

Power Finance & Risk

The weekly issue from **Power Intelligence**

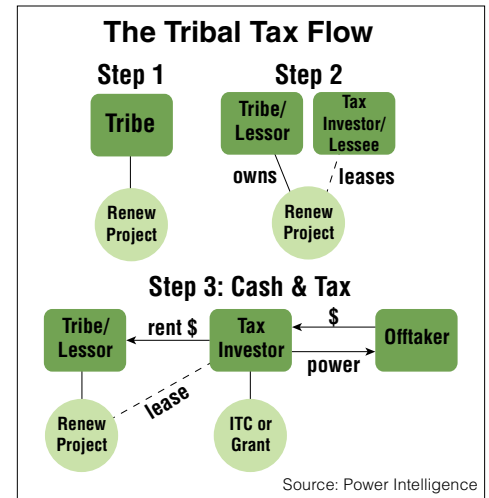
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IRS Opens Up Tribe Tax Equity

The U.S. **Internal Revenue Service** has paved the way for Native American tribal governments to use renewable energy investment tax credits, which they'd been barred from deploying in the past. A [private letter ruling](#) this month has the potential to reshape the way investment in renewable energy projects with tax equity tranches takes place. "This will be huge. This could be a real game changer," says **John Marciano**, partner at **Chadbourne & Parke** in Washington, D.C.

Under the old rules, investment credits could not be passed in a financing to a lessee, if the lessor could not have claimed the credit. Tribes could not claim the credit. But, the IRS has ruled that a Native American tribal government can now claim the credit, by categorizing the entities that are not a governmental unit or tax-exempt organization for the purposes of tax subsidies. Now, tribes "may elect to pass investment credits associated with renewable energy assets to [a] lessee." The move would free up space for third parties

(continued on page 12)



THE BUZZ

FERTILE TIMES FOR FINANCING INNOVATION

It's been a fertile time for shops looking to access alternative sources of capital in project finance recently. What's being touted as a key development has come in the world of tax equity. A private letter ruling by the U.S. **Internal Revenue Service** will open up possibilities for renewable energy projects with Native American ownership. The ruling allows an undisclosed tribe to pass on tax benefits to investors (see story, page 1). This could eventually lead to entities such as schools and pension funds passing on tax benefits to investors, say observers. The investment structure may open the door to new tax equity investors that want smaller stakes rather than large chunks of the pie like **Bank of America Merrill Lynch** is

(continued on page 2)

Alinda, GE Look To Sell SourceGas

Alinda Investments and **GE Energy Financial Services** are looking to sell **SourceGas**, a gas distribution utility. The shops are working with **JPMorgan**, bankers say. First round bids could come in as soon as the first week of April.

The owners have been emboldened by interest in the distribution utility space, highlighted by recent deals, says a banker referencing **Laclede Group** buying **Missouri Gas Energy** and **New England Gas Co.** for \$1.035 billion from **Energy Transfer Partners** ([PI, 12/31](#)). **Algonquin Power & Utilities Corp.** has also picked up a handful of distribution utilities around the country, including New England Gas Co. from Laclede. **New Mexico Gas Co.** is also on the block (see story, page 6).

SourceGas, based in Golden, Colo., has operations in Arkansas, Colorado, Nebraska, and Wyoming. It serves

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LatAm Bonds To Boom

Find out what big players in the Latin American market had to say about the potential for project bonds in the region.

See story, page 5

AEP's Securitization Plans

American Electric Power gets the go-ahead for a rate reduction securitization in Ohio while two other units await approval.

See story, page 9

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

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THE BUZZ

(Continued from page 1)

taking in a pair of **NextEra Energy Resources'** wind farms (see story, page 7).

Another hotly watched area—the emergence of real estate investment trusts—is seeing progress from **Hannon Armstrong**, which is pushing toward taking its **Hannon Armstrong Sustainable Infrastructure Capital** public. Word is that Hannon Armstrong is close to ending the roads how for its debut sustainable REIT and that investors are receiving it well by all accounts, according to observers (see story, page 9).

Laclede Group made a splash in the natural gas distribution utility market when it bought a pair of utilities from **Energy Transfer Partners** late in the fourth quarter. The \$1.035 billion price tag for the Missouri and Massachusetts assets—most of the value was placed on Missouri—has spurred financial players that own similar assets to put the utilities on the block. Two such assets are floating around the market now, and they seem set to pique the appetite of strategics or financial shops looking to position themselves for the boom in gas distribution down the road (see stories page 1 & 6).

AltaGas made an expansion in the U.S. power space by buying the contracted 507 MW Blythe combined cycle facility from **LS Power** for \$515 million, which is said to included the assumption of existing debt (see story, page 6). With debt assumption included, the \$1,015 per kW purchase price makes the deal one of the richest in recent years. The devil is in the details and deal watchers say that it's possible AltaGas liked the finer print in the power purchase agreement with **Southern California Edison**.

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.

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Institutional Investor
Intelligence

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
Algonquin Power & Utilities	Various (46.8 MW Hydro)	Various	TBA	It's quietly shopping the portfolio (PI, 11/26).
ArcLight Capital Partners	Various (2.8 GW Gas)	Georgia	Citigroup, Barclays	Bids due the first week of April (PI, 3/25).
Atlantic Power Corp.	Path 15 (84-mile Transmission line)	California	Rothschild	A joint venture between Duke Energy and American Transmission Co. is buying the line (PI, 3/18)..
Dominion	Brayton (1,536 MW Coal, Oil, Gas) Kincaid (1,158 MW Coal) 50% Stake (1,424 MW Elwood Peaker)	Somerset, Mass. Kincaid, Ill. Chicago, Ill.	Citigroup, Morgan Stanley	ECP is buying the assets; CS will lead the financing (PI, 3/18)).
EmberClear	Good Spring (300 MW Gas Project)	Good Spring, Pa.	CCA Capital	Teasers recently released (PI, 3/25).
Energy Investors Funds	Stake (550 MW Astoria Energy II)	Queens, N.Y.	Barclays	Teasers are out (PI, 12/10).
Energy Investors Funds	Rathdrum (275 MW Gas) Plains End I & 2 (228.6 MW Gas) Stakes (245 MW Cottage Grove Gas) Stakes (249 MW Whitewater Gas)	Rathdrum, Idaho Arvada, Colo. Cottage Grove, Minn. Whitewater, Wis.	Scotiabank	Tyr, John Hancock and Prudential are buying the assets (PI, 3/11).
Enova Power Group	Plainfield (37.5 MW Biomass project)	Plainfield, Conn.	UBS	Prospective buyers went to an on-site presentation in late Dec (PI, 12/24).
FirstEnergy	Various (1,181 MW Hydro)	Ohio, Virginia, Pennsylvania	Goldma Sachs	Plans to sell the assets by year end (PI, 3/4).
GDF SUEZ Energy North America	Stakes (1,341 MW Hydro)	Northeast	TBA	Project level stake may be up for grabs as part of a parent-led divestiture program (PI, 1/28).
Iberdrola Renewables	Various (Wind, Solar)	Various	JPMorgan, Blackstone	The Spain-based parent is driving the sale of 700 MW of spinning wind plus wind, solar development assets (PI, 7/16).
JPMorgan Capital Corp.	Tax Equity Stakes (524 MW Wind Portfolio)	Texas	JPMorgan	It's selling its tax equity stakes in a trio of wind farms owned by AES (PI, 1/21).
LS Power	Blythe (507 MW CCGT)	Blythe, Calif.	Bank of America	AltaGas is buying it for \$515M (see story, page 6).
KeyCorp	Stakes (Blue Canyon, Caprock Wind)	New Mexico, Oklahoma	TBA	Fellow tax equity investors JPMCC and Threshold Power are buying out the stakes (PI, 2/18).
Maxim Power Corp.	CDECCA (62 MW Gas) Forked River (86 MW Gas) Pawtucket (64.6 MW Gas) Pittsfield (170 MW Gas) Basin Creek (53 MW Gas)	Hartford, Conn. Ocean River, N.J Pawtucket, R.I. Pittsfield, Mass Butte, Mont.	Credit Suisse	First round bids due between 2/18-2/15 (PI, 2/11).
NRG Energy, Paragon	Saguaro (90 MW Coen)	Henderson, Nev.	None	Has been quietly trying to sell the plant (PI, 1/28).
NextEra Energy Resources	Wyman (796 MW Oil)	Maine	TBA	Mulling a sale of its Wyman and Cape stations to reduce merchant gen (see story, page 6).
NextEra Energy Resources	Forney (1,792 MW Gas) Lamar (1,000 MW Gas)	Forney, Texas Paris, Texas	TBA	NextEra is looking for about \$1B in debt and commodity hedges and may look to sell (PI, 3/18).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas)	Brooklyn, N.Y.	Credit Suisse	EIF has agreed to buy the plant, which was damaged by Hurricane Sandy (PI, 1/14).
Pattern Energy	Various (1 GW Wind)	North America	Morgan Stanley	First round bids have come in for up to 49% of the wind portfolio (PI, 2/25).
PPL Corp.	Various (604 MW Hydro) Colstrip (529 MW Coal) Corette (153 MW Coal)	Various, Montana Colstrip, Mont Billings, Mont.	UBS	The utility holding company is selling its unregulated Montana operations (PI, 11/12).
Project Resources Corp.	Ridgewood (25 MW Wind)	Minnesota	Alyra Renewable Energy Finance	PRC is looking to sell up to 50% of its lessee position in the farm (PI, 2/18).
Ram Power	Geysers (26 MW Geothermal)	Healdsburg, Calif.	Marathon Capital	In talks with several buyers amid a reorganization (PI, 2/4)
Rockland Capital	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	FERC has rejected Wayzata's bid to buy it (PI, 3/18).
Rockland Capital, John Hancock Life Insurance and Atlantic Power Corp.	Gregory Power Partners (400 MW CCGT Cogen)	Gregory, Texas	TBA	First round bids due around Dec. 14 (PI, 12/17).
Sempra U.S. Gas & Power	Mesquite Power (1,250 MW Gas) Mexicali (625 MW Gas)	Arlington, Ariz. Mexicali, Baja California, Mexico	TBA	Salt River Project financed its 50% stake with cash (PI, 3/11). The Sempra Energy unit is talking with prospective advisors (PI, 10/22).
	Copper Mountain 1 (58 MW Solar) Copper Mountain 2 (150 MW Solar project) Mesquite 1 (150 MW Solar)	Boulder City, Nev. Boulder City, Nev. Arlington, Ariz.		Infrastructure funds make up the bulk of first round bids for the solar assets (PI, 1/14).

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@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. 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	Bow Lake (60MW Wind)	Algoma, Ontario.	TBA	TBA	\$80M	TBA	Sponsor will be bringing a few deals to market this year (PI, 1/21).
BrightSource	Hidden Hills (500 MW Solar)	Hidden Hills, Calif.	TBA	TBA	TBA	TBA	Sponsor has an offtake agreement with Southern California Edison for the Hidden Hills project.
	Palen (500 MW Solar)	Riverside County, Calif.	TBA	TBA	~\$1.6B	TBA	Sponsor is looking to close the deal by Q4 this year (PI, 3/25).
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor has tapped RBS as financial advisor as it looks to line up lenders (PI, 1/14).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU	TBA	TBA	TBA	Developer taps BTMU to lead the financing (PI, 2/18).
Cheniere Energy	Sabine Pass Trains 3 & 4 (Trains)	Sabine Pass, La.	TBA	TBA	\$3B	TBA	The sponsor is looking to close the deal in the first half of 2013 (PI, 1/7).
Coronado Power	Edinburg (700 MW Gas)	Edinburg County, Texas	TBA	TBA	\$650M	TBA	The new shop will fire up the financing after some of the final permits are issued (PI, 12/3).
EDF Renewable Energy	Rivière-du-Moulin (350 MW Wind)	Quebec, Canada	TBA	TBA	TBA	TBA	The total investment needed for the project will be \$800 million (PI, 3/11).
EmberClear Corp.	Good Spring (300 MW Gas)	Schuylkill County, Pa.	CCA Capital	TBA	\$400M	TBA	Sponsor taps Boston-based CCA Capital to manage both the debt and equity sale (PI, 12/24).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas.	TBA	TBA	TBA	TBA	The first-time developer is looking for both debt and equity partners (PI, 3/18).
Genesis Power	Keys Energy Center (750 MW Gas)	Brandywine, Md.	TBA	TBA	TBA	TBA	EIF is taking an equity stake in the project (PI, 3/4).
Geronimo Wind Energy	Black Oak and Getty (42MW & 40MW Wind)	Stearns County, Minn.	TBA	TBA	~\$150M	TBA	The sponsor is waiting to secure an offtake agreement (PI, 12/17).
Innergex	Four Projects (170.5 MW Hydro)	B.C., Canada	TBA	TBA	\$590M	40-yr	Sponsor is looking to tap lifecos to match the tenor of the debt to the length of the PPAs (PI, 3/25).
K Road Power	Moapa (350 MW Solar)	Clark County, Nev.	TBA	TBA	\$1B+	TBA	The sponsor is looking to line up mezzanine debt before a tax equity tranche (PI, 3/11).
MidAmerican Solar	Antelope Valley (579 MW Solar PV)	Kern & L.A. Counties, Calif.	Goldman Sachs	TBA	TBA	TBA	The full project price tag is around the \$2.3 billion mark (PI, 3/4).
Moxie Energy	Moxie Liberty (850 MW Gas)	Bradford County, Pa.	TBA	TBA	\$800M	TBA	The plant may be financed merchant by the team, made up largely of AES Corp alum (PI, 10/22).
OCI Solar Power, CPS Energy	Alamos I - V (400 MW Solar)	Texas	TBA	Term	~\$500M	TBA	Sponsor heads straight back into the market looking to fund the next two phases (PI, 3/18).
Panda Power Funds	Temple II (750 MW Gas)	Temple, Texas	TBA	TBA	\$700M	TBA	The deal launched in New York with Goldman Sachs and Credit Suisse as leads (PI, 3/18).
Pattern Energy	Grand (150 MW Wind)	Haldimand County, Ontario	TBA	TBA	TBA	TBA	The sponsor closed a deal with 16 banks contributing to sister project South Kent (PI, 3/18).
	Panhandle (322 MW Wind)	Carson County, Texas.	BayernLB, Crédit Agricole, NordLB	Bridge to Tax Equity	\$500M	2-year	The sponsor has mandated three leads for the bridge loan, as pricing emerges (PI, 3/25).
Sempra U.S. Gas & Power	Copper Mountain III (250 MW Solar)	Boulder City, Nev.	SocGen, Union Bank	TBA	\$600M	TBA	Sponsor has tapped Soc Gen and Union Bank to lead the financing (PI, 3/25).
Solarpack	Various (22 MW Solar PV)	Tacna and Moquega, Peru	TBA	TBA	\$120M	20-yr	Sponsor is talking to lenders for funds for two projects (PI, 4/30).
	Various (25 MW Solar PV)	Tarapacá, Chile	IDB	TBA	\$41M	TBA	The IDB closed the deal with its own funds and financing from the Canadian Climate Fund.
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	TBA	TBA	\$450M	TBA	Sponsor is looking to become the first entity to back a solar thermal project without a DOE loan (PI, 2/4).
Terra-Gen Power	Alta Wind X-XII (TBA MW Wind)	Tehachapi, Calif.	TBA	TBA	TBA	TBA	Sponsor is looking to finance another two, possibly three, phases of the project (PI, 3/18).
Wind Capital Group	Osage (150 MW Wind)	Osage County, Okla.	TBA	TBA	\$160M	TBA	BayernLB, NordLB and Rabobank were potential lenders to the project before the financing was halted earlier this year (PI, 12/10).

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PROJECT FINANCE

LatAm Project Bonds Tipped To Boom

Bonds backing power projects in Latin America are becoming more attractive as borrowers move to find cheaper sources of capital.

"The pressure is such that it will have to happen," says **Jean-Marc Aboussouan**, chief of the infrastructure division, structured and corporate finance department at the **Inter-American Development Bank**, of the increased use of project bonds.

The **Export-Import Bank of the United States** is looking to guarantee project bond deals in the region. **John Schuster**, v.p. of project and structured finance, says the export credit agency expects to guarantee at least one Latin American bond transaction by the end of the year.

Bonds made up only 5% of project finance deals in the region last year, which included a \$575 million issuance backing the 500 MW natural-gas fired La Caridad II facility in Nacozari de Garcia, Mexico ([PI, 3/8](#)). "There is a huge market for someone that can come up with a structure that works," says Aboussouan, adding that utilizing a bank tranche alongside the project bonds may help mitigate the concerns over construction risk.

While some countries in Latin America, such as Peru, have strong bond markets, others will become more active. "We are on the verge of seeing some deals in Chile and Mexico," says Aboussouan.

E.ON Secures Indiana Wind Funds

E.ON Climate & Renewables has closed the \$174.9 million tax equity financing of the 200 MW Wildcat I Wind Farm in Madison and Tipton Counties, Ind., with a group including **JPMorgan Capital Corp.** and **Wells Fargo Wind Holdings** contributing.

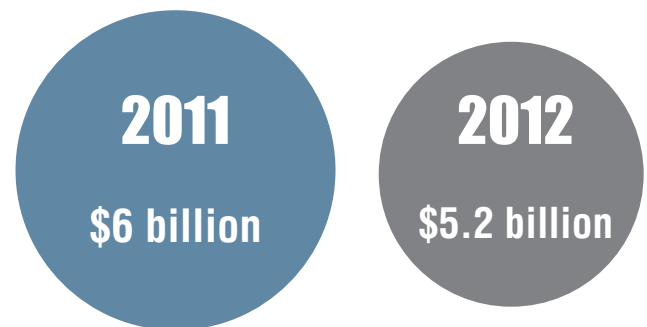
"There seemed to be more projects than...tax equity could take down, but my sense is that it is getting better," says one deal watcher. "The big players are all really active and there have been some new guys putting money to work," he adds, noting the appetite of players like Wells Fargo and **State Street** being particularly strong. **Antrim Corp.**, a subsidiary of State Street, took a stake in the project ([PI, 2/12](#)).

JPMorgan was lead arranger for the financing. The three firms also worked together on the \$122.2 million financing of the 150 MW Settlers Trail project ([PI, 2/6/2012](#)).

Wildcat began commercial operation in December last year and utilizes 125 GE 1.6 MW turbines. E.ON did not respond

to inquiries by press time, while JPMorgan and Wells Fargo officials declined comment.

U.S. Renewable Tax Equity Investments



Source: Power Intelligence

Xcel Energy Sub. Seeks Wind

Xcel Energy subsidiary **Southwestern Public Service Co.** has issued a [request for proposals](#) for an undisclosed amount of wind generation. The company has not determined a maximum size for the project, but it would have to be at least 10 MW, says a company official in Amarillo, Texas.

Another Xcel subsidiary **Northern States Power** also issued an RFP following the extension of the wind production tax credit ([PI, 2/21](#)). The PTC allows for cheaper project development costs, which results in savings that can be passed on to customers, says an Xcel spokeswoman in Minneapolis, Minn. Similar to the Northern States RFP, SPS is looking to expedite the process in order to make sure construction can begin by year-end to qualify for the PTC ([PI, 1/3](#)).

SPS, which serves customers in eastern New Mexico and West Texas, is requesting proposals for wind resources that could begin delivery to the company on or after Jan. 1, 2014, but no later than Dec. 31, 2015. The successful bid or bidders will win a 10, 15 or 20-

year power purchase agreement.

Xcel must source 30% of its power from renewable resources by 2020 according to state renewable portfolio standards. It will handle the bid process in house, with **Brian Fleming**, regulatory consultant and resource planner, and **Craig Berg**, senior resource planner, handling the process. Bids will be accepted until 5:00 p.m. central time on April 12. Negotiations with selected bidders will occur in May and June, before the utility seeks final regulatory approval for winning projects in July.

The last wind RFP issued by Xcel prior to these last two was for 250 MW in 2011. **NextEra Energy Resources'** Limon wind project in Colorado won that process. A NextEra spokesman in Juno Beach, Fla., did not respond to inquiries about the company's intentions to bid. **Pattern Energy**, which is currently developing a project in the panhandle of Texas that could feed into SPS, also did not respond to inquiries by press time ([PI, 2/1](#)).

MERGERS & ACQUISITIONS

NextEra Weighs Maine Peaker Sale

NextEra Energy Resources is considering selling its thermal assets in Maine that total 796 MW. The company owns 84% of the oil-fired Cape Station and Wyman peakers, according to a recent analyst presentation which disclosed the initiative.

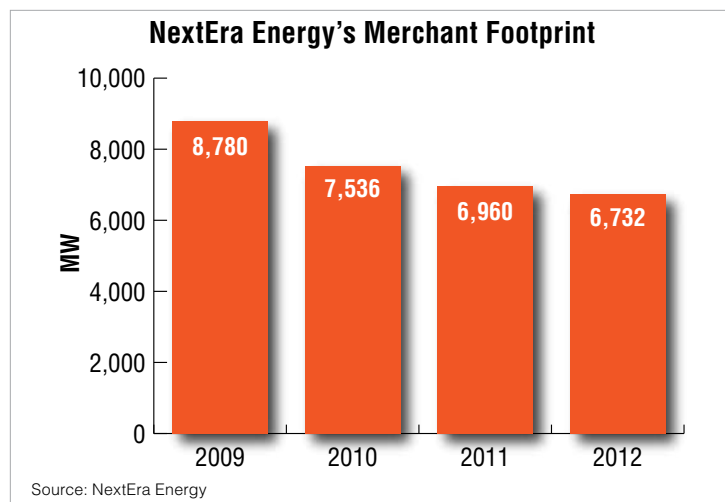
The Wyman plant is comprised of four units in Yarmouth, Maine, with unit 4 being the largest at 600 MW. Cape Station is on Portland Harbor in South Portland. The identity of the companies that own the remaining stakes in the plants could not be immediately learned.

The evaluation is the latest step taken by NextEra to reduce its merchant generation capacity, which has declined 23% from 8.7 GW to 6.7 GW since 2009, according to the company. The peakers have haven hit by low power demand and could be subject to upgrades under greenhouse gas emission regulations.

The company has worked with **Citigroup** and **Credit Suisse** to sell assets in the past. It is currently working with **Bank of America** to put a B loan and hedges on two combined cycle plants in Texas (PI, [5/4/11](#) & [3/12](#)). Whether it has hired an

advisor for the Maine move could not be learned.

A NextEra spokesman in Juno Beach, Fla., did not respond to an inquiry.



N.Y. PE Shop Floats New Mexico Gas Utility

Private equity shop **Lindsay Goldberg** is in the market to sell its gas distribution utility **New Mexico Gas Co.** The sale kicked off about a month ago via **Credit Suisse**, bankers say.

The Albuquerque-based company serves about 500,000 people in the state and maintains about 12,000 miles of pipelines. It's in the process of proposing a \$38.1 million, 200 million cubic feet liquefied natural gas facility in Rio Rancho, N.M., according to filings with the **New Mexico Public Regulation Commission**.

New Mexico Gas is owned by **Continental Energy Systems**, which is a portfolio company of New York-based Lindsay Goldberg. The PE shop acquired the company in 2006 and sold an affiliate, **Semco Holding Corp.** with operations in Michigan and Alaska, to **AltaGas** about a year ago for \$1.135 billion, including the assumption of \$355 million in debt.

The shop launched the sale to strike on current interest in buying distribution utilities, says a banker. The sale launched around the

same time as **Alinda Investments** and **GE Energy Financial Services** brought their **SourceGas** distribution utility holding company to market (see story, page 1).

A Credit Suisse spokesman could not immediately comment while a spokeswoman for New Mexico Gas did not immediately respond to an inquiry. A Lindsay Goldberg official was not available to comment.

AltaGas Ropes Blythe

AltaGas has agreed to buy the 507 MW Blythe combined cycle facility from LS Power for \$515 million. The \$1,015 per kW price tag puts it at the top end of gas-fired valuations, contracted or merchant, since before the 2008 financial crisis.

AltaGas will finance the acquisition in part with a new \$300 million senior unsecured revolver from **Toronto-Dominion Bank** and **Royal Bank of Canada** and from a

portion of a \$352 million equity offering. The equity offering will sell 10.1 million common shares at \$34.90.

Blythe has a power purchase agreement with **Southern California Edison** until 2020. The plant is AltaGas' first power asset in the American west.

The plant has been on the market since late fall in a process being run by **Bank of America** (PI, [12/7](#)). LS bought the facility in 2011 as part of a portfolio from **NextEra Energy Resources** for \$1.4 billion (PI, [9/30/11](#)).

Whether AltaGas used an advisor could not be immediately learned. An AltaGas official was not available for comment by press time.



FAST FACT

➤ The \$1,015 per kW price tag puts it at the top end of gas-fired valuations

BoA Signs Up For Power Tax Equity Stakes

An affiliate of **Bank of America Merrill Lynch** has agreed to take a tax equity stake in a pair of **NextEra Energy Resources'** wind farms in Oklahoma as well as **Atlantic Power Corp.**'s remaining tax equity stake in the nearby Canadian Hills wind farm. Bank of America picked up its tax equity investments in 2012 with a string of wind tax equity deals after sporadic deals in years prior.

BAL Investment & Advisory will take a stake in NextEra's 59.8 MW Blackwell wind farm in Kat County and the 100.8 MW Minco III wind farm in Caddo, Canadian and Grady Counties.

There is a possibility that BALIA will bring in additional investors into the tax equity agreement, according to a Monday filing with the U.S. **Federal Energy Regulatory Commission**. If no other investors sign onto the deal then BALIA will take the full tax position. The deal is slated to close on April 26.

Blackwell and Minco III are contracted to **Oklahoma Gas &**

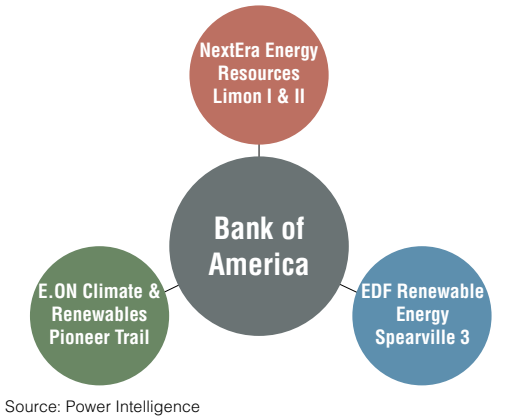
Electric and **Golden Spread Electric Cooperative**, respectively. They both went online in 2012. They are owned by a subsidiary of NextEra called **Pioneer Plains Wind, LLC**.

The same unit of Bank of America is buying out Atlantic Power Corp.'s 16.39% tax equity stake for about \$44 million in the 298 MW Canadian Hills wind farm, which is also in Canadian County, according to Atlantic Power's 2012 10-K.

Atlantic Power had held onto the stake after bringing in **JPMorgan Capital Corp.**, **MetLife Capital Credit**, an affiliate of **State Street Corp.**, and **Union Bank of California Leasing** as tax equity investors for \$225 million late in the fourth quarter with the intent to bring in investors for the remaining stake ([PI, 11/7](#)). Following the deal with BALIA, Atlantic Power will no longer hold a tax equity stake in the farm.

A NextEra spokesman in Juno Beach, Fla., did not reply to an inquiry while a Bank of America spokeswoman could not immediately comment.

Bank of America's 2012 Tax Equity Stakes



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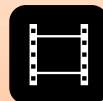
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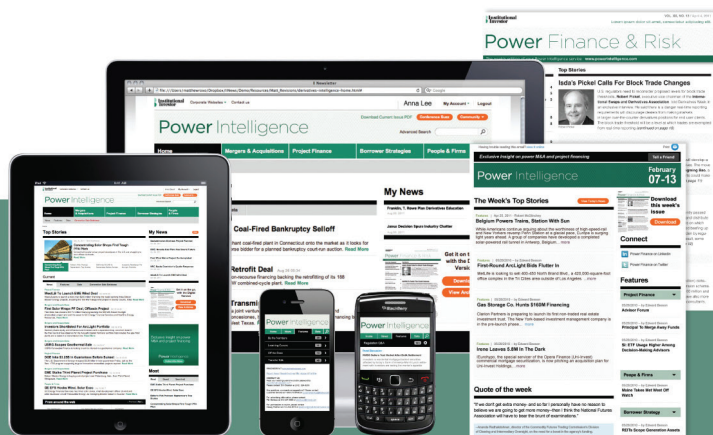
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STRATEGIES

Hannon Armstrong Closes In On Maiden REIT

Financial services shop Hannon Armstrong is close to completing a road show and securing investors for the first real estate investment trust backing sustainable and renewable energy assets. "They are close to completing the capital raise," says an observer.

Subsidiary **Hannon Armstrong Sustainable Infrastructure Capital** is the entity going public in an offering slated to raise a minimum of \$100 million ([PI, 2/28](#)). The Annapolis, Md.-based company will list on the **New York Stock Exchange** operating under the ticker HASIC, according to the S-11 filed with the U.S.

Securities and Exchange Commission.

Despite observers saying the company is nearing a close on the transaction, past instances of nixed offerings are balancing the sentiment, observers add. "I can't see a reason why they wouldn't get it done, though," says a deal watcher. "The REIT idea is really gaining traction among investors."

Hannon Armstrong is currently in its quiet period and cannot comment on proceedings, according to a spokesman in Stamford, Conn. **Bank of America**, **UBS** and **Wells Fargo** are the underwriters for the deal.

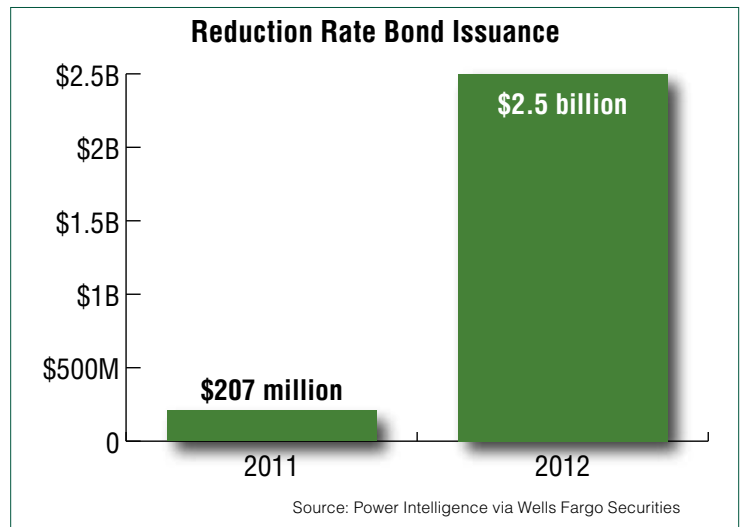
AEP Lands Ohio Securitization Green Light

American Electric Power has received approval for its Ohio subsidiary **Ohio Power Co.** to issue a rate reduction securitization while two other subsidiaries await regulatory approval, according to *PI's* sister publication *Securitization Intelligence*.

Ohio Power Co. is the second company to garner approval from the **Public Utilities Commission of Ohio** to issue a \$298 million securitization of deferred costs. **FirstEnergy Corp.'s Ohio Edison** received approval for a deal in October and is working with financial advisor **First Southwest** on the deal. Ohio Power Co. has not yet chosen an advisor.

Utilities sometimes securitize customer fees to offset revenue losses due to damage from natural disasters, competitive issues in states that privatized their utilities in the 1990s or other causes. Last year, the asset class saw \$2.5 billion in issuance, compared to just \$207 million the year prior, according to **Wells Fargo** research. Securitization is one avenue that utilities, pending regulatory approval, use to recover costs incurred from Hurricane Sandy ([PI, 12/20](#)).

Two other AEP utility subsidiaries in West Virginia, **Appalachian Power Co.** and **Wheeling Power Co.**, are also seeking regulatory approval to issue securitizations. The utilities finalized a joint proposal March 13 and are expected to present it at an upcoming, as-yet unscheduled, hearing. West Virginia's utility regulator still has to approve a potential securitization. The approval process



began last August ([PI, 3/4](#)).

Still further from the securitization finish line are two **Entergy Corp.** subsidiaries in Louisiana, **Entergy Louisiana** and **Entergy Gulf State**, which filed their initial requests to raise their rates in anticipation of a securitization Feb. 15. The utility regulator in the state is still in the early stages of evaluating the proposals, having just hired local law firm **Stone Pigman** as outside council and **Sisung Group** as financial advisor to consult on the decision.

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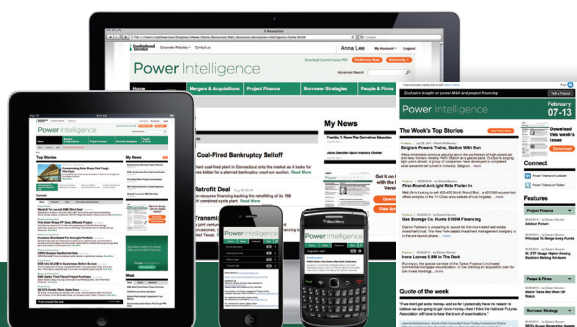
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NEWS IN BRIEF



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.

- **Atlantic Power Corp.** has named **Ned Hall**, formerly executive v.p. and coo of global generation at **AES Corp.**, executive v.p. and coo starting April 2 (*Providence Journal*, 3/27).

- Wind developer **Juhl Wind** has changed its name to **Juhl Energy** as it expands into other fuel types, including solar, biomass, cogeneration and coal-to-gas conversions (*Power Engineering*, 3/27).

- **Gulf Power Co.** is planning to retire its 100 MW Scholz coal-fired plant in Sneads, Fla., by April 2015 (*Penn Energy*, 3/27).

- The U.S. **Federal Energy Regulatory Commission** has filed a lawsuit against the **Idaho Public Utilities Commission** over the way it handled power purchase agreements between **Idaho Power** and three wind farms, including Murphy Flat, Grouse Creek and Grouse Creek II (*Platts*, 3/26).

- **E.ON Climate & Renewables** plans to start construction on the 100 MW second phase of its Wildcat wind project in Howard County, Ind., this year (*Kokomo Tribune*, 3/26).

- **TransAlta Corp.** has declared force majeure at a 395 MW generator at its Keephills 1 coal-fired plant in Alberta because of a failure with its generator. The plant is expected to be back online in late April (*Reuters*, 3/26).

- **U.S. Geothermal** will receive a \$35 million cash grant from the U.S. **Department of Treasury** for its Neal Hot Springs geothermal plant in southeast Oregon (*MarketWatch*, 3/25).



Neal Hot Springs Project

- **NRG Energy** wants to convert the Dunkirk coal-fired plant in western New York to a 440 MW gas-fired plant for \$506 million. The plant is facing losses because it can't compete with power from gas-fired plants in a low gas price environment (*Buffalo News*, 3/26).

- **Georgia Power** customers will be able to opt into a program saying that they want to source some of their power from solar resources, under the Rural Georgia Economic Recovery and Solar Resource Act of 2014. The Bill encourages alternative investment models and broader participation in the deployment of solar electric generation (*energy biz*, 3/26).

- **Dominion Virginia Power** has received approval from Virginia regulators to buy solar power from residential and commercial solar installations at \$0.15 per kWh. The utility will buy about 3 MW of power from small solar installations (*Richmond Times-Dispatch*, 3/25).

- The U.S. **Bureau of Land Management** has approved the 87 wind turbine, 200 MW Searchlight project in Clark County, Nev. The project is expected to be only by 2015 (*Mesquite Citizen*, 3/25).

- **National Grid U.S.** has named **John Donleavy**, formerly the president of **Lafayette Power Consulting**, the executive v.p. and coo (*Fort Mill Times*, 3/25).



David Crane

- **NRG Energy** plans to offer gas-fired generators to customers that have rooftop solar panels in the future so there is no power shortage when the sun goes down, according to **David Crane**, ceo (*Bloomberg*, 3/24).

- The City of Lubbock, Texas, and the **West Texas Municipal Power Agency** are looking to build new gas-fired projects or buy power to meet growing demand forecast for 2019 (*Lubbock Avalanche-Journal*, 3/22)

- Government subsidies for gasoline, electricity and other energy sources [amount to about \\$1.9 trillion a year](#) and should be ended or offset with taxes, the **International Monetary Fund** has said a new paper on subsidy reform to battle climate change (*The Washington Post*, 3/27).

- The U.S. **Nuclear Regulatory Commission** had cited **Xcel Energy** for unsafely postponing repairs to a broken detector designed to warn of high-level radiation being released from its Prairie Island nuclear facility in Red Wing, Minn. No issue arose during the 10 months the repairs remained unattended (*The Star Tribune*, 3/27).

- **Appalachian Power** and state ratepayer groups have reached a deal to allow the power company to sell \$376 million worth of 15-year bonds to cover old debts rather than pass those costs onto consumers. The West Virginia **Public Service Commission** must now approve the transaction (*High Beam*, 3/26).

- About 70 residents have been asked to grant easements to their property to make way for a \$28 million, high-voltage utility line that will extend from Clark to Delaware counties, Ohio. The line will make way for economic development in Clark County, says **Tim Suter**, an area manager at **FirstEnergy** (*Springfield News-Sun*, 3/26).

Alinda, GE *(Continued from page 1)*

over 420,000 customers residential, agricultural, commercial, and industrial and operates roughly 17,700 miles of distribution, gathering and transmission pipeline and storage facilities.

SourceGas had about \$600 million in debt as of September, spread across senior notes due in 2017, two term loans due in 2013 and 2014 and a credit facility, according to a **Fitch Ratings** report.

GE EFS and Alinda, each with 50%, bought the utility from **Kinder Morgan** for about \$710 million and renamed it SourceGas. The deal closed in 2007 and the company bought **Arkansas Western Gas Co.** in 2008.

A JPMorgan spokeswoman and GE EFS spokesman declined to comment. Alinda officials did not immediately respond to inquiries. A SourceGas official directed questions to Alinda and GE EFS.

—Holly Fletcher

IRS Opens *(Continued from page 1)*

to make tax equity investments in the projects by increasing the amount of the claimable tax benefits.

The ruling frees up tax equity investments to be made by entities other than the largest corporations and organizations by lessening the amounts needed, due to the traditionally smaller potential tax benefits of Indian tribes in partnerships. This could give rise to smaller investors joining the traditional tax equity powerhouses. "There is now an opportunity to get a lot the benefits," adds Marciano.

K Road Power's 350 MW Moapa solar photovoltaic facility located in Clark County, Nev., is one recent development with a sponsor that has an intention to bring the Moapa River Indian Reservation and Tribe as a stakeholder in the project ([PI, 12/7](#)). It is looking for a tax equity tranche as part of the financing efforts ([PI, 3/6](#)). If this ruling is applied to other projects, K Road could enter into a partnership with the Moapa River tribe, which would see their tax benefits from leasing the property available to other tax equity investors. Under previous partnership deals, up to 95% of the tax benefits were being lost, says Marciano. K Road officials declined comment on the specifics of the ruling or if it had considered using the structure.

"This certainly does provide flexibility that was not available previously," says a developer of renewable energy projects which have had Native American tribe involvement. He adds that as most transactions are not structured as leases, but rather simply owned by the sponsor, it may not have a huge impact. But, it could push more deals to utilize the tax equity structure and bring in more Indian tribes or similar entities, adds another deal watcher.

The ramifications could also apply to other groups too, says Marciano. If the IRS were to apply the same rules elsewhere, a church, school or most notably pension funds could participate in an inverted lease in ways other than merely as a power purchaser, he says.

ALTERNATING CURRENT

15 Days

School Kids Fund 1 KW Solar Project

A fourth grade class in Durham, N.C., has raised pledges of \$5,817 in 15 days to finance its project of putting 1 kW of solar panels to take the classroom off the grid and sell power to the local market. Fifteen days has got to be a project financing record.

The class, lead by teacher Aaron, posted their project on [Kickstarter](#), the Web-based microfunding site that allows passersby to donate to projects. The kiddos surpassed their original goal of \$800 by more than seven times. What project developer wouldn't love to be oversubscribed like that?

A video posted by the students tells people that each minute of sunlight could meet the power demands of the earth for a year and that they want to make use

of those golden rays to have "a better, cleaner and healthier future for the earth."



The private letter ruling is only binding for the specific case in question, which could not be learned by press time due to confidentiality agreements. Calls placed to **Nicole Cimino**, senior technician reviewer at the IRS who penned the ruling, were not returned by press time.

—Nicholas Stone

QUOTE OF THE WEEK

"This will be huge. This could be a real game changer." —**John Marciano**, partner at **Chadbourne & Parke** in Washington, D.C., on a private letter ruling handed down by the U.S. **Internal Revenue Service** freeing up fresh possibilities for tax equity investments (see story, page 1).

ONE YEAR AGO

Alcoa was near receiving initial bids for its Tapoco portfolio of hydro assets totaling 351 MW in North Carolina and Tennessee in an auction run by **JPMorgan**. **[Brookfield Renewable Energy Partners]** bought the assets for \$600 million ([PI, 7/2](#)).