

# Power Finance & Risk

The weekly issue from **Power Intelligence**

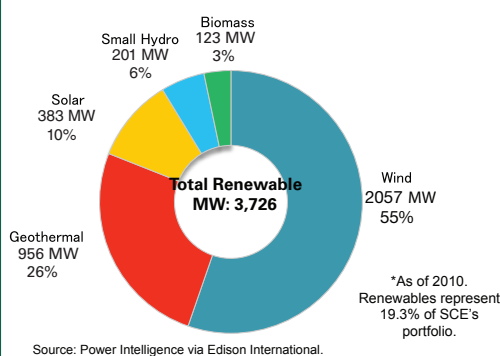
[www.powerintelligence.com](http://www.powerintelligence.com)

## SoCalEd Mulls 400-700 MW Renewables Call

**Southern California Edison** is considering issuing a request for offers this fall for several hundred megawatts of renewables generation—potentially 400-700 MW, say project finance attorneys and development advisors. “As of today, that would be the biggest renewables solicitation in the U.S. this year,” says a procurement consultant.

Solar, hydro under 30 MW, wind, biomass and geothermal would be eligible under a 2012 SoCalEd tender, says **Marc Ulrich**, SoCalEd v.p. of renewable and alternative power in Rosemead, Calif. He

**Southern California Edison Renewable Capacity\***



didn't specify a range for the tender and declined to specify the amount of generation inked via power purchase agreements signed out of the 2011 all-renewables solicitation. Some contracts deriving from the 2011 tender are still being negotiated.

Renewables tenders in the U.S. tend to draw dozens, if not hundreds, of bids, as the availability of new PPAs dwindles due to cheap gas and states approach capacity levels stipulated in their renewable portfolio standards. More than 500 applicants, for

(continued on page 12)

## THE BUZZ

While developers in the U.S. are struggling amid uncertainty over federal subsidies and low gas prices, the market is continuing to heat up north of the border. Senior Reporter **Brian Eckhouse** writes about Vancouver-based sponsor **Finavera Wind Energy** looking for funds to back a 77 MW wind project in British Columbia. Life insurance companies, such as **Manulife Financial** and **SunTrust**, may be the ideal shops for getting the job done as longer dated debt matches their investor profiles.

**Potentia Solar** is also looking to fund a bundle of more than 100 distributed generation photovoltaic projects. The deal will likely be the first of many for the Toronto-based company.

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

## Alcoa Floats Smoky Mountain Hydro Fleet

Alcoa, one of the world's largest producers of primary and fabricated aluminum, is looking to sell a portfolio of hydro facilities totaling 351 MW in Tennessee and North Carolina as it shuts down operations in the area. **JPMorgan** is running the sale; indicative bids are said to be due in early April. **Carsten Woerhn**, executive director and head of U.S. generation M&A, and **Jonathan Dickman-Wilkes**, v.p., are running the auction at JPM.

The Tapoco facilities, nestled on the Little Tennessee River and Cheoah River near the Great Smoky Mountains, were developed by Alcoa between 1919 and 1957 and have been used to power the company's operations in the area. This is the first time the plants have been on the block. Included in the portfolio are 86 miles of transmission lines that can be sold alongside the generation or carved out, according to the teaser.

(continued on page 12)

## Global Power Markets Conference

Stay tuned for *PI*'s coverage of **Platts** conference in Las Vegas April 1-3. Visit [www.powerintelligence.com](http://www.powerintelligence.com).



## Project Finance Deal Book

Check out our roundup of the latest project finance deals in the Americas, with details on projects, sponsors and debt. See Deal Book, page 4

## Generation Sale DATABASE

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

## IN THIS ISSUE

## PROJECT FINANCE

- 5 | Santander Snags Invenergy Mandate
- 5 | PV Co. Hunts \$75M For Ontario DG
- 6 | North Star Scouts PV Funds
- 6 | Finavera Eyes Wind Deal
- 6 | First Wind Lands Hawaii Funds
- 6 | NRG Closes Calif. PV Deal

## MERGERS &amp; ACQUISITIONS

- 7 | PacifiCorp Preps Maiden Solar Buy
- 7 | enXco Ropes Merchant Texas Wind

## PEOPLE &amp; FIRMS

- 11 | O'Brien Exits Wind Capital

## AT PRESS TIME

- 11 | Citi, Goldman Float Plant Teasers

## DEPARTMENTS

- 3 | General Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 9 | Industry Current
- 10 | News In Brief
- 12 | Alternating Current

## THE BUZZ

**P**otentia is one of several shops that have benefited from the **Ontario Power Authority's** feed-in tariff program. **Northland Power** mandated **Union Bank** to arrange C\$180-200 million (\$180.3-200.3 million) in debt backing five or six 10 MW photovoltaic projects that also have FIT contracts with the OPA (PI, 2/27). Under the FIT program, which is under review by the province, solar projects receive C\$0.44 (\$0.44) per MWh.

In M&A, an outsider to the power industry is making a splash with a rare package of generation assets this week. **Alcoa**, a leading producer of primary and fabricated aluminum that owns more than 3 GW of generation worldwide, has put a 'for sale' sign on its fleet of hydro facilities in the Appalachian Mountains in North Carolina and Tennessee. The auction, run by **JPMorgan**, marks one of the rare opportunities for investors to pick up a sizeable hydro fleet in the U.S., as Alcoa looks to shut down operations in the area.

The last hydro package sale occurred in 2009, when **ArcLight Capital Partners** picked up five assets in Maine totaling roughly 23 MW from **PPL Corp.** subsidiary **PPL Maine**. The Boston-based shop paid about \$80 million for the assets (PI, 8/7/09). The Alcoa deal may find a tough market though, due to the assets' expiring offtake agreements with the **Tennessee Valley Authority**.

Senior Reporter **Holly Fletcher** also reports on the latest shuffle in the wind industry. **Wind Capital Group's** ceo, **Ciaran O'Brien** who was formerly its cfo, has left the St. Louis-based wind developer. The departure comes just weeks after **Tom Carnahan**, the former ceo, stepped down as chairman of the board. The moves come as the company comes up against paucity of power purchase agreements for its wind projects.

## 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](mailto:srosner@iintelligence.com).

## Power Intelligence

## EDITORIAL

**Steve Murray**  
Editor

**Tom Lamont**  
General Editor

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

**Sara Rosner**  
Managing Editor  
(212) 224-3165

**Brian Eckhouse**  
Senior Reporter  
(212) 224-3624

**Holly Fletcher**  
Senior Reporter  
(212) 224-3293

**Katie Segreti**  
Data Editor

**Max Adams**  
Contributor

**Kieron Black**  
Sketch Artist

## PRODUCTION

**Dany Peña**  
Director

**Deborah Zaken**  
Manager

**Melissa Figueroa,**  
**James Bambara,**  
**Douglas Lee**  
Associates

**Jenny Lo**  
Web Production &  
Design Director

## ADVERTISING

**David Blide**  
Associate Director  
(212) 224-3187

**Patricia Bertucci**  
Associate Publisher  
(212) 224-3890

**Adrienne Bills**  
Associate Publisher  
(212) 224-3214

## Customer Service

Po Box 5016, Brentwood, TN 37024-5016

Tel: 1-800-715-9195

Fax: 1-615-377-0525

UK: 44 20 7779 8704

Hong Kong: 852 2842 8011

E-Mail: [customerservice@iintelligence.com](mailto:customerservice@iintelligence.com)

## Institutional Investor Hotline

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

## Editorial Offices

225 Park Avenue South, New York, NY 10003

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

Power Finance & Risk ©2012

Institutional Investor, Inc.  
Issn# 1529-6652

Copying prohibited without the permission of the publisher.

COPYRIGHT NOTICE: All materials contained in this publication are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published, broadcast, photocopied or duplicated in any way without the prior written consent of Institutional Investor. Copying or distributing this publication is in violation of the Federal Copyright Act (17 USC 101 et seq). Infringing Institutional Investor's copyright in this publication may result in criminal penalties as well as civil liability for substantial money damages. ISSN# 1529-6652

 Institutional Investor  
Intelligence

## GENERATION AUCTION &amp; 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](http://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 (PI, 3/26) 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).
▶ Element Power	Bobcat Bluff (150 MW Wind)	Wichita Falls, Texas	TBA	enXco is buying the project with aims to bring it online by year end (see story, page 11).
▶ 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.	Citigroup, Goldman Sachs	Exelon has 180 days to find a buyer per the merger agreement with Constellation (see story, page 7).
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).
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 to file with regulators (PI, 2/20).	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 Quantum Utility Generation bought Choctaw.
Iberdrola USA	Hartford Steam (14.8 MW Cogen)	Hartford, Conn.	No advisors	Energenic is buying the facility (PI, 3/26).
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).
▶ Obsidian Finance Group	Lakeview (2 MW Solar PV)	Lakeview, Ore.	TBA	PacifiCorp is buying the project; RBS to be lessor (see story, page 7).
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).
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 (PI, 3/26).
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).
U.S. Power Generating Co.	Gowanus Barges 1 (160 MW Oil) Gowanus Barges 4 (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@powerintelligence.com](mailto:hffletcher@powerintelligence.com).

## PROJECT FINANCE DEAL BOOK

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

## 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 (PI, 3/26).
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 \$175 million financing for project (PI, 3/26).
	Merritt (33 MW Biomass)	Merritt, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
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).
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).
Finavera Wind Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (see story, page 6).
First Wind	Kawaiiloa (69 MW Wind)	Oahu, Hawaii	MUFG, BayernLB, Rabo, Siemens	Term	\$236M	C+ 10-yr	Deal wraps (see story, page 6).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	MetLife to provide tax equity (PI, 3/5).
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).
Invenergy	California Ridge (214 MW Wind)	Vermillion and Champaign, Ill.	Santander	TBA	TBA	C+ 10-yr	Sponsor taps Santander to lead deal (see story, page 5).
North Star Solar	Unidentified (60 MW PV)	Fresno County, Calif.	TBA	TBA	\$150M	TBA	Sponsor to hunt project equity, debt (see story, page 6).
NRG Solar	Alpine (66 MW PV)	Lancaster, Calif.	Key Bank, Mizuho, MUFG, Santander	Term	\$300M	TBA	Deal wraps (see story, page 7).
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 (PI, 3/26).
Potentia Solar	Various (Solar PV)	Ontario	TBA	TBA	\$75M	TBA	Sponsor scouts financing for 125 solar DG projects (see story, page 5).
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 (PI, 3/26).
Terra-Gen Power	Alta (300 MW Wind)	Tehachapi, Calif.	MUFG, RBS	TBA	\$660M	C+ 7-yr	Sponsor sets pricing, tenor (PI, 3/26).

## 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 **Brian Eckhouse** at (212) 224-3624 or e-mail [beckhouse@powerintelligence.com](mailto:beckhouse@powerintelligence.com). A full listing of deals for the last several years is available at <http://www.powerintelligence.com/ProjectFinanceDeal.html>.



## PROJECT FINANCE

## Invenergy Taps Santander For Wind

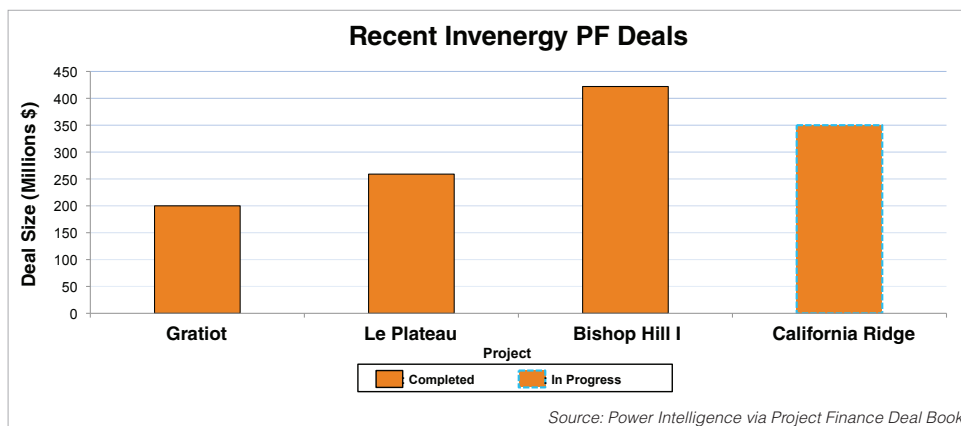
Invenergy has chosen **Banco Santander** to lead a financing supporting its more than \$350 million, 214 MW California Ridge project in Illinois. The financing will have a tenor of construction plus 10 years.

Santander and Invenergy are working to round up a band of lenders to help finance California Ridge. More lenders are expected to be selected in early April. **Mitsubishi UFJ Financial Group** affiliate **Union Bank** is a potential participant (*PI*, 3/13).

The size and pricing of the financing couldn't be learned. An Invenergy spokeswoman in Chicago declined to comment. Bank officials declined to comment or didn't return calls.

The **Tennessee Valley Authority** is the

oftaker for California Ridge, which will be built in Illinois' Vermillion and Champaign counties. The project is expected to be operational by year-end.



## Ontario PV Co. Eyes \$75M For DG

**Potentia Solar**, a Toronto-based solar developer founded in 2010, is talking to bankers in Toronto and New York about securing a financing up to C\$75 million (\$75.7 million) that would back solar distributed generation projects in Ontario, says **Lorene Stephenson**, senior v.p. Financial close is expected by year-end.

The developer has retained Toronto-based **Brookfield Financial** as its financial advisor. **Sami Zahur**, Brookfield assistant v.p. in Toronto, is helping to lead the effort.

Stephenson expects this year's financing to be the first of several, as it strives to assert itself as a strong independent power producer in Ontario. "The approach we're taking is, we're not closing doors," he says of talks with potential lenders. Potentia prefers lenders that understand the nuances of photovoltaic, including installation, Stephenson says.

The 2012 financing will support more than

125 DG projects, with an average capacity of 250 kW. The projects will be on the rooftops of industrial and school customers, Stephenson says. They will benefit from the **Ontario Power Authority's** feed-in tariff program, which supports photovoltaic projects. Under FIT, the OPA pays fixed prices to generators over 20 years.

The identity of potential lenders and deal contours, including desired pricing and tenor, couldn't be learned. Whether future

financings will also support bundles of projects couldn't be learned. Stephenson declined to comment, while Zahur didn't return a call seeking comment.



Thinkstock/Hemera

## Power Intelligence

## Have you heard the Podcasts?

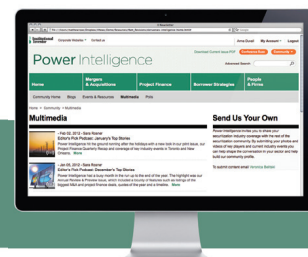
Check out the latest PODCAST from our experienced editorial team on what they're seeing and hearing on power M&A and project financing. Based on their daily conversations with top bankers, financiers, developers and investors, the team offers insights into the latest deals, sectors, and trends — so you can pick up crucial market intelligence.



Simply Visit:

[www.PowerIntelligence.com](http://www.PowerIntelligence.com)  
and click on "Multimedia"  
in the Community drop  
down menu in the top  
right hand corner.

For more information please call  
800 437 9997 (US) or  
+44 207 779 8999 (UK)  
or email [hotline@piintelligence.com](mailto:hotline@piintelligence.com)



## Finavera Scouts B.C. Wind Deal

Vancouver-based developer **Finavera Wind Energy** is scouting a roughly C\$160 million (\$161.2 million) financing supporting its 77 MW Wildmare wind project in the Peace River Region of British Columbia. Canadian life insurance companies are potential lenders, says a deal watcher.

**Jason Bak**, Finavera ceo in Vancouver, didn't return a call seeking comment. The identity of potential lenders could not be learned.

**GE Energy Financial Services** agreed on preliminary terms with Finavera in February 2011 to buy an equity stake in Wildmare, reportedly for C\$40 million (\$40.3 million). While there have been no updates on that transaction, Wildmare is expected to be operational this year. A GE EFS spokesman in Stamford, Conn., declined to comment. **BC Hydro** has a 25-year offtake agreement for Wildmare.

Finavera is also developing the 47 MW Tumbler Ridge project,



Peace River

the 117 MW Meilke and the 60 MW Bullmoose projects (PI, 1/21/11). BC Hydro is the offtaker for the three projects in British Columbia.

## Solar Developer To Hunt PV Debt, Equity

**North Star Solar** will look to round up roughly \$150 million in debt backing its 60 MW photovoltaic project in Fresno County, Calif., in the third quarter. It first plans to raise \$75-80 million in equity for the project, says **Dana Zentz**, **Northlight Power** managing director and Summit v.p. in Seattle.

North Star is a joint venture of Oslo-based solar manufacturer **REC** and **Summit Power** affiliate **NorthLight Power**. The company has retained **Marathon Capital** as the financial advisor for the equity hunt. **Wendy Carlson**, Marathon managing director in Bannockburn, Ill., is leading the effort for Marathon. North Star hasn't decided whether it will ultimately hold a stake in the project; the process to raise outside equity will likely determine that, Zentz says. The firm is aiming to wrap the equity raise in the second quarter.

For the non-recourse debt, North Star is seeking a long tenor close to **Pacific Gas & Electric's** 20-year offtake agreement for the project. "We see insurance companies being more aggressive than the banks right now in terms of tenor," Zentz says.

Summit Power relationship banks include **Royal Bank of Scotland** and **CoBank**. RBS is advising the developer on a roughly \$1.3 billion financing backing the \$2.4 billion, 400 MW integrated gasification combined-cycle project in Odessa, Texas (PI, 2/15)

The pricing of the PG&E power purchase agreement was adjusted after the California **Public Utilities Commission** flagged the initial agreement, citing lower bids into a more recent tender for new PV generation (PI, 1/20).

### FAST FACT

▶ North Star is a joint venture of Oslo-based solar manufacturer **REC** and **Summit Power** affiliate **NorthLight**.

## First Wind Wraps Hawaii Deal

First Wind has landed a \$236 million financing supporting its 69 MW Kawaiiloa project in Oahu, Hawaii. **Union Bank**, **BayernLB**, **Rabobank** and **Siemens Financial Services** were joint lead arrangers; Union Bank also was the administrative agent. **CIBC** and **CoBank** also participated in the deal.

**Lance Markowitz**, Union Bank senior v.p., and **Matthew Ptak**, BayernLB v.p., were among the bankers who worked on the deal. The financing has a tenor of construction plus 10 years. Pricing starts at LIBOR plus 275 basis points. The size and dates of the step-ups couldn't be learned. A First Wind spokesman in Boston did not return a call. Bank officials either declined to comment or did not return calls.

First Wind began building Kawaiiloa, on Oahu's North Shore, in December. The developer expects construction to be completed by year-end. Kawaiiloa will use 2.3 MW **Siemens** turbines (PI, 3/7). **Hawaiian Electric Co.** is the offtaker.

## NRG Seals Calif. PV Deal

**NRG Energy** affiliate **NRG Solar** has landed a roughly \$300 million financing backing 66 MW at its Alpine solar photovoltaic project in Lancaster, Calif. The deal wrapped earlier this month.

**Banco Santander**, **Key Bank**, **Mizuho Corporate Bank** and **Mitsubishi UFJ Financial Group** affiliate **Union Bank** participated in the deal. The financing is priced at LIBOR plus 250 basis points. The length of the tenor couldn't be learned. An

NRG spokeswoman in Princeton, N.J., didn't return a call seeking comment. Bank officials declined to comment or didn't return calls.

**Pacific Gas & Electric** has a 20-year offtake agreement for Alpine. It is slated for operation later this year.

### FAST FACT

▶ **Pacific Gas & Electric** has a 20-year offtake agreement for Alpine. It is slated for operation later this year.

## MERGERS & ACQUISITIONS

### PacifiCorp Circles Debut Solar Acquisition

PacifiCorp is angling to buy a solar photovoltaic project in Lakeview, Ore., and is considering a sale leaseback with a unit of **Royal Bank of Scotland** as one possible way to do it.

PacifiCorp has agreed to a 16-year sale leaseback with **RBS Asset Finance** for the 2 MW project that is being developed by **Black Cap Solar**, as well as a contract to outright purchase the

facility if the sale leaseback falls through. Black Cap Solar is a subsidiary of advisory and investment shop **Obsidian Finance Group** in Lake Oswego, Ore.

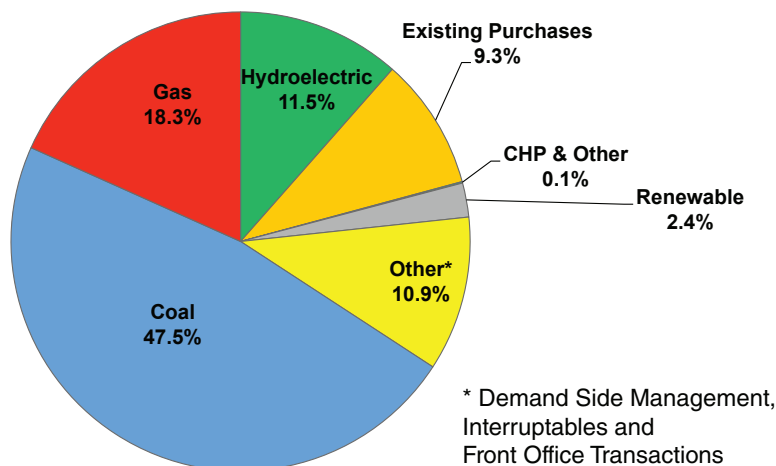
The utility holding company—a unit of **Warren Buffett's MidAmerican Energy Holdings Co.**—needs to close the acquisition by Oct. 1 to qualify for an Oregon business energy tax credit. Construction will start in May, with an operation date slated for Oct. 1. Black Cap entered the project into PacifiCorp's request for proposals in 2011.

The sale leaseback gives PacifiCorp a buyout option after 10 years, says a spokesman in Portland. He declined to comment on how much PacifiCorp will pay RBS.

The utility needs to own 8.7 MW of solar projects by 2020 under an Oregon statute that requires its three utilities—PacifiCorp, **Portland General Electric** and **Idaho Power Co.**—to own an aggregate 20 MW.

PacifiCorp plans to release an updated integrated resource plan that will likely be followed by a request for proposals, at which point it could look for other solar projects to pick up, the spokesman says. An RBS spokesman could not immediately comment, while an official at Obsidian did not return a call.

### Pacificorp 2011 Resource Capacity Mix



Source: Power Intelligence via PacifiCorp

### enXco Lassoos Merchant Texas Wind

**enXco** has bought a 150 MW merchant wind project in Texas from **Element Power**, the wind development portfolio company of **Hudson Clean Energy Partners**.

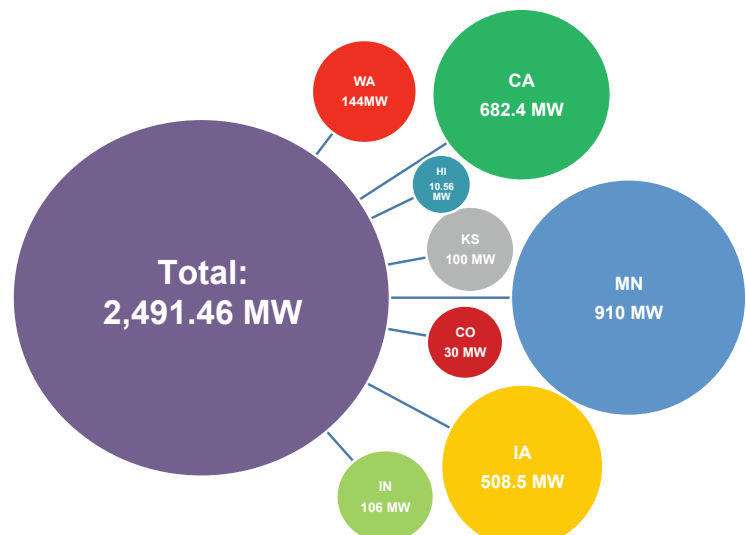
enXco, a subsidiary of **EDF Energies Nouvelles Co.**, is planning to start construction on Bobcat Bluff near Wichita Falls in the coming weeks and bring the project online in December in order to qualify for the production tax credit. The project will use **GE 1.5 SLE** wind turbines. "We're always looking at what's the best solution for our projects," says **Ty Daul**, ceo of **Element Power North America** in Portland, Ore., about selling Bobcat Bluff to enXco.

The company expects to bring "a number" of wind projects online in 2013 and 2014 and will look at the options available for each project, including build-to-own, partnering or finding a utility buyer, Daul says. He declined to comment on the number, size or locations of the projects. Element has brought one project in the U.S. online—the 50 MW Macho Springs farm in New Mexico—in the four years since Hudson folded Madrid-based **Helium Energy** into Element (PI, 10/10/08).

Element did not use a financial advisor for the sale and Daul referred all questions regarding the future

of Bobcat Bluffs to enXco. An enXco spokeswoman did not respond to an inquiry.

### enXco Wind Projects By State



Source: Power Intelligence via enXco



# Power Intelligence

is your new digital platform for Power Finance & Risk



## Power Finance & Risk is now part of **Power Intelligence**

### What is *Power Intelligence*?

Your daily, trusted source for exclusive intelligence on the M&A and project financing in the North American power industry.

Your *Power Intelligence* service still includes the *Power Finance & Risk* print issues as well as the newly redesigned email alerts and enhanced website.

### Why did the service change?

We eliminated the 'noise' to focus on the news, analysis, data and informed perspectives that you value most. Added features and improved deliverability allows for immediate access to the information you want to read.

Visit [www.PowerIntelligence.com](http://www.PowerIntelligence.com) for a Free Trial

Intelligence goes beyond the headlines to focus on the details that impact your daily business. Don't just settle for news. Insist upon exclusive insight from top industry leaders on the sales of, and stakes in, power companies, as well as the sales and purchases of generation, transmission and midstream gas assets.

For more information call 1 (800) 437-9997 or +44-207-779-8999  
or visit [www.PowerIntelligence.com](http://www.PowerIntelligence.com)

**Institutional  
Investor**

*Institutional Investor Intelligence, A Division of Institutional Investor LLC.*



## INDUSTRY CURRENT

## The Start Of Carbon Cap-And-Trade In California

THIS WEEK'S INDUSTRY CURRENT was written by **Matthew C. Nesburn**, counsel in the global project finance practice at **Akin Gump Strauss Hauer & Feld LLP** in Los Angeles. He focuses on development, acquisition, sales and financing of energy projects and real estate.



Matthew Nesburn

After years of controversy and planning, 2012 marks the commencement of a carbon cap-and-trade market in California, an event that will be closely watched by the rest of the country and the world. California's cap-and-trade program is the cornerstone of AB 32 (The California Global Warming Solutions Act of 2006), the law mandating that California reduce overall greenhouse gas emissions to 1990 levels by the year 2020—a 15% reduction from today's levels.

While the first carbon credit auctions will be held in 2012, the **California Air Resources Board** plans call for 2013 to be the first year when regulated emitters must demonstrate compliance by delivering carbon credits to the CARB for retirement. Initially, the limit on carbon emissions will apply solely to electrical utilities and large industrial emitters. Then, in 2015, plans call for compliance to be expanded to the transportation sector, as fuel distributors will be added to the list of companies whose emissions will be regulated under the program. In total, the CARB has targeted 360 businesses and a total of 600 facilities for compliance, a number that the CARB says accounts for 85% of California's greenhouse gas emissions.

Cap-and-trade works by establishing a limit or "cap" on CO<sub>2</sub> or "carbon" emissions that targeted emitters must meet by either producing less carbon than the cap or by purchasing carbon allowances (also called "credits") or offsets to make up the difference. Each credit is the equivalent of one metric ton of carbon dioxide and all covered companies must supply allowances to the CARB to cover their total annual emissions. An offset is an alternative to a credit, representing greenhouse gas "savings" created by a carbon reducing activity in a non-regulated sector, and may be used by a regulated business to provide for up to 8% of its total annual emissions.

Examples of allowable offsets include methane capture at landfills or in agriculture, forestry, energy efficiency or renewable energy projects that displace coal or natural gas generation. The creators of such savings will be awarded offsets that they can sell for profit to those requiring them for compliance.

Exchanges have already been formed to establish a forward market for both credits and offsets so that the regulated businesses can implement the lowest cost solutions for their individual compliance requirements. Those covered entities that reduce emissions below the applicable cap may sell their excess credits on

the exchanges. In addition, the CARB will hold quarterly auctions for credits, with the first such auctions initially scheduled for August and November of 2012.

The initial emissions caps were established by collecting three years of emissions data from California's largest emitting industries, which were then grouped into sectors and assigned average emissions benchmarks. The respective caps will then be reduced by 2% each ensuing year until the required 15% reduction is achieved. Initially, each sector will be given free allowances equal to 90% of such sector's total compliance obligations with specific facilities within that sector receiving their share of those free allowances according to a production-based benchmark (not an emission-based benchmark), such that cleaner more efficient facilities will get proportionately more allowances than more carbon intensive facilities within that sector. Each regulated facility must then purchase unused allowances to make up its shortfall. Starting in 2015, the government will begin to reduce the allotment of free allowances issued to match reductions in the carbon cap.

One of the more controversial aspects of the program, and a source of major battles between the CARB and certain utilities, is the inclusion of imported electricity under the cap, meaning that an entity producing electricity outside of California that first imports such electricity into the state must obtain allowances for its emissions.

A Voluntary Renewable Electricity program will allow entities to turn a profit by having the CARB retire allowances on their behalf for using eligible renewable electricity. Voluntary renewable electricity allowances will first be retired in 2013 covering 2012 renewable energy generation. A reserve account will be established by the CARB representing allowances attributable to voluntary renewable electricity equal to 0.5% of the annual the total carbon budget in the first compliance period (Jan. 1, 2013 through Dec. 31, 2014) which will then be reduced to 0.25% in ensuing compliance periods. Eligible renewable electricity (including renewable electricity associated with RECs) must be generated by an entity certified by the California Energy Commission as RPS eligible and the applicable generating facility must not have served load prior to July 1, 2005. Additionally, the CARB mandates that such energy must be directly delivered to California, prompting concern from out-of-state utility companies selling power into California about the accuracy of the CARB's proposed system for measuring the source of such

energy, mirroring the concerns expressed regarding general carbon regulation of electricity importers.

Pre-compliance forward contract trading of California the carbon allowances has already begun on two exchanges, and CCAs are predicted to initially be more expensive than European carbon credits due to a stringent cap and a relatively limited use of offsets. However, it is estimated that prices could fall significantly if more types of carbon offsets are allowed and the CARB has signaled that it may add N2O reduction from fertilizer management, fugitive emissions from oil and gas pipelines, and rice management protocols to the list of available offset types. Currently, offset prices are expected to trade in the \$8-12 per metric ton range.

The California cap-and-trade program is designed to allow integration with other carbon trading programs, especially those developed as part of the Western Climate Initiative, a regional framework encompassing several western states and four Canadian provinces. While challenging in many respects, linkage with such similar programs would create a large, regional market for credits and offsets, helping to further drive down prices.

While California voters overwhelmingly defeated a ballot measure that called for the provisions of AB 32 to be postponed,

other legal challenges have delayed the scheduled 2012 implementation of compliance requirements to 2013, most notably a case filed by several well-known environmental activist groups called *Association of Irrigated Residents, et al. v. California Air Resources Board*. The plaintiffs claimed that

the CARB failed to comply with the California Environmental Quality Act by not adequately considering alternatives to the policies selected in AB 32's scoping plan, especially cap-and-trade. The judge agreed to a large degree with this assertion and enjoined the state from engaging in any activities to facilitate the implementation of the cap-and-trade program until a new environmental assessment was conducted. The CARB revised and adopted a new scoping plan addressing the first plan's stated shortcomings. The revised plan was not

opposed by the plaintiffs and ultimately, in December of 2011, the case was dismissed, paving the way for this year's slightly delayed implementation of the initial phases of the program.

Cap-and-trade under AB 32 requires vast and complex regulations, many of which are still being finalized. Regulated businesses as well as sellers of offsets and traders that hope to benefit from these newly created markets will need to work diligently to keep abreast of these regulations as they develop over the coming months and years.

"In total, the CARB has targeted 360 businesses and a total of 600 facilities for compliance, a number that the CARB says accounts for 85% of California's greenhouse gas emissions."

## 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.

- Solar equipment manufacturer **SolFocus**, along with developer **Synergy Technologies** have collaborated with Mexican real estate firm **Grupo Musa** on the construction of solar project in Baja, California. The project is a planned 450 MW facility that will be built in 50 MW phases (*MarketWatch*, 3/29)
- The Florida **Public Service Commission** has approved a plan from **NextEra Energy** to dismantle four older gas-fired units and replace them with more efficient facilities. NextEra will decommission 1,200 MW of generating capacity in the Everglades and build a 1,277 MW gas-fired station (*Reuters*, 3/28).
- The Maryland **Economic Matters Committee** has approved a proposal to finance wind projects off the state's coast. Governor **Martin O'Malley** approved the proposal under the condition that Maryland consumers pay a lower premium for power generated by renewable sources (*The Washington Post*, 3/28).
- Japanese company **Osaka Gas Co.** is looking to buy natural gas from **Dominion Resources**, **Sempra Energy** and **Freeport LNG**.

The company wants to import natural gas as Japan increasingly relies on gas-fired generation in the wake of the Fukushima Daiichi nuclear meltdown (*Bloomberg*, 3/28).

- Renewable developer **Alternate Energy Holdings** has completed initial review of the site of a proposed nuclear facility in Idaho. The company is now preparing for an environmental review and as assessment by the U.S. **Nuclear Regulatory Commission** (*MarketWatch*, 3/28).
- Grid operators in California have approved a 2012 transmission plan, which includes 30 transmission projects needed for grid reliability. The projects, which will require \$691 million in investments, are part of a plan to connect more renewable energy to the grid (*Electric Light & Power*, 3/27).
- Virginia regulators have approved an offshore wind project proposed by **Gamesa Corp.** The project, in the Chesapeake Bay, will be the first offshore installation in the U.S. (*Bloomberg*, 3/27).

## AT PRESS TIME

## Citi, Goldman Release Exelon Coal Teasers

**Citigroup** and **Goldman Sachs** have launched the auction of three coal-fired plants in Maryland totaling 2.648 GW that Exelon will sell as part of the merger agreement with **Constellation Energy Group**. Teasers went out in late March, says a deal watcher. Per the merger agreement, Exelon has 180 days from closing to find a buyer.



Brandon Shores

The plants for sale include:

- 1,273 MW Brandon Shores coal-fired in Anne Arundel County;
- 976 MW H.A. Wagner coal-fired in Anne Arundel County; and
- 399 MW C.P. Crane coal-fired in Baltimore County.

The stock-for-stock acquisition closed March 12, less than a year after *PI* first reported that a merger was in the works (PI, 4/8). The plants will be among the first coal-fired plants not in restructuring or bankruptcy to go on the market so there's no

comparable valuation, industry observers say.

### FAST FACT

➤ The plants will be among the first coal-fired plants not in restructuring or bankruptcy to go on the market, so there's no comparable valuation.

**Morgan Stanley**, one of Constellation's advisors in the merger, had been tipped as an advisor but is not involved, says a banker (PI, 3/13). Details on why Morgan Stanley is not involved

weren't learned by press time. Bank spokesmen either declined to comment or weren't immediately reached. An Exelon spokeswoman in Chicago confirmed that Citi and Goldman are advising.

## PEOPLE &amp; FIRMS

## O'Brien Follows Carnahan Out Of Wind Capital

**Ciaran O'Brien**, ceo and former cfo at **Wind Capital Group**, has left the company. His departure comes on the heels of **Tom Carnahan**, former ceo, stepping down as the company's chairman of the board in February.

The reasons behind O'Brien's departure and future employment plans could not be immediately learned. A message left for him was not returned. **David Boyce** replaced O'Brien as ceo on March 1, says an **NTR** spokeswoman.

**NTR**, the Dublin, Ireland-based parent of the wind developer, is buying out Carnahan's 20.7% stake in **Wind Capital Ventures**, the holding company of Wind Capital Group, according to a Thursday filing with the U.S. **Federal Energy Regulatory Commission**.

Wind Capital Group owns the 150 MW Lost Creek farm in Missouri; 150 MW Osage project in Oklahoma; and the 201 MW Post Rock project in Kansas that is expected to be online in the third quarter. NTR will own 93.63% of these assets with remaining stakes held by five private individuals, according to the filing. The identities of those people could not be learned.

NTR sold off projects under its U.S. solar subsidiary **Tessera Solar** to developers and may consider options regarding Wind Capital Group further down the road, says another industry observer, noting that the company—like other wind developers—has had trouble lining up power purchase agreements.

Wind Capital Group hired O'Brien, the former cfo of wind developer **Airtricity**, as cfo in May 2008 (PI, 5/16/08). A spokesman for Wind Capital Group in St. Louis, Mo., did not return a call, while a spokeswoman for NTR in Dublin declined further comment.

### FAST FACT

➤ **David Boyce** replaced O'Brien as ceo on March 1, says an **NTR** spokeswoman.

## ACCESS MONDAY'S ISSUE ON FRIDAY

Access the most recent issue of *Power Finance & Risk* as a PDF the Friday before it's available in print.

Log onto [www.PowerIntelligence.com](http://www.PowerIntelligence.com) and click on "Download Current Issue PDF" at the top of the page.

To obtain access please contact the subscription hotline at  
1 (800) 437 9997 / 1 (212) 224 3570 or [hotline@iiintelligence.com](mailto:hotline@iiintelligence.com)

## Alcoa Floats *(Continued from page 1)*

The portfolio has no debt.

A spokeswoman for Alcoa would not comment on the sale but noted that Alcoa is closing a smelter in Alcoa, Tenn., later this year and is conducting a strategic review of Tapoco assets, including the facilities, land and transmission lines, noting that a sale is on the table. She declined to comment on the expected outcome of the review.

The plants, with the oldest at 93 years, are approved by the U.S. **Federal Energy Regulatory Commission** to operate through 2045, giving them a long life for subsequent owners. Three of the facilities have been modernized and

one is currently in the middle of a \$120 million upgrade that is on track to be finalized by 2013, according to the teaser.

The **Tennessee Valley Authority** is contracted to buy all the power through June 2014, at which point a new owner could line up another power purchase agreement to utilities in the neighboring states, such as **Duke Energy** subsidiary **Duke Energy Carolinas** or sell into the wholesale market of PJM South through the southern part of Virginia, according to the teaser. Alcoa buys the

### Tapoco Hydro Portfolio

Asset	Location	Size	Year online
Calderwood	Little Tennessee River, Tenn.	140.4 MW	1930
Cheoah	Little Tennessee River, N.C.	118 MW	1919
Chilhowee	Little Tennessee River, Tenn.	52.2 MW	1957
Santeetlah	Cheoah River, N.C.	40.4 MW	1928

power back from the TVA.

Bidders are unknown, but the turnout for the assets—a rare opportunity to buy a large hydro fleet in the U.S.—has been slimmer than some industry officials anticipated. The TVA's power contracts and existing regional assets (two dams sandwich the assets on the Little Tennessee River) make it a natural buyer for the fleet, says one official.

The two years remaining on the offtake contract could eliminate infrastructure buyers that typically flock to long-lived, contracted hydro facilities because of the risk on the other side of June 2014, says an official. "Tapoco has a long economic life but that's not meaningful to a variety of players if there's no contract," says the official,

who took a cursory glance at the assets.

A private equity shop could make a play with the thought to renegotiate a contract in two years and then flip the fleet to a long-term owner, says one official. A JPMorgan spokeswoman could not comment on the due date of indicative bids. A TVA spokesman could not be reached to comment on the authority's interest in buying the facilities.

—Holly Fletcher

## SoCalEd Mulls *(Continued from page 1)*

for instance, pitched projects in SoCalEd's 2011 all-renewables RFO. **BrightSource Energy**, **First Solar**, **Recurrent Energy** and **Terra-Gen Power** are among the renewables sponsors that have previously landed SoCalEd offtake agreements.

Winning applicants from this year's expected tender likely would receive offtake contracts for projects initiating operation either toward the end of the decade or in 2020, when California's renewables portfolio standard reaches 33%. The standard will remain 20% through the end of next year; SoCalEd hit 21.1% last year and expects to eclipse the 20% benchmark again this year, Ulrich says.

Mindful of the looming RPS increases, SoCalEd has cleared many PPAs tied to unbuildable projects, amounting to several hundred megawatts. The expected 2012 solicitation would seek to find replacements for some of these nixed projects.

Observers of California utilities insist that cost has become the primary facet of the filter process, prompting some 2011 applicants to bid \$73-78 per MWh for solar photovoltaic projects, down from \$110-115 in 2009 (PI, 3/2), which critics say ensures more unbuildable projects. "We haven't seen much emphasis other than price," says a renewables financial consultant. "It's up to the utility to [add] other criteria to determine if the projects are viable."

Ulrich disagrees with this view, noting that SoCalEd looks at prior development experience, the feasibility of technology and permitting in addition to cost. "To become a viable project for us, we're going to look at what... your track record is," he says.

"Have you done projects before?" Value is also a factor, Ulrich says, pointing to hypothetical wind and solar projects that propose the same cost but perhaps have different resource variations per geography. Also, bidders that secure PPAs from the tender must pay a "development security"—essentially, a deposit to ensure project delivery—of \$60 per kW.

The utility hasn't set a date for the issuance of the 2012 tender. It typically grants potential applicants more than a month to prepare bids, then short-lists finalists about a month later. Negotiations can be quick or last a tad longer than a year, Ulrich says.

Officials or spokespeople for the sponsors couldn't be reached for comment.

—Brian Eckhouse

### QUOTE OF THE WEEK

"We see insurance companies being more aggressive than the banks right now in terms of tenor."—**Dana Zentz**, **NorthLight Power** managing director in Seattle, on insurance companies generally offering longer-term, non-recourse project finance debt than banks amid the euro-zone crisis (see story, page 6).

### ONE YEAR AGO

**GDF Suez Energy North America** had tapped **UBS** to run the sale of two combined cycle facilities—the 746 MW Hot Spring in Malvern, Ark., and 746 MW Choctaw in Ackerman, Miss. [**Quantum Utility Generation** and **Arkansas Electric Cooperative Corp.** agreed to buy Choctaw and Hot Spring, respectively (PI, 11/28 & 2/14).]