hannon Armstrong to Up Tax Equity Position in Wind Portfolio

Hannon Armstrong is upping its tax equity stake in an approximately 600 MW portfolio comprising five wind projects in three Midwestern and Western U.S. states.

The investor is acquiring **Morgan Stanley's** 53.9% tax equity shareholding in the **NextEra Energy Resources**-owned fleet, under the terms of a deal described in a filing with the U.S. **Federal Energy Regulatory Commission**.

The portfolio comprises:

- ◆ the 201 MW Logan project in Logan County, Colo.,
- ◆ the 200 MW Table project in Logan County, Colo.,

- ◆ the 98.9 MW Mower project in Mower County, Minn.,
- ◆ the 50.6 MW Oliver I project in Oliver County, N.D., and
- ◆ the 48 MW Oliver II project in Oliver County, N.D.

The purchase of Morgan Stanley's interests will bring Hannon Armstrong's tax equity stake in the portfolio to 89.4%. The Annapolis, Md.-based firm acquired a 35.5% tax equity interest in the same portfolio from **JP Morgan** in a similar deal that closed earlier this year (PFR, 12/15). **Bank of America Merrill Lynch** owns the remaining 10.6% tax equity stake in the portfolio.

Secondary tax equity deals involve the transfer of the passive tax equity shares into an upper-tier partnership that is structured to ensure cash flows go primarily to the third-party investor, in this case Hannon Armstrong, while the original tax equity investor keeps the remaining tax benefits.

Whether a similar transaction is in the works for BAML to offload its tax equity stake in the portfolio could not immediately be learned.

Representatives of Hannon Armstrong in Annapolis, NextEra in Juno Beach, Fla., and Morgan Stanley and BAML in New York did not immediately respond to inquiries. ■

Sunnova Mandates Arranger for Resi Solar Debt Raise

Sunnova Energy Corp. has mandated a bank to arrange a debt financing of upwards of \$100 million for a 55 MW portfolio of residential solar installations for which the developer secured a tax equity commitment earlier this month.

CIT is leading the back-levered deal, which is slated to close before June. The precise size and the tenor of the loan could not immediately be learned.

CohnReznick Capital Markets Securities, which advised on a tax equity deal for the same

portfolio that closed earlier this month, is also advising the sponsor on the debt raise.

U.S. Bank is providing an \$80 million tax equity commitment under the terms of the deal, which is Sunnova's first tax equity transaction (PFR, 3/16).

The company has tabled its plans to issue an asset backed securitization offering for the time being.

A spokesperson for Sunnova in Houston and officials at CohnReznick and CIT in New York either declined to comment or could not immediately be reached. ■

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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
American Electric Power	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 (PFR, 3/13).
● Capital Dynamics	Kings Mountain Energy Center (475 MW Gas)	Cleveland County, N.C.		Axiom Infrastructure has acquired a portion of Capital Dynamics' interests in the projects (see story, page 1).
	Middletown Energy Center (475 MW Gas)	Butler County, Ohio		
● Cricket Energy Group	Portfolio (Distributed Solar)	U.S.		Fengate has acquired a stake in Cricket Group, which includes a distributed solar company (see story, page 7).
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)	Sheloceta, 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).
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	Comanche (120 MW Solar)	Pueblo, Colo.		Novatus Energy is acquiring the project from First Reserve (PFR, 3/20).
Fotowatio Renewable Ventures	La Jacinta (64 MW Solar)	Salto, Uruguay		Invenergy has acquired the asset from Fotowatio (PFR, 3/20).
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 (PFR, 3/13).
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).
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.		
● Salka	Summit (55 MW Wind)	Alameda County, Calif.	Whitehall & Co.	Alternative investment firm Castlake is acquiring the repowering project (see story, page 7).
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 (PFR, 3/13).
	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 (PFR, 3/13).
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 (PFR, 3/13).
Sungevity	Portfolio (Solar)	U.S.		A group of investors has a stalking horse bid for the Sungevity's assets following the company's Chapter 11 filing (PFR, 3/20).
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
Anbaric	Portfolio (Transmission)	U.S., Canada	Ontario Teachers' Pension Plan	Equity	\$2B		The Massachusetts-based developer will finance transmission projects with an equity commitment over the next five years (PFR, 3/20).
● ArcLight Capital Partners	Eastern Power, Eastern Covert Midco (5 GW Gas)	Illinois, New York, Ohio	Morgan Stanley	Term Loan B	\$1.647B	6-yr	ArcLight is reducing the size of its term loan B and extending the loan's maturity by two years (see story, page 1).
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).
● The Blackstone Group, ArcLight Capital Partners	Lightstone Generation (5.3 GW Coal, Gas)	U.S.	Credit Suisse	Term Loan B	\$1.625B	7-yr	The sponsors have repriced the term loan B for the portfolio (see story, page 5).
Canadian Solar	Portfolio	Brazil	CPDFund	Senior Secured Debt	\$20M	TBA	Candian Solar has secured funding for several Brazilian projects including Pirapora I (PFR, 3/13).
Carso Energy	Samalayuca-Sasabe (390-mile pipeline)	Mexico	BBVA, MUFG, SMBC, Mizuho	Debt	\$535M		The debt financing has closed (PFR, 3/20).
● EDF Renewable Energy	Great Western (225 MW Wind)	Ellis and Woodward counties, Okla.	MUFG	Tax Equity	TBA		MUFG closed its acquisition of an approximately 23% stake in the project's tax equity on Feb. 28 (PFR, 11/28).
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).
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 (PFR, 3/13).
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 and NH Investment & Securities	Term Loan	\$300M	7-yr	Pricing on the term loan is 325bps over Libor (PFR, 3/13).
	Rockford (485 MW Gas)	Rockford, Ill.		Revolving Credit Facility	\$25M	7-yr	
	Helix Gen (3.9 GW Gas, Wind)	U.S.	Credit Suisse	Term Loan B	\$1.675B	7-yr	The term loan B grew from an expected \$1.54 billion to \$1.675 billion (PFR, 3/13).
				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 (PFR, 3/13).
				Debt Service Reserve LOC	\$22.5M	7-yr	
				Working capital facility	\$30M		
● NextEra Energy Resources	Portfolio (600 MW Wind)	Colorado, Minnesota, North Dakota	Hannon Armstrong	Tax Equity	TBA		Hannon Armstrong is buying a 53.9% tax equity stake in the project from Morgan Stanley in a secondary tax equity deal (see story, page 2).
Panda Power Funds	Mattawoman (850 MW Gas)	Prince George's County, Pa.	BNP Paribas, ICBC, Investec	Loan	\$600M-650M	TBA	Panda has mandated three banks to raise debt for the project (PFR, 2/6).
	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 Energy	Mont Sainte-Marguerite (147 MW Wind)	Québec	Manulife, CDPQ, BayernLB	Term Loan	C\$263 million	25-year	Pattern has closed the debt financing for the project (PFR, 3/13).
Quantum Utility Generation	Moundsville (643 MW Gas)	Marshall County, W.Va.		Debt	TBA		Quantum could launch a debt financing for the project this year (PFR, 2/6).
			BNP Paribas	Equity			
● Sunnova Energy Corp.	Portfolio (55 MW Solar)	U.S.	CIT	Debt	\$100M+		The debt financing is slated to close before June (see story, page 2).
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-year	The size of the debt package was increased from C\$120M to C\$234M (PFR, 3/13).
				LOC	C\$14M		
Vivint Solar	Portfolio	U.S.	Bank of America Merrill Lynch	Revolving Credit Facility	\$375M	6-year	The Utah-based sponsor has extended the maturity date on the loan (PFR, 3/20).

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ArcLight to Amend and Extend Term Loan B

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lion, to pay itself a dividend. The rating agency cited “a combination of depressed market conditions and the project’s issuance of incremental debt” as the reason for the downgrade.

The co-borrowers under the loans are two ArcLight portfolio companies, **Eastern Power** and **Eastern Covert Midco**.

Eastern Power owns six facilities in New York, Illinois and Ohio totaling about 4 GW, while Eastern Covert Midco owns the remaining asset, the 1,176 MW New Covert gas-fired combined-cycle project in Van Buren County, Mich.

ArcLight hired **BNP Paribas** and **Whitehall & Co.** last year to sell the New Covert project in an auction (PFR, 9/6), but funds controlled by the Boston-based private equity firm still own the project, according to paperwork filed with the U.S. **Federal Energy Regulatory Commission** earlier this month.

Representatives of BNP Paribas and Whitehall did not immediately respond to inquiries regarding the status of the sale process.

ArcLight emerged as the winning bidder for the seven projects in an auction run for Tenaska by **Barclays** in 2015 (PFR, 10/12/15).

The six facilities owned through Eastern Power are:

- ◆ the 959 MW Astoria dual-fuel project in Queens, N.Y.,
- ◆ the 640 MW Gowanus dual-fuel project in Brooklyn, N.Y.,
- ◆ the 352 MW Narrows Station dual-fuel project in Brooklyn, N.Y.,
- ◆ the 356 MW Crete gas-fired project in Crete, Ill.,
- ◆ the 692 MW Lincoln gas-fired project in Manhattan, Ill., and
- ◆ the 978 MW Rolling Hills gas-fired project in Vinton County, Ohio. ■

Sponsors Complete Repricing of “Lightstone” Term Loan B

Blackstone and **ArcLight Capital Partners** have completed the repricing of a term loan B to finance their joint acquisition of a 5.3 GW portfolio of generation assets from **American Electric Power**.

The \$1.625 billion ‘covenant lite’ seven-year term loan B was priced at par at 450 basis points over Libor with a 1% Libor floor, late on March 17.

That was the tight end of the price talk circulated by bookrunner **Credit Suisse** the previous week (PFR, 3/12).

The loan was initially priced at 550 basis points over Libor in December, but the sponsors brought it back to the market to be repriced after just three

months to take advantage of improved conditions for borrowers (PFR, 12/12).

A \$100 million term loan C is also part of the debt package, issued through joint venture **Lightstone Generation**.

The term loan B was \$1.575 billion in size and the term loan C \$150 million when the debt package was originally priced in December, but \$50 million was moved from the C to the B tranche as part of the repricing.

Moody’s Investors Service and **S&P Global Ratings** have given the debt Ba3 and BB- ratings, respectively.

Spokespeople for Blackstone and Credit Suisse in New York and ArcLight in Boston either

declined to comment or did not immediately respond to inquiries.

The debt package finances the acquisition of:

- ◆ the 2,691 MW pulverized coal-fired General James M. Gavin station in Cheshire, Ohio,
- ◆ the 1,224 MW Lawrenceburg combined-cycle gas-fired project in Lawrenceburg, Ind.,
- ◆ the 882 MW Waterford combined-cycle gas-fired facility in Waterford, Ohio, and
- ◆ the 480 MW Darby gas-fired peaker in Mount Sterling, Ohio.

Blackstone and ArcLight agreed to acquire the coal- and gas-fired assets from AEP for \$2.17 billion in September (PFR, 9/14). ■

Bankers Await Chilean Transmission Bid Results

Latin America-focused project finance bankers are readying themselves for the outcome of the bidding period for trunk transmission lines in Chile in April, with a huge response expected from sponsors.

“Everyone is going to bid for it,” said a project finance banker, “Spanish companies, local guys. It’s going to be very sought after.”

The country’s **National Electric Coordinator** published a document in January requesting proposals for expansions to the transmission system. Bidding is due to take place on April 11 and 12, according to the banker.

Spain’s **Abengoa** is one of the international names expected to throw its hat into the ring, according to a second banker.

A consortium including Abengoa won a construction contract for a roughly \$93 million transmission project from Chilean utility **Transelec** in February.

Bankers said at the time this would make it tougher for the deal to get financing as Abengoa is in the midst of debt restructuring, though Abengoa said its role in the consortium means it will not be involved in raising project finance (PFR, 2/23).

FUND FAILS TO IMPRESS

Meanwhile, the **Government of Chile** is slated to approve a \$9 billion infrastructure fund by the middle of this year, but project finance bankers expect the fund to have little impact on their business.

The fund will have a hard time using all of its quota, say bankers. “The \$9 billion might be the potential,” one banker tells *PFR*, “but that would require them to acquire \$9 billion of projects, which isn’t going to happen.”

For an extended version of this article, visit www.powerfinancerisk.com ■

● CONFERENCE COVERAGE: INFOCAST SOLAR POWER FINANCE & INVESTMENT SUMMIT

Residential Players Adapt to Changing Landscape

Residential solar companies are tackling a number of challenges as the industry faces lower growth rates. But representatives from some of the leading publicly traded developers at the **Info-cast Solar Power Finance & Investment Summit** were keen to stress that, despite their companies taking a beating in the stock market, they continue to be able to tap the capital markets.

Shares in **Sunrun** and **Vivint Solar** were trading at \$4.84 and \$2.75 respectively at the close of trading on March 23, fractions of their peak prices in 2016 and 2015. Despite this, Sunrun recently secured a *Fortune* 500 tax equity investor, while Vivint tapped the institutional market to refinance a 214 MW portfolio (PFR, 12/12, PFR, 1/11).

"There's a lot of cheap debt capital out there," said **David McIlhenny**, m.d. in project finance at **SunPower**, on a panel discussing the residential solar market on March 22. SunPower has recently gone through two corporate reorganizations.

Sungevity, which claimed to be the largest privately owned

residential solar installer in the U.S., recently filed for bankruptcy, after the business suffered a "severe liquidity crisis", the company said in its Chapter 11 filing (PFR, 3/14).

CHANGING BUSINESS

The sales model for residential solar has radically changed in recent years, said the panelists. "The industry was founded on third-party ownership and now it's about 30% of the market

share," said **Terry Grant**, m.d. at **Marathon Capital**. Loan products have become a popular alternative to a leases and power purchase agreements for residential installations.

However, despite adaptations to the sales model, growth has slowed, added Grant. The barrier to entry may have fallen with the cost of solar panels declining, but the margins for investors remain "razor thin", said **David Field**, president and

ceo of **OneRoof Energy**.

Companies may be forced to innovate again in order to be able to continue to grow. **Solar-City**, which recently merged with **Tesla**, could look to introduce new products.

"I wouldn't be surprised if we see more solar-with-battery products available," predicted **Albert Luu**, v.p., structured finance, at SolarCity, adding that the company's new owner could help. ■

Market Pauses to Consider Tax Reform

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expressed nervousness about what a tax reform bill could mean for the solar industry, but opinion was split on the impact of the present uncertainty.

Not all debt providers are willing to take on tax rate risk. "Previously we took risk because we thought there was none," said **Beth Waters**, m.d., project finance, at **MUFG**, referring to the negotiation of deals in the run up to the presidential election on one panel.

Since the election, Congress has had its hands full with healthcare reform, which is likely to push tax reform down the political agenda, said **Keith Martin**, partner at **Chadbourne & Parke**.

However, some tax equity investors are already pricing the likelihood of a reduction of corporate tax into their deals, said Martin, adding that tax equity accounts for a smaller proportion of the capital stack in a lower tax rate scenario.

Renewable tax equity volume

was down by roughly \$4 billion last year on the year before, he said.

But not everyone agrees. There has been no slow down for tax equity deals backing solar assets, argued **John Eber**, m.d. at **JP Morgan**, one of the industry's major tax equity investors.

A lower corporate tax rate would reduce the value of the depreciation bonus and have a much larger impact on the production tax credit, which is used for wind project finance, because unlike the solar investment tax credit it stretches over a ten year period, said Eber on another panel. ■

Crowded Utility-scale Debt Market Pushes Banks Toward D.G.

New entrants to the market and a lack of power purchase agreements is creating a more competitive environment for project finance lenders and prompting more commercial banks to look to finance distributed generation portfolios.

The incursion of several institutional investors into project finance, including **Allianz Global Investors** and **Prudential**, is intensifying competition among lenders, project finance bankers told *PFR* on the sidelines of the **Info-cast Solar Power Finance & Investment Summit** at the Rancho Bernardo Inn in San Diego.

Allianz and Prudential were both repre-

sented by delegates at the solar conference. Allianz recently closed two renewable debt deals for wind projects, one sponsored by **D.E. Shaw** and another by **BHE Renewables** (PFR, 2/14). Prudential arranged a fixed-rate tranche for **Invenergy's** Lackawanna gas-fired project at the end of last year (PFR, 12/23).

Several bankers said that they are trying to convince their investment committees to do more distributed generation deals in order to adapt to the changing market landscape. However, residential, commercial and industrial solar projects require more due diligence because of the large number of small-scale

installations with differing credit profiles.

LACK OF LARGE-SCALE PROJECTS

There are fewer utility scale projects being financed as utilities fill up on demand and meet their requirements under state-wide renewable portfolio standards, several participants said on the conference sidelines.

The lack of projects is also causing some lenders to look at projects contracted with unrated off-takers, including municipalities and corporations, said one project finance banker, adding however that financiers face an uphill battle to get such deals greenlighted. ■

MERGERS & ACQUISITIONS ●

Axium Buys Stakes in Two Gas-fired Assets

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on the deal, which closed on March 13. **Morrison & Foerster** was Axium's legal counsel on the deal and Washington, D.C.-based law firm **Amis, Patel & Brewer** advised Capital Dynamics.

The purchase price could not immediately be established. Spokespeople for Axium in Montréal and NTE Energy in St. Augustine, Fla., did not respond to inquiries.

Capital Dynamics, a Swiss private equity fund, will continue to own equity interests in the two projects. Axium's and Capital Dynamics' combined stakes will total just under 50% of each of the projects, says Breckenridge.

"We tend to be long-term holders," he says. "We would typically hold an asset like this for up to ten years."

Capital Dynamics and **Wattage Finance**, a company owned by a group of private investors and managed by an affiliate of **Guggenheim Partners**, made a combined \$218 million equity investment in the Kings Mountain project in 2014 (PFR, 7/24/14).

Capital Dynamics, Axium and Wattage own the majority of the equity in Kings Mountain, while **NTE Energy**, which is developing the project, retains a minority stake. An additional, undisclosed investor owns less than 10% of the project, says

Breckenridge.

The project has long-term power purchase agreements with nine municipalities and utilities including the towns and cities of Black Creek, Lucama, Sharpsburg, Stan- tonsburg, Concord and Kings Mountain in North Carolina and Greenwood, S.C. Most of the PPAs are 20-year contracts.

ING Capital and **MUFG Union Bank** led a syndicate of nine banks in a \$387 million debt financing for Kings Mountain in 2016 (PFR, 3/16/16). **BNP Paribas** and **Crédit Agricole** led a debt financing for the quasi- merchant Middletown project the previous year (PFR, 5/28/15). ■

Alternative Investor to Acquire California Wind Asset

Castlelake, a Minneapolis-based alternative investment firm, has agreed to acquire a wind repowering project in Northern California's Altamont Pass from developer **Salka**, as it turns its focus to renewable assets.

Founded by **Rory O'Neill** in 2005 with silent equity partner **TPG Capital**, Castlelake was known as **TPG Credit Management** until a name change in 2013.

The investment manager, which focuses on what it calls "dislocated industries" and is heavily involved in aviation finance, is "evaluating opportunities in the renewables space," according to a spokesperson for the firm.

SUMMIT

The project Castlelake is acquiring is the 55 MW Summit wind project in California's Diablo Range, near Livermore. San Diego-based Salka is repowering the project, replacing 569 turbines generating 100 kW each with 27 newer turbines that generate approximately 2 MW each.

Salka hired **Whitehall & Co.** to run an auction for the uncontracted project last year (PFR, 3/9/16).

Castlelake expects the acquisition to close before the end of September, and the project is expected to be online late this year or in early 2018.

The purchase price could not immediately be learned. The Castlelake spokesperson

declined to comment and Salka ceo **Jiddu Tapia** in San Diego did not respond to an inquiry.

ARGENTINA

The announcement of the Summit project acquisition follows Castlelake's purchase of a 50% stake in **Greenwind**, a wind project company owned by Argentina's **Pampa Energía**, earlier this month.

Greenwind owns a 100 MW wind project called Pampa Eólico I-Corti that is under development in Bahia Blanca, Buenos Aires province.

Castlelake paid \$11.2 million for the stake, which it acquired through portfolio company **Validatana Servicios y Gestiones**.

A spokesperson for Pampa Energía in Buenos Aires, Argentina, declined to comment. ■

Fengate Closes Fund, Pockets Stake in Ontario Solar Shop

Private equity firm **Fengate Real Asset Investments** has closed a \$300 million fund and acquired a stake in a company that develops distributed generation projects in Canada.

The fund, called LPF Equities Fund, will target infrastructure and real estate opportunities in North America as Fengate seeks to diversify its investment offering, the firm's president and ceo, **Lou Serafini, Jr.**, said in a statement.

The fund has committed equity to the **Cricket Energy Group of Companies**, which includes distributed generation shop **Cricket Solar**. **Torys** acted as Fengate's legal adviser on the deal.

Cricket Solar provides residential, commercial and industrial solar installations throughout its home province of Ontario.

A spokesperson for Fengate in Toronto declined to disclose the percentage of the company that was acquired or the purchase price. **Justin Catalano**, m.d. and head of private equity at Fengate, was not available for comment.

The size of Cricket Solar's existing installed portfolio could not immediately be learned. The Fengate spokesperson referred inquiries about the size of the portfolio to the Cricket Group. Representatives of the Cricket Group and Cricket Solar in Ontario did not immediately respond to inquiries.

Fengate, which acquired three solar facilities totaling 59.8 MW in Sault Ste. Marie, Ontario, earlier this year, is considering solar, wind and hydro acquisitions in the U.S., **Andrew Cogan**, the firm's infrastructure director, told *PFR* last month (PFR, 2/2). ■

● PEOPLE & FIRMS

Ex-Natixis Financier Lands at Regional Bank

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Michael MacDonald joined Zions in October as head of power and project finance from CIT. He is also head of loan syndications for Zions and its affiliates.

Two of MacDonald's former colleagues at CIT, **Chris Fishel** and **Logan Luzzo**, joined him at Zions in December.

Park, who was an executive director at Natixis in New York until he left the French bank in October (PFR, 11/8), started work at Zions on March 20 as managing director, while Fishel and Luzzo are both assistant vice presidents, according to their **LinkedIn** profiles. All three are understood to report to MacDonald.

The group has obtained project finance mandates for utility-scale generation in the U.S., says a deal watcher, who declined to go into further detail.

At the beginning of his career, MacDonald worked as an ana-

lyst and later as an associate at **Wachovia Securities** in Charlotte, N.C., prior to its acquisition by **Wells Fargo** in 2008. He then joined **Union Bank** in Los Angeles, where, as vice president, power and utilities, he handled corporate financings for independent power producers, investment funds and utility companies.

In 2012, he moved with a small team to Pasadena, Calif.-headquartered **OneWest Bank** (PFR, 10/5/12), where he was executive vice president and head of power and project finance in Los Angeles. He grew the project finance group there by hiring Fishel and Luzzo, who were previously analysts at **Bank of America Merrill**

Lynch.

He stayed on for about a year after OneWest merged with CIT in August 2015, reporting to **Mike Lorusso** in New York, before moving on to Zions.

MacDonald, who was traveling to the **Infocast** Solar Power Finance & Investment Summit in San Diego when reached by PFR, declined to comment. Park could not immediately be reached. ■

Con Ed Bags Ex-Barclays Banker

New York-based utility company **Consolidated Edison** has hired a corporate finance director who worked in Barclays' investment banking group until last month.

The former banker, **Andrew Cooper**, was registered at Barclays with the **Financial Industry Regulatory Authority** until Feb. 24.

Cooper was a director in the power and utilities investment banking group in the bank's New York office before his departure.

He was one of several invest-

ment bankers that joined the British bank when it acquired **Lehman Brothers'** North American investment banking business in 2008.

Several members of the Lehman power and utilities team, including **Joseph Sauvage**, **Todd Guenther**, **Jack Paris**, **Jugjeev Duggal** and, most recently, **Shail Mehta**, have since moved on to Citigroup (PFR, 4/7).

At least two members of the former Lehman team, **John Lange**

and **John Plaster**, remain at Barclays. Lange is global head of the power and utilities group and Plaster is head of alternative energy.

Whether the bank has hired or is planning to hire people to replace the most recent departures could not immediately be learned. A spokesperson for Barclays in New York declined to comment.

A spokesperson for Consolidated Edison confirmed that Cooper has joined the company but was not immediately able to comment further. Cooper could not be reached by press time. ■

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