

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

Rockland Inks Peaker Acquisition Finance

Rockland Capital closed a \$170 million term loan to buy the \$241 million Kimura portfolio from **Dayton Power and Light**. Page 8

● MERGERS & ACQUISITIONS

NextEra Yieldco to Offload Canadian Assets

The **Canada Pension Plan Investment Board** is buying the four wind and two solar facilities for C\$741 million. Page 10

● STRATEGIES

Mosaic Readies Solar Loan ABS

Mosaic has mandated bookrunners **Deutsche Bank** and **BNP Paribas** to issue its first securitization of 2018. Page 11

● PPA PULSE

Citi Pens Increasingly Popular “Sleeved” PPA with Data Center Offtaker

Richard Metcalf

Data center operator **QTS Realty Trust** has inked a “sleeved” power purchase agreement with **Citi** for the output of a wind project in Texas, a type of deal that is set to become more common as non-utility offtakers seek to avoid taking project risks.

Under the terms of the PPA, Citi will supply QTS’s data center in Irving with generation from **Alterra Power Corp.**’s 200 MW Flat Top wind project in Comanche and Mills counties. A subsidiary of **Engie** is also involved as QTS’s retail energy supplier.

The 10-year deal is designed to allocate project risks away from the power purchaser to counterparties that are in a better position to mitigate them, unlike standard PPAs that are the norm

for utility company offtakers.

“Corporates are exploring new structures and evolving tools that provide more attractive allocations of risk among corporates, projects and intermediaries, rather than locking into high risk, long-dated power purchase agreements,” said **Roxana Popovici**, managing director at Citi, in a statement. “As clients like QTS look to ramp up their purchase of renewable energy, structures like the one employed in this transaction will become increasingly important and will be critical to scaling the market for renewable energy.”

Non-utility corporations such as **Amazon**, **Microsoft**, **Google** and **Ikea** have become major procurers of renewable energy in recent years, typically buying the output of individual projects under long-term

PAGE 6 »

Ares-EIF Seeks Term Loan B Refi for Texas Cogen Plant

Shravan Bhat

Ares-EIF has hired a pair of banks to market a term loan B to refinance a combined-cycle cogeneration project in Texas.

Morgan Stanley is bookrunner and **Investec** is joint lead arranger on the \$275 million seven-year term loan to refinance EIF Channelview Cogeneration, an 856 MW combined-

cycle plant in the Houston Ship Channel. The package also includes a \$30 million revolving credit facility.

Price talk was pegged at 450 to 475 basis points over Libor with a 1% floor and an original issue discount of 99% after a lender call on April 3. Commitments are due by April 13.

Lenders are also being offered a six-month debt-

PAGE 8 »

Blackstone Preps Refi for Frontera CCGT

Shravan Bhat

A private equity firm has hired an investment bank to market a term loan B for a Texas gas-fired project.

The transaction is intended to refinance **The Blackstone Group**’s 500 MW Frontera project in Mission, Texas, which was previously financed together with several other assets held under a holding company known as **Lonestar Generation**.

Morgan Stan-

PAGE 2 »

● D.C. BUZZ

Observers See “Opportunities”, “Challenges” in Trump Infra Plan

Fotios Tsarouhis

Any action on President **Donald Trump**’s infrastructure plan will likely have to wait until after the 2018 midterm elections, but analyses and critiques of his proposals are set to continue uninterrupted straight through Election Day.

“The Trump administration’s infrastructure

PAGE 5 »



● IN THIS ISSUE

PROJECT FINANCE

- 5 | Clean Line Project Trudges On
- 6 | Tri Global Closes Texas Tax Equity
- 7 | Georgia Renewable Signs Biomass Contracts
- 7 | Geronimo Energy Seals Solar Debt
- 7 | Longview Hires Adviser, Weighs Refi
- 8 | Ares-EIF to Refinance Texas Cogen Plant
- 8 | Rockland Inks Acquisition Loan
- 9 | SMBC Finances Peru Off-grid Solar
- 9 | Virgin Subsidiary Eyes Honduras Wind

MERGERS & ACQUISITIONS

- 9 | Canadian Solar Buys Argentine Asset
- 10 | NextEra to Offload Canada Renewables

STRATEGIES

- 10 | FES Files for Chapter 11
- 11 | Mosaic Preps Securitization
- 11 | Fengate Invests in Renewables Platform
- 11 | Soros Fund Inks Sunnova Equity Deal

PEOPLE & FIRMS

- 12 | BayernLB Hires Senior M.D.
- 12 | Senior Official Departs Ares
- 12 | Mizuho Hires Project Finance Chief

DEPARTMENTS

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

● PROJECT FINANCE

Blackstone Preps Texas Gas-fired Project Refi

◀ FROM PAGE 1

ley, which has been involved in many recent term loan B refinancings and repricings for power sector borrowers, has won the bookrunner mandate.

The tenor of the deal could not immediately be learned. Representatives from Blackstone declined to comment while spokespeople from Morgan Stanley did not respond to an inquiry by press time.

The proceeds of the loan will be used to repay a portion of Lonestar's existing term loan B, effectively separating Frontera out from the rest of the portfolio, *PFR* understands.

Frontera is unlike the other assets in the portfolio in that it sells its output across the border into Mexico, at the Reynosa node, so it makes sense to separate the credit facilities, says a person familiar with the deal, who adds that no cash would be taken out of the overall business.

Frontera became the first U.S. power plant in history to dedicate all of its output to export to Mexico in 2016, according to Blackstone.

The other projects in the Lonestar portfolio, all in Texas, are the 540 MW gas-fired Bastrop project near Austin, the 260 MW Paris gas-fired project in Paris, near the Oklahoma border, and the 310 MW Twin Oaks coal-fired project in Robertson County (*PFR*, 2/15/17).

Blackstone acquired the Frontera, Bastrop and

Paris plants from **Direct Energy** in 2014 for \$685 million, financing the deal with a \$515 million seven-year term loan B, which **Moody's Investors Service** and **S&P Global Ratings** rated B1 and BB- at the time. **Citi** and **Deutsche Bank** arranged the loan, which was priced at 375 basis points over Libor (*PFR*, 2/6/14).

The firm added the Twin Oaks plant and an adjacent coal mine to the portfolio later the same year, buying them from **Optim Energy** in a bankruptcy court-run sale and financing the add-on by increasing the size of the loan by \$160 million and repricing it at 425 bps (*PFR*, 11/10/14).

S&P has since downgraded the Lonestar loan twice, to B+ in December 2015 and B in November 2016, and Moody's downgraded it from B1 to B2 in May of last year, citing "persistently weaker than anticipated cash-flow and lack of any appreciable deleveraging in the highly volatile and weak **ERCOT** market."

Frontera enjoyed market prices in Mexico that were nearly double those in **ERCOT** through the first quarter of 2017, but as President **Donald Trump** was preparing to take office in February of last year, Moody's warned that structural changes to Mexican power markets or U.S. trade policy could negatively impact the project (*PFR*, 2/15/17). ■

PFR Power Finance & Risk

EDITORIAL

Richard Metcalf
Editor
(212) 224-3259

Olivia Feld
Managing Editor

Fotios Tsarouhis
Reporter
(212) 224 3294

Shravan Bhat
Reporter
(212) 224 3260

Stuart Wise
Data Associate

Kieron Black
Sketch Artist

PRODUCTION
Gerald Hayes
Manager
Sam Medway
Associate

PUBLISHING
Laura Spencer
Senior Marketing
Manager

Adam Scott-Brown
Director of Fulfillment

Nina Bonny
Customer Service
Manager
(212) 224-3433

SUBSCRIPTIONS/ ELECTRONIC LICENSES/ REPRINTS

One Year \$3,760
Jon Ljekocevic
Sales Executive
(212) 224 3043

CORPORATE

Andrew Rashbass
Chief Executive Officer

John Orchard
Managing Director,
Banking & Finance Group

Directors:
David Pritchard
(Acting Chairman),
Andrew Rashbass
(CEO),
Sir Patrick Sergeant,
Colin Jones,
Andrew Ballingal,
Tristan Hillgarth,
Imogen Joss,
Jan Babiak,
Lorna Tilbian,
Tim Collier,
Kevin Beatty

Customer Service

PO Box 4009, Chesterfield, MO 63006-4009, USA
Tel: 1-800-715-9195
Overseas dial: 1-212-224-3451
Fax: 212-224-3886
UK: 44 20 7779 8704 Hong Kong: 852 2842 8011
E-Mail: customerservice@iintelligence.com

Institutional Investor Hotline

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

Editorial Offices

1120 Avenue of the Americas, 6th Floor, New York, NY 10036
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 ©2016
Institutional Investor, LLC 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

Postmaster

Please send all undeliverable Mail and changes of addresses to:
PO Box 4009 Chesterfield, MO 63006-4009 USA

GlobalCapital

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 **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
Actis	Atlantic Energias Renovaveis (625 MW Wind)	Brazil		Chinese investors are among the bidders for the fully-contracted wind assets (PFR, 3/22).
ArcLight Capital Partners	Leeward Renewable Energy (1.7 GW Wind)	U.S.	BAML (seller), Wells Fargo (buyer)	Canadian pension fund manager OMERS is acquiring the portfolio (PFR, 3/26).
Ares-EIF, John Hancock Life Insurance Co	Berkshire (289 MW Gas)	Agawam, Mass.	Morgan Stanley	Tenaska has agreed to acquire the project, which has been online since 2000 (PFR, 4/2).
Canadian Solar	Guimaranía (60 MW Solar)	Piauí, Brazil		Global Power Generation is acquiring the projects (PFR, 3/26).
Comexhidro	Los Molinos (171 MW Wind)	Mexico		Thermion Energy has bought the project as part of the company's planned \$2 billion-equivalent investment in renewables (PFR, 4/2).
Conduit Capital Partners	Santa Catarina (22 MW Wind)	Monterrey, Nuevo León, Mexico		Conduit plans to launch a sale process for the contracted, operational asset this year (PFR, 1/8).
Enbridge	Portfolio (~3 GW Wind, Solar, Hydro)	Canada, U.S.		Enbridge is looking to sell about half of its renewable assets (PFR, 1/8).
FirstEnergy Solutions	Bay Shore (152 MW Coal, Oil)	Lucas County, Ohio		Orca Acquisitions, a vehicle 95%-owned by ArcLight and 5%-owned by Olympus Power, is acquiring the project (PFR, 3/26).
GD Solar	Portfolio (260 MW Solar)	Brazil		The firm is seeking equity investors for the portfolio (PRF, 1/22).
GenOn Energy	Hunterstown (810 MW Gas)	Gettysburg, Pa.	Credit Suisse (seller)	Private equity firm Platinum Equity is acquiring the asset. AOS Energy, which consulted Platinum, will co-invest in the asset. Morgan Stanley is arranging acquisition financing (PFR, 3/5).
GenOn Energy	Canal (1,112 MW Gas)	Massachusetts		Stonepeak Infrastructure Partners is acquiring two units at the project for \$320 million (PFR, 4/2).
Hudson Clean Energy Partners	Portfolio (210 MW Hydro)	U.S.	Evercore	Hudson is weighing a sale of its stake in Eagle Creek Renewable Energy, which owns 210 MW of hydro assets throughout the continental U.S. (PFR, 2/26).
Invenergy	Ector County (330 MW Gas)	Ector County, Texas	Guggenheim (seller)	Invenergy has put the peaker up for sale (PFR, 2/26).
Invenergy Renewables	States Edge (2 GW Wind)	Cimarron and Texas counties, Okla.		Two utilities owned by American Electric Power have filed for federal approval to acquire the facility (PFR, 1/16).
Isolux Corsán	Cafayate (80 MW Wind)	Argentina		The sale to Canadian Solar, which closed on March 29, is part of a \$2.1 billion debt restructuring at Isolux (see story, page 9).
LS Power	Aurora (878 MW Gas)	Aurora, Ill.	Guggenheim	LS Power acquired Aurora and Rockford from NRG Energy in 2016 before refinancing them last year (PFR, 3/22).
	Rockford (450 MW)	Rockford, Ill.		
	Seneca (508 MW Hydro)	Warren, Pa.	Barclays, PJ Solomon	LS Power is marketing the project four years after it abandoned an initial attempt sell it (PFR, 3/22).
Macquarie Infrastructure Corp.	Bayonne Energy Center (512 MW Gas)	Bayonne, N.J.		MIC is weighing a sale of the project, which powers parts of New York City (PFR, 2/26).
Morgan Stanley	NaturEner USA (399 MW Wind)	Montana	Morgan Stanley	Morgan Stanley is selling NaturEner, which owns development wind assets in Alberta as well as the 399 MW operational wind portfolio in Montana (PFR, 5/15).
NextEra Energy Partners	Portfolio (396 MW Wind)	Ontario	Citi, CIBC	Canada Pension Plan Investment Board is buying the four wind and two solar projects for C\$741 million (see story, page 10).
NJR Clean Energy	Two Dot (9.72 MW Wind)	Two Dot, Mont.		NorthWestern Energy is acquiring the project, with which it has a power purchase agreement (PFR, 3/26).
Onyx Renewable Partners	Portfolio (small-scale Solar)	U.S.	RBC, CohnReznick	Onyx has begun marketing the portfolio (PFR, 1/29).
OYA Solar	Portfolio (28 MW (DC) Solar)	Minnesota		NRG is buying projects, all of which are expected to be online this year (PFR, 4/2).
Renova Energia	Alto Sertão III (300 MW Wind)	Brazil		Brookfield is bidding for the assets rather than bidding for a stake in the company (PFR, 3/5).
	Development portfolio (1.1 GW Wind)			
RES Americas	Whirlwind (60 MW Wind)	Floyd County, Texas	PwC	A JV between Ardian and Transatlantic Power Holdings, called Skyline Renewables, bought the project (PFR, 3/12).
Rockland Capital	Victoria (290 MW Gas)	Victoria County, Texas	PJ Solomon	Rockland is selling the CCGT, which it acquired from ArcLight in 2016 (PFR, 3/12).
Southern Power	Portfolio (1,760 MW Solar)	U.S.	Citi	Southern Power has hired Citi to sell an up-to one-third stake in the portfolio (PFR, 11/6).
Texas Municipal Power Agency	Gibbons Creek (450 MW Coal)	Grimes County, Texas		The plant is for sale again after an earlier attempt to offload it fell through (PFR, 11/20).

● 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
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS, CIT, Credit Agricole	Debt	TBA	TBA	Pricing on similar loans remained stable last year at 325 basis points over Libor (PFR, 1/22).
● Ares-EIF	Channelview (856 MW Co-Gen)	Houston, Texas	Morgan Stanley, Investec	Term Loan B	\$275M	7-yr	Price talk is 450 to 475 basis points over Libor with a 1% floor and an original issue discount of 99% (see story, page 1).
				Revolving Credit Facility	\$30M		
Ares-EIF	St. Joseph Energy Center (700 MW Gas)	St. Joseph County, Ind.	BNP Paribas	Term Loan B	\$407M	7-yr	Price talk is between 350 and 375 basis points over Libor. The deal will refinance bank debt signed in 2015 (PFR, 3/26).
				Revolving Credit Facility	\$40M	5-yr	
● Blackstone	Frontera (500 MW Gas)	Mission, Texas	Morgan Stanley	Term Loan B			The proceeds will repay a portion of Lonestar's existing term loan B, separating Frontera from the rest of the portfolio (see story, page 1).
BMR Energy	Unnamed (50 MW Wind)	Honduras		Debt			Virgin acquired BMR from American Capital Energy and Infrastructure, a private equity firm, in 2016 (see story, page 9).
Cheniere Energy	Corpus Christi Train 3 (4.8 mtpa LNG)	San Patricio County, Texas	Société Générale	Debt	\$6B	20-yr	Price talk of 200 basis points over Libor was given at a lender conference call held on March 13. Cheniere intends to raise some \$1.8 billion of new money with the deal (PFR, 3/19).
EDP Renewables North America	Arkwright (78 MW Wind)	Chautauqua County, N.Y.	TBA	Tax Equity	TBA		The \$156 million project has so far been funded entirely from EDP's balance sheet (PFR, 3/5).
Enel Green Power	Portfolio (1 GW Solar)	Mexico	TBA	Debt	\$720M	TBA	The European Investment Bank has approved a \$150 million loan to the portfolio as part of a \$700 million limited-recourse financing that is due to close soon (PFR, 3/26).
● Ergon Peru	Portfolio (Off-Grid Solar)	Peru	SMBC	Debt	\$142M	13-yr	The proceeds will supply 173,000 small-scale solar kits to people living in rural Peru (see story, page 9).
● Geronimo Energy	Nordic Solar (60 MW Solar)	Minnesota	CIT	Debt	\$36M		Geronimo has previously sold community solar projects in Minnesota to Berkshire Hathaway (see story, page 7).
● Georgia Renewable Power	Portfolio (157 MW Biomass)	Georgia, North Carolina		Debt			The projects were financed with debt from Apollo Management and HPS Investment Partners in December (see story, page 7).
Kinross Gold Corp	Portfolio (155 MW Hydro)	Brazil	TBA	Debt	\$200M		Kinross is paying \$257 million to a subsidiary of Brazilian steel company Gerdau for the hydro facilities (PFR, 2/26).
Halyard Energy Ventures	Halyard Wharton (348.5 MW Gas)	Wharton County, Texas	Scotiabank (adviser)	Equity	TBA		Halyard is aiming to close financing for the peaker this quarter and bring it online by the second quarter of 2019 (PFR, 2/5).
Leeward Renewables	Mendota Hills (50 MW Wind)	Lee County, Illinois	TBA	Tax Equity			Leeward is seeking tax equity to repower the project, increasing the capacity by 26 MW (PFR, 3/12).
Lightsource BP	Johnson Corner (20 MW Solar)	Stanton County, Kan.	TBA	Debt, Tax Equity	TBA		Lightsource has issued a teaser for the project and is seeking indications of interest for tax equity and debt by March 9 (PFR, 3/5).
● Longview Power	Longview (700 MW Coal)	Maidsville, W.Va.	Houlihan Lokey (adviser)				Longview Power has hired Houlihan Lokey as it explores strategic options, including a potential refinancing of its senior secured debt (see story, page 7).
Navajo Tribal Utility Authority	Kayenta II (27 MW Solar)	Navajo County, Ariz.	TBA	Debt, Tax Equity	\$45M		NTUA has signed a 30-year PPA with Salt River Project for the project, which is expected to be online by Apr. 1, 2019 (PFR, 2/5).
NextEra	Stuttgart (81 MW Solar)	Arkansas County, Ark.	Arkansas County	Industrial Revenue Bonds	\$115M	25-yr	As Arkansas County legally owns the project's physical assets, no taxes are due on the project (PFR, 4/2).
OCI Solar Power	Lamesa II (50 MW Solar)	Dawson County, Texas	TBA	Debt, Equity	TBA	TBA	San Antonio's municipally-owned utility, CPS Energy, signed a 25-year power purchase for the project in October 2015 (PFR, 3/19).
Platinum Equity	Hunterstown (810 MW Gas)	Pennsylvania	Morgan Stanley	Term Loan B	\$430M	7-yr	Morgan Stanley is in the market with a term loan B to finance the acquisition from GenOn Energy (PFR, 4/2).
● Rockland Capital	Kimura (1052 MW Gas)	Ohio, Indiana	ABN Amro, BNP, CIT, Crédit Agricole, Investec, First Bank System, LBBW	Debt	\$170M	7-yr	The term loan for the \$241 million acquisition from Dayton Power and Light was priced at 300 bps over Libor (see story, page 8).
SkyPower Global	Portfolio (29.8 MW (DC) Solar)	Ontario	Nomura	Debt	\$105M		Fitch Ratings has given the term loan notes a BBB- rating, right in the sweet spot for private placement investors (PFR, 4/2).
Starwood Energy Group Global	Excalibur (Portfolio Coal)	Ark., N.J., W.Va.	SunTrust Robinson Humphrey	Debt	\$200M	22-yr	The loan was priced at 400 basis points over Libor (PFR, 4/2).
SunEast Development	Portfolio (700 MW Solar)	U.S.	Whitehall & Co.	TBA	\$33M	TBA	The utility-scale developer is raising capital as it seeks to transform its business model by owning projects (PFR, 2/20).
Sunrun	Hera (Residential Solar Portfolio)	U.S.	Investec	Refinancing	\$600M	5-yr	The financing is expected to close by the end of March (PFR, 3/19).
Taaleri Energia	Truscott-Gilliland East (277 MW Wind)	Knox County, Texas	NorthRenew Energy (adviser)	Debt, Tax Equity	\$350M		The Finnish developer is seeking debt and tax equity as it enters the U.S. market (PFR, 2/12).
● Tri Global Energy	Blue Cloud (148 MW Wind)	Bailey and Lamb Counties, Texas		Tax Equity			Copenhagen Infrastructure Partners acquired equity in the \$225 million project 2016 (see story, page 6).

● 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 Shravan Bhat at (212) 224-3260 or e-mail shravan.bhat@powerfinancerisk.com

Observers See “Opportunities”, “Challenges” in Trump Infra Plan

« FROM PAGE 1

plan provides opportunities for public and project finance, but significant challenges stand in the way of \$1.5 trillion investment target,” **Moody’s Investors Service** said in one such response on March 29 to the president’s speech on the topic in Richfield, Ohio, the same day.

In the speech, the president, who has called for upwards of \$1 trillion in infrastructure investments, criticized aspects of the 2015 Paris Agreement that would have required wealthy nations to assist developing countries’ transition to clean energy.

“As far as I’m concerned, we’re developing. Pay us some money, right? Pay us. We’re developing. Maybe we’ll call it we’re ‘redeveloping’, because we’re redeveloping,” he said, adding that the provision was “unfair”.

The president attributed what he stated is a national average of about 300 power outages per year, compared with five per year in the 1980s, to regulatory lag and excessive permitting delays.

Moody’s notes that “the plan’s streamlined permitting process would reduce project lead time, administrative inefficiencies and regulatory costs” and that it would “boost federal funding to power projects in rural areas”.

Advanced Energy Economy, a trade association founded by **Farallon Capital Management** and prominent **Democratic Party** fundraiser **Tom Steyer**, is also in support of streamlining federal regulations.

Among the group’s primary legislative goals is establishing non-binding targets that would reduce the average permitting time for “advanced energy projects” from an average of 70 months to 24 months.

HARD SELL

A **White House** fact sheet released in February floated the idea of selling the **Power Marketing Administration’s** transmission assets.

The PMA, an agency under the **U.S. Department of Energy**, manages the **Bonneville Power Administration**, as well as the **Southeastern Power Administration**, **Southwestern Power Administration** and the **Western Area Power Administration**.

The administration has also proposed sell-

ing the **Tennessee Valley Authority**, which is independent of the PMA.

In a research note last month, Moody’s said a sale of the TVA’s and BPA’s transmission assets would be credit negative to both entities, which it rates Aaa and Aa1, respectively, with stable outlooks (PFR, 2/15).

Sen. **Lamar Alexander** (R-Tenn.), speaking with the local press in his home state, dismissed the proposal as a “loony idea” that “seems to keep popping up regardless of who

is president.”

President **Ronald Reagan’s** 1987 budget, unveiled in 1986, proposed privatization of the PMA organizations, stating that a sell-off of its assets would “result in a more efficient power system for electricity customers.”

President **Bill Clinton** supported selling all of the PMA units except the BPA in 1995. At the time, this included the **Alaska Power Administration**, which was indeed taken private the following year. ■

Clean Line Pushes on with Permitting Effort for Grain Belt Transmission

Houston-based developer **Clean Line Energy** has enlisted a former Missouri governor to spearhead its latest attempt to obtain regulatory approvals for the \$2.3 billion 780-mile high-voltage Grain Belt Express transmission line, which would connect wind farms in Western Kansas with demand centers in **PJM Interconnection**.

Clean Line has had to file as a public utility in Kansas, Missouri, Illinois and Indiana as part of the regulatory process for the project, which has been mired in permitting issues since its inception in 2010 but was most recently denied permits by courts in both Missouri and Illinois.

The company has hired former Missouri governor **Jay Nixon**, now a private attorney, to make its case, and he began doing so in the **Missouri Supreme Court** on April 3.

The case in Missouri hinges on the need to get local pre-approvals from individual counties affected by the transmission line, rather than simply at the state level. The project failed to secure road crossing permits from the eight counties affected last year (PFR, 8/23/17). A ruling from the Missouri Supreme Court is expected by June, after which Nixon’s attention will turn to Illinois.

“There’s a running theme here: because this has never been done before, the first approach you try often doesn’t work,” said **Michael Skelly**, founder and president of Clean Line, in Houston. “When you are unsuccessful, the regulator or court tells you

why and you are able to see the path for forward. After what’s happened in Illinois on a separate case, now we know the path forward in that state.”

Illinois had initially granted Clean Line a permit before it overturned its decision and insisted Clean Line team up with incumbent firms or buy transmission assets in the state.

Developer **Infinity Renewables** plans to use the Grain Belt Express to supply 200 MW to **Missouri Joint Municipal Electric Utility Commission** from its Iron Star wind project in Ford County, Kan., with supply expected to start in 2021 (PFR, 3/2/17).

Clean Line will likely tap long-time financial adviser **Lazard Frères & Co.** to raise capital for the project. The investment bank has organized company-level equity raises for Clean Line from New York-based family office **Ziff Brothers Investments**, **National Grid** and Texan private equity firm **Bluescape Energy Partners** (PFR, 12/7/11).

“We’re always talking to investors,” says Skelly. “At this stage, people who find it interesting are those who like the industrial logic of the best wind resources connected to biggest power markets. Once we get fully permitted, the financing to build it could come from infrastructure funds—but that’s a couple of years out from now.”

Clean Line sold the Oklahoma portion of its 700-mile Plains and Eastern transmission line to **NextEra Energy Resources** in December 2017 for an undisclosed price. ■

● PPA PULSE

Citi Pens Increasingly Popular “Sleeved” PPA with Data Center Offtaker

« FROM PAGE 1

PPAs, but such contracts have been criticized for sometimes placing too much risk with the power purchaser.

One risk in particular, the basis differential between a node at which the project injects electricity into the grid and the hub at which a corporate PPA is settled, often referred to simply as “basis risk”, has come under particular scrutiny.

Under traditional utility PPAs, the off-taker absorbs the basis risk, and in the first corporate PPAs, the non-utility offtaker did the same. But as non-utilities have become more adept at negotiating the contracts, the risk has tended to shift to the sponsor.

“The fact of the matter is that this basis risk cannot be exited for almost the full tenor of the transaction,” says a deal watcher. “In order to manage it, as a corporate, you have to become a small energy trading shop.”

Basis risk has become particularly acute in Texas, where prices at nodes near large build-ups of wind projects fall dramatically when the wind is blowing and all of them are producing energy.

“With what’s going on in **ERCOT**, with tight reserve margins and volatility skyrocketing, it’s not a good position to be in,” says the deal watcher.

“SPECTACULAR RATES”

QTS has procured renewable energy through requests for proposals and reverse auctions in the past, but has developed a strong relationship with Citi over the past year and decided to forgo the RFP process this time.

Instead, the data center company contacted a handful of suppliers it has worked with before to benchmark against the offer from Citi for the Flat Top PPA.

“Citi provided a big portion of the financing for the project and I think, in part, that is one of the reasons they offered pretty spectacular rates,” says **Travis Wright**, Irving site director at QTS, who is based in Dallas.

Alterra financed the project with a construction loan from Citi, **Santander** and **Royal Bank of Canada**, tax equity from **Berkshire Hathaway Energy** and Citi and the sale of an equity stake to **BlackRock Real Assets** last year (PFR, 7/24). The project is under construction and slated to be online in the first half of this year.

Under the terms of its “sleeved” PPA, QTS will purchase power and renewable energy credits from the Engie subsidiary, which in turn buys physical power and RECs from Citi. Citi is the sole offtaker for the Flat Top project under a 13-year power hedge. The

QTS deal will account for about 15% of the 200 MW project’s output.

Here are the details of two other PPAs announced last week:

FRESHLY BAKED

Invenergy has signed a virtual power purchase agreement with an international bakery for a portion of the output of a Texas wind project.

The PPA with **Grupo Bimbo**, the world’s largest bakery, will account for 100 MW of the capacity of the Santa Rita East wind project in Irion County.

The full capacity of the Santa Rita East project will be 300 MW, says a spokesperson for Invenergy. The length of the PPA with Bimbo was not disclosed.

Headquartered in Mexico City, Bimbo makes bread in the U.S. under brands including Sara Lee, Entenmann’s, Arnold, Thomas’ and Stroehe mann.

DIVIDE AND CONQUER

NextEra Energy Resources has signed a power purchase agreement with an electric cooperative in Iowa for the output of a wind project in Audubon and Guthrie counties.

The **Central Iowa Power Cooperative** will buy the generation from the 104 MW Heartland Divide wind project under the PPA. The project is under construction and expected to be completed by the end of the year. ■

● PROJECT FINANCE

Tri Global Closes Tax Equity for Texas Wind Project

Dallas-based developer **Tri Global Energy** has closed tax equity financing for its 148 MW Blue Cloud wind project in Bailey and Lamb Counties, Texas, and construction is set to begin.

A fund of Denmark’s **Copenhagen Infrastructure Partners** acquired the project’s equity in 2016, along with equity in the 366 MW Bearkat project in Glasscock County (PFR, 7/13/16). The

identity of Blue Cloud’s tax equity investor and the size of the financing could not be immediately learned.

The cost of the project was pegged at around \$225 million in paperwork filed with the **Texas Comptroller of Public Accounts** in 2016. The project has qualified for 100% of the production tax credit.

The project developers had applied for tax incentives to

lower the annual local taxes levied by Bailey and Lamb counties from \$730,705 to \$300,000 for 10 years—a saving of roughly \$4.4 million.

The Blue Cloud project will be connected to a proposed substation called Needmore via a 230kV transmission line and sell its output into the **Southwest Power Pool**.

Vestas is providing the turbines and operational and maintenance services under a 25-year contract.

Copenhagen Infrastructure II, the fund through which CIP acquired the project, closed with

Dkr14.7 billion (\$2.2 billion) of commitments in July 2015. Investors in the 20-year “buy and hold” fund include several Nordic pension funds and other institutional investors, including the **European Investment Bank** and a U.K. pension fund managed by **The Townsend Group**.

CIP hired **William Demas**, a former senior vice president at **Macquarie Capital**, as executive director in its New York office in December (PFR, 2/13).

Representatives from Tri Global did not respond to an inquiry by press time. ■

Sponsor Hands Out Contracts for Biomass Portfolio

Georgia Renewable Power has selected a turbine supplier and an operations and maintenance contractor for a trio of biomass projects it financed with credit fund debt at the end of last year.

The portfolio comprises three long-term contracted projects, two of which are in Georgia and one in North Carolina.

The 25 MW North Carolina project, named Lumberton for its location, has a 20-year power purchase agreement with **Duke Energy**, while the two 66 MW projects in Georgia, one called Franklin in Carnesville and the other called Madison in Colbert, have 30-year PPAs with **Southern Co.** subsidiary **Georgia Power**.

MasTec Power Corp., the engineering, procurement and construction contractor for the Franklin and Madison projects, has chosen **Siemens** as turbine supplier, according to a February announcement. **Veolia Energy Operating Services**, meanwhile, has secured a long-term operations and maintenance agreement for all three projects, the contractor announced on April 3.

GRP closed a senior secured debt financing in December of last year from two credit fund managers.

Apollo Management and **HPS Investment Partners** are the senior lenders, says a source. The deal is thought to be larger than \$225 million but other details could not immediately be learned. Representatives of the two lenders

in New York either declined to comment or did not respond to inquiries.

GRP is a direct subsidiary of **GreenFuels Energy**, which is 100% owned by **Raymon Bean**. A call to Bean in Birmingham, Ala., was not returned and **David Shaffer**, chief operating officer and president of GRP, also did not respond to an inquiry. ■

Sponsor Wraps 60 MW Community Solar Financing

Geronimo Energy has signed about \$36 million in project finance for a nine-project community solar portfolio in Minnesota totaling 60 MW.

CIT Group was sole lead arranger and administrative agent on the deal for the portfolio, which is known as Nordic Solar.

Among the subscribers signed up for the projects by Geronimo are the **University of Minnesota**, the **Science Museum of Minnesota** and **Hennepin County**.

The portfolio includes two projects, one called Lindstrom in Chisago and another called St.

Cloud 1 in the city of St. Cloud, which the sponsor picked up for \$2.8 million in **SunEdison's** bankruptcy court asset sale last year (PFR, 7/26).

Further details of the financing, such as the tenor of the debt and identities of any third-party tax equity providers, could not immediately be learned. **Blake Nixon**, ceo of Geronimo Energy, and a spokesperson for CIT in New York declined to comment.

Geronimo has previously sold community solar projects in Minnesota to **Berkshire Hathaway** subsidiary **BHE Renewables**. ■

Longview Mulls Refi for West Virginia Coal-fired Asset

Longview Power has hired **Houlihan Lokey** as an adviser as it explores strategic options for its 700 MW coal-fired project near Maidsville, W.Va., including a potential refinancing of its senior secured debt.

The project is owned by a group of three private equity firms—**KKR Credit**, **Ascribe Capital** (an affiliate of **American Securities**) and **Centerbridge Partners**.

The percentage owned by each entity could not immediately be learned, though those three firms are the only investors to hold stakes in the project exceeding 10%.

The three firms sought regulatory approval to up their stakes in the project in late 2015. KKR, Ascribe and Centerbridge would own a combined 90.5% interest in

the project if the plan described in a U.S. **Federal Energy Regulatory Commission** filing was carried out (PFR, 12/14/15).

Whether any of the firms did increase their shareholding could not immediately be learned. No notice has been filed to inform FERC of the consummation of the deal.

Asset manager **Tennenbaum Capital Partners**, which owns a less-than-10% interest in Longview, requested permission to increase its ownership interest in the project to over 10% in a Nov. 13 FERC filing. That deal has not closed (PFR, 11/16).

Jeff Keffer, ceo at Longview, could not immediately be reached for comment and an official at Houlihan in Minneapolis declined

to comment.

The Longview project, which has been online since 2011, went through a financial restructuring between 2013 and 2015 (PFR, 9/3/13, 3/31/15).

ROLE FOR COAL

"Production costs that remain competitive with regional energy market prices suggest a continued role for some coal plants in the future," **Moody's Investors Service** analyst **Sarah Lee** said in research note published on April 5.

"Newer units that came online after 2000 use more efficient technology and run at lower heat rates and operating costs, enabling many of them to be competitive with the market and achieve higher capacity factors," reads

the report, authored by Lee and associate managing director **A.J. Sabatelle**.

The analysts also noted more modern facilities tend to be adjacent to the coal mines that serve as their immediate fuel source, something which allows their owners to eliminate the cost of transporting the fuel. This is true of Longview, which sources its coal from an onsite mine.

However, despite those advantages over older coal plants, the analysts note that the competitiveness of coal-fired plants will ultimately depend on macroeconomic factors, including natural gas prices, the proliferation of renewable generation, reserve margins and, ultimately, political support for the industry. ■

● PROJECT FINANCE

Ares-EIF Seeks Term Loan B Refi for Texas Cogen Plant

« FROM PAGE 1

service reserve account, a 12-month soft call and an excess cash flow sweep. The notes would yield 7.18% to 7.45% to maturity at price talk.

Spokespeople for Morgan Stanley and Investec in New York declined to comment and representatives of Ares-EIF did not respond to inquiries.

S&P Global Ratings and **Moody's Investors Service** have assigned preliminary ratings of B+ and B1 to the loan.

Energy Investors Funds bought Channelview, which has been in operation since 2002, from **Global Infrastructure Partners** and **Fortistar** in January 2014 (PFR, 1/10/14).

GIP had refinanced it with

a \$375 million term loan B priced at 325 basis points over Libor in May 2013 (PFR, 5/8/13). **Goldman Sachs, Deutsche Bank** and **MUFG** were the lead arrangers on the seven-year facility, which included a five-year \$45 million revolver.

EYES ON ERCOT

The old debt was rated Ba3 and BB- by Moody's and S&P when it was originally raised in 2013 and downgraded by Moody's to B1 in July 2016 and by S&P to B+ in December 2016.

Low merchant power prices in **ERCOT** had put pressure on the project's ratings, but that could change. S&P changed its outlook on the project's debt from stable to positive this month.

Merchant power prices in the **ERCOT's** Houston Hub are expected to improve because of tightening reserve margins.

"The next two years are important for the project," says **Boyan Kovacic**, an associate at S&P. "If they can't deleverage as they have planned in their base case, they may have to refinance."

Channelview sells 330 MW of its steam and energy to **Equistar Chemicals**, a subsidiary of petrochemical giant **Lyondell-Basell Industries**, which owns neighboring 3,900 acre Channelview Complex petrochemical facility. It recently extended this offtake agreement, which was due to lapse on Aug. 2, out to 2029.

The project also has a two-year heat rate call option with **Morgan Stanley Capital Group** that expires on May 31, 2020. With a notional quantity of 175 MW, the hedge provides the project with an annual capacity payment of around \$18 million.

"We see prices subsiding after two years because, despite 5 GW of coal retiring by 2019 and modest load growth in the Houston area, this could likely be offset by increases in renewables, thermal, and transmission capacity," says Kovacic, "The transmission congestion around the Houston Hub should lead to higher prices compared to other ERCOT markets." ■

Rockland Inks Peaker Acquisition Loan

Rockland Capital has signed a \$170 million term loan with a club of banks to finance its acquisition of six peakers from **AES Corp.** subsidiary **Dayton Power and Light**.

ABN Amro, BNP Paribas, CIT Bank, Crédit Agricole and **Investec** underwrote the seven-year deal, which was priced at 300 basis points over Libor and wrapped on March 20.

First Bank System and **Landesbank Baden-Wuerttemberg** also took tickets.

The term loan was packaged with a \$20 million revolving credit facility.

The acquisition of the peakers closed on March 27, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Rockland paid AES \$241 million for the portfolio, which it holds through its Rockland Power Partners III fund.

ENTER THE DRAGON

The assets are arranged under a group

of holding companies named for Japanese American martial artist **Taky Kimura**, a close friend of **Bruce Lee**.

Two of the facilities—the 665 MW Tait dual-fuel project in Dayton, Ohio, and the 236 MW Montpelier gas-fired project in Poneto, Ind.—are directly owned by **Kimura Power**, which in turn is a direct subsidiary of **Taky Power**. Taky Power is a direct subsidiary of RPP III, according to FERC filings.

The other four plants—the Yankee project (which consists of a 101 MW gas-fired facility and a 1 MW solar array) in Centerville, Ohio, the 25 MW O. H. Hutchings gas-fired project Hutchings, Ohio, the 12 MW Monument diesel-fired project in Dayton, Ohio, and the 12 MW Sidney diesel-fired project in Sidney, Ohio, are held under a subsidiary of Kimura Power called **Dragon Power**, an apparent reference to a nickname for Kimura. ■



An effective holding company structure requires a mastery of balance, power and timing.

PROJECT FINANCE ●

SMBC Leads on Peruvian Off-grid Solar Financing

Sumitomo Mitsui Banking Corp. was sole structurer and bookrunner on a \$142 million debt financing for a rural electrification program in Peru that recently closed.

The proceeds will be used by **Ergon Peru**, a subsidiary of Italy's **Tozzi Green**, to supply 173,000 small-scale solar kits to people living in rural areas of the country under a contract the company won in a government tender. The total cost of the project is about \$180 million.

SMBC placed half of the loan with Peruvian development bank **COFIDE** and has retained the rest on its own balance sheet.

The loan is backed by cash flows generated through a tariff paid by Peruvian utility customers and ringfenced for rural electrification projects, and not by the end users. "The payment structure is very solid," says a person familiar with the deal.

The loan has a tenor of 13 years, two years shorter than the underlying contract.

The deal was about nine months in the making and was signed at the end of February. It was funded on March 28.

The structure is likely to be reused for other rural electrification projects in Peru, says the source. "This is the first big project they've developed but there are around 400,000 sites that have been identified and the government

is starting to talk about the second round of the project."

SMBC is not thought to be actively syndicating its tranche of the deal but will consider sell-down opportunities on a case-by-case basis. ■

Virgin Subsidiary Eyes Honduras Wind Financing

A **Virgin Group** subsidiary is considering its options for financing an approximately 50 MW wind project in Honduras.

The company, renewables developer **BMR Energy**, could engage development banks as soon as in the next three months, which would potentially allow it to have financing for the project in place by early next year.

Approximately 70% of the costs of a wind project of this size in Honduras could be financed with debt, with the sponsor committing the remaining 30%, BMR ceo **Bruce Levy** tells *PFR* from the company's New York office.

Meanwhile, BMR has added its second operational asset with the acquisition of the 5 MW Green Solar project in Guatemala's Zacapa Department. A local bank provided acquisition financing for BMR's purchase of the facility, which is contracted with local utility **Energuate**. The identity of the seller could not immediately be learned.

BMR also owns the 36.3 MW BMR Jamaica project in Potsdam, Jamaica, which has been online since 2016.

Virgin acquired BMR from **American Capital Energy and Infrastructure**, a private equity firm, that same year (*PFR*, 8/15/16). ■

MERGERS & ACQUISITIONS ●

Canadian Solar Poaches Solar Project out of Isolux Bankruptcy

Canadian Solar has acquired the 80 MW Cafayate solar project in the Salta Province of Argentina, which was developed by bankrupt Spanish company **Isolux Corsán**.

Isolux won a power purchase agreement priced at \$56.28/MWh for the project in round 1.5 of Argentina's RenovAr public renewables procurement program. The 20-year PPA was signed with **CAM-MESA**, the country's wholesale energy market administrator, in November 2016 (*PFR*, 12/6/17).

Located in the far northwestern part of the country, the Cafayate project has a 27.8% net capacity factor at P75 levels, in part because it is located 5,500 feet above sea level.

The \$150 million project has a

partial guarantee from the **World Bank** for \$32 million over 20 years from the date of financial close. The consortium that presented the original bid comprised Isolux, which was designated as the strategic partner with 25% stake, and fellow Spanish developer **Fieldfare Renewables**, which owned 75% of the project.

Construction is set to begin in July and interconnection to the grid is slated for the second quarter of next year.

The purchase price and Canadian Solar's plans for Cafayate could not be learned. Canadian Solar recently agreed to sell two Brazilian solar projects to Spanish utility **Gas Natural Fenosa** just six months after acquiring them (*PFR*,

3/19). Representatives from Canadian Solar declined to comment.

ISOLUX BANKRUPTCY

The Cafayate sale, which closed on March 29, is part of a \$2.1 billion debt restructuring at Isolux. The restructuring process began in July 2016 and the company filed for bankruptcy protection the following year.

As part of its restructuring, Isolux split up assets it had held jointly with Canada's **Public Sector Pension Investment Board** in May 2016.

PSP Investments took Isolux's stake in **Wind Energy Transmission Texas**, a joint venture with **Brookfield Asset Management** that owns 375 miles of 345 kV

transmission lines and six switching stations in Texas, while PSP's stakes in Isolux subsidiary **T-Solar**, which manages 326 MW of solar generation globally, reverted back to Madrid-based Isolux (*PFR*, 5/13/16).

Then, in October 2016, shortly before winning the Cafayate PPA, Isolux sold the \$126 million, 50 MW Loma Blanca solar project in Chubut province to Argentinian companies **Sideli** and **Sidsele** for \$25 million.

The developer had been working on the Loma Blanca project since 2013 and had aimed to expand it to 200 MW. Isolux had financed the project through bonds issued in the Argentine market, which **Fitch Ratings** rated BBB. ■

● MERGERS & ACQUISITIONS

NextEra Yieldco to Offload Canadian Assets, Reinvest in U.S.

NextEra Energy Partners has signed a deal to sell its Canadian assets to a pension fund manager as the yield company looks to reinvest capital in the U.S. in the aftermath of December's tax reform legislation.

The **Canada Pension Plan Investment**

“We expect the sale of the Canadian portfolio to enable us to recycle capital back into U.S. assets, which benefit from a longer federal income tax shield and a lower effective corporate tax rate”

Board is buying the 396 MW Canadian renewables portfolio, which comprises four wind projects and two solar facilities, for C\$741 million (\$582.3 million).

CPPIB will also assume approximately

\$689 million of debt associated with the projects, according to a statement from the **NextEra Energy** yield company.

The transaction values the portfolio at about 10 times Ebitda and a 10% cash yield, according to CPPIB, which based its calculation on 2019 estimates.

Citi and **CIBC Capital Markets** are advising NextEra on the sale, with **McCarthy Tétrault** and **Gowling WLG** providing legal counsel. The deal is expected to close before the end of June.

RECYCLING CAPITAL

The divestiture will “enable us to recycle capital back into U.S. assets, which benefit from a longer federal income tax shield and a lower effective corporate tax rate,” NextEra Energy chairman and CEO **Jim Robo** said in a statement. NextEra floated the idea earlier this year (PFR, 1/26).

The portfolio includes four wind projects—the 149 MW Jericho project, the 124.4 MW Summerhaven project, the 59.9 MW Bluewa-

ter project and the 22.9 MW Conestogo project—as well as two solar assets, Moore and Sombra, which have individual capacities of 20 MW each. **NextEra Energy Canada** acquired Moore and Sombra in 2012 (PFR, 3/12/12).

The six facilities, all of which are located in Ontario and have commercial operations dates between 2012 and 2015, have a remaining average contract life of 16 years. **NextEra Energy Resources** will continue to operate the projects under a 10-year services agreement.

CIBC, Royal Bank of Canada, Scotiabank and **TD Securities** closed a C\$315.462 million (\$296 million) bond refinancing for Summerhaven and Conestogo in 2014 (PFR, 1/22/14).

CPPIB, meanwhile, has also lined up an acquisition in Brazil. The pension fund manager has teamed up with São Paulo-based **Voltoerantim Energia** to form a joint venture that is acquiring two wind projects totaling 565 MW in northeastern Brazil (PFR, 12/19). ■

● STRATEGIES

FirstEnergy Subsidiaries File for Chapter 11

FirstEnergy Corp. announced the long-awaited Chapter 11 filing of its competitive generation subsidiary **FirstEnergy Solutions**, as well as **FirstEnergy Nuclear Operating Co.**, on March 31.

Investment bank **Lazard Frères & Co.**, law firm **Akin Gump Strauss Hauer & Feld** and restructuring boutique **Alvarez & Marsal North America** are advising FirstEnergy Solutions and FENOC on the restructuring.

“As previously announced, FES and FENOC have engaged in constructive discussions with parties representing their credi-

tors,” reads an announcement posted to FirstEnergy Solutions’ website on the day of the filing. “Those discussions are continuing as the Filing Entities explore strategic alternatives for the competitive generation businesses.”

GLC Advisors is advising a group of creditors on the negotiations. A \$98.9 million repayment was due under a senior unsecured FES bond on April 2.

Moelis & Co., meanwhile, is said to be advising FirstEnergy Corp. as the parent company of the distressed subsidiaries.

Moelis advised FirstEnergy on a \$2.5 billion capital raise ear-

lier this year, placing equity and preferred shares with investors including activist hedge fund **Elliott Management Corp.** (PFR, 1/22).

The Chapter 11 filings came after FirstEnergy called for additional federal and state support for FES’s merchant generating assets and announced plans to deactivate or sell its nuclear fleet.

Some institutional investors saw this development as having a potentially positive effect on other generation companies, such as **Exelon Corp.** and **Vistra Energy**.

The filings also follow FirstEnergy’s declaration in February that it would sell or deactivate its 1,300 MW Pleasants coal-fired plant in Willow Island, W.Va., by the end of the year.

FirstEnergy has been looking to offload plants that sell generation into the competitive market for some time, in a process that recently bore fruit when a joint venture between **ArcLight Capital Partners** and **Olympus Power** called **Orca Acquisitions** agreed to buy its 152 MW Bay Shore facility in Lucas County, Ohio (PFR, 3/21).

Moody’s Investors Service, S&P Global Ratings and **Fitch Ratings** all downgraded FES to D in the wake of the bankruptcy filing.

Moody’s had downgraded FES three notches from Caa1 to Ca on Jan. 23 to reflect “the increased likelihood of a default occurring within the next few months” and S&P made a similar move on Jan. 31, downgrading the company’s unsecured debt from CCC+ to C. ■

STRATEGIES ●

Mosaic Readies Latest Solar Loan Securitization, Appoints Bookrunner Duo

Solar finance company Mosaic is preparing to issue its first asset-backed securitization of 2018.

The Oakland, Calif.-based company filed documents with the U.S. **Securities and Exchange Commission** on April 2 for the \$235.35 million deal, dubbed Mosaic Solar Loans 2018-1. **Deutsche Bank** and **BNP Paribas** are leading the deal.

Kroll Bond Rating Agency has assigned an A rating to the senior tranche, and a BBB- and BB- to the B and C classes, respectively. The deal is backed by 9,152 loans with a weighted average balance of \$28,186, according to the

Kroll presale. The loans were originated to borrowers with FICO scores ranging from 640 to 850.

The company is planning to be a regular issuer and could bring one more securitization this year, depending on market conditions, says **Wendy Zobrick**, vice president of capital markets at Mosaic.

The company's ABS strategy is part of a wider funding plan that includes whole loan sales and warehouse capacity, Zobrick adds.

Mosaic, which bills itself to investors as a fintech firm similar to marketplace lenders (and frequent ABS issuers) such as **Prosper** and **SoFi**, issued two securitizations backed by

loans financing residential solar installations in 2017. It also inked a deal with **Goldman Sachs** in September, agreeing to sell \$300 million of loans to the bank on a forward basis (PFR, 9/8). Observers at the time wondered if the agreement would eat into the supply of Mosaic loans available for ABS, but the company issued a deal the next month at tight spreads.

The transaction, Mosaic Solar Loans 2017-2, was priced at 185 basis points over interpolated swaps for the senior class, yielding 3.854% (PFR, 10/18).

Energy-related ABS such as solar and Property Assessed Clean Energy deals were heavily subscribed throughout last year, with strong issuance of residential PACE bonds and the first ever issuance of commercial PACE ABS from **Greenworks Lending**. ■

Fengate to Invest in Renewables Development Platform

Fengate Real Asset Investments has signed a \$100 million multi-year equity investment commitment with renewables developer **Greengate Power Corp.**

Greengate, which is based in Calgary, Alberta, has a 1 GW development pipeline of wind and solar projects in its home province. The company has originated, developed and brought online 480 MW of renewables in Alberta and Ontario since 2007, according to a company statement.

CohnReznick Capital advised Greengate on the deal. Fengate did not use an external financial adviser.

The size of the stake in the company that Fengate will acquire as a result of the equity investment could not immediately be established.

Fengate, which has \$2.8 billion of assets under management, invests in wind, solar, hydro and biomass projects in the U.S. and Canada, as well as in real estate assets and infrastructure more broadly.

The investments firm's focus

on Alberta is a response to market demand for renewables in the province, says **Andrew Cogan**, director of infrastructure at Fengate in Toronto.

GROWING TEAM

Fengate, which entered the U.S. market with its purchase of a 25% stake in the 120 MW San Juan Mesa wind project in Roosevelt County, N.M., from **Citigroup** in 2016, remains focused on building

up its U.S. presence, Cogan adds (PFR, 4/13/16).

Greg Calhoun, formerly a senior director in **BayernLB's** project finance team, joined Fengate as its U.S. infrastructure director in Houston last year (PFR, 10/3).

The Houston team, which is comprised of Calhoun and **Vince Castronovo**, a vice president, is expected to grow this year, says Cogan.

Fengate closed its \$300 million

LPF Equities Fund last year. The fund acquired a stake in the **Crick-et Energy Group of Companies**, which owns distributed generation shop **Cricket Solar**, in March 2017 (PFR, 3/23/17).

The prior month, Fengate acquired three solar facilities totaling 59.8 MW in Sault Ste. Marie, Ontario (PFR, 2/2/17).

Spokespeople for Greengate in Calgary and CohnReznick in New York declined to comment. ■

Sunnova Wins Soros Fund Equity

An investment vehicle advised by **Soros Fund Management** has committed to invest equity in **Sunnova Energy Corp.**

The vehicle, **Quantum Strategic Partners**, is committing \$100 million to the Houston-based residential solar shop.

Sunnova has raised over \$2.5 billion since its 2012 founding.

Early last year, the company netted a \$140 million senior secured term loan arranged by **CIT Bank** and an \$80 million tax equity investment from **U.S.**

Bank backing the development of a 55 MW portfolio of residential solar systems throughout the continental U.S., Hawaii, Guam and Puerto Rico (PFR, 3/20/17, 6/13).

Sunnova also launched its maiden securitization, a \$254.75 million deal underwritten by **Credit Suisse**, earlier in 2017 (PFR, 4/3/17).

As of late 2015, Sunnova had secured debt commitments from **Credit Suisse** and **Goldman Sachs** and landed equity com-

mitments from **Energy Capital Partners**, **Franklin Square Capital Partners** and **Triangle Peak Partners** (PFR, 10/22/15).

Meanwhile, Soros Fund Management was committing equity to a **SolarCity** residential solar portfolio through a leveraged cash equity deal. The \$305 million transaction, which involved a loan from **Bank of America Merrill Lynch** alongside the Soros fund equity, backed a 230 MW solar portfolio in 15 U.S. states (12/23/16). ■

● PEOPLE & FIRMS

BayernLB Tops Up Project Finance Team with Senior Hire

Bayerische Landesbank has hired a project finance director for its New York office, restoring the team to full strength following departures last year.

Robert Botschka started in his new role as senior director of project finance on April 2, after a four-year stint with **East West Bank**, also in New York. Officials from BayernLB declined to comment on the hire.

Botschka is the second recent hire at BayernLB, after **Mark Gurfinkel** joined in November from **Mizuho** (PFR, 11/7).

Both report to **Andrew Kjoller**, who was promoted to executive director and head of Americas structured finance last year following the departure of

Jim King.

King has since taken up the role of managing director and head of project finance and infrastructure at **CIBC Capital Markets**.

Greg Calhoun also left BayernLB last year, moving to private equity shop **Fengate Real Asset Investments** as a director of U.S. infrastructure (PFR, 10/3).

East West bank was active in the small-scale utility and distributed solar space during Botschka's time there, providing a significant portion of the \$42.4 million debt for **True Green Capital Management's** 26.4 MW portfolio of solar projects in Massachusetts and New Jersey (PFR, 9/12/16).

Botschka was also instrumen-

tal in East West's participation in a \$140 million senior secured term loan backing the development of **Sunnova Energy Corp.**'s residential solar portfolio last June (PFR, 6/13/17).

A New Jersey native, Botschka started his career with **ANZ Investment Bank** in 1997 where he spent nine years and rose to director of corporate and structured finance. He joined **RBC Capital Markets** in 2006 and was vice president for U.S. infrastructure and project finance when he left after three years. Then, following a one-year stint with **Fitch Ratings**, he returned to banking as senior v.p. of project finance with **Lloyds TSB** (PFR, 12/3/09).

After four years at the British firm and a year as managing director of investment advisory firm **CamberLink**, he took on the responsibility of building East West's energy project finance business.

In November, East West hired **MUFG** alumnus **Christopher Simeone** as first vice president in energy project finance (PFR, 11/6). ■

FAST FACT

\$140M

Size of Sunnova resi-solar debt financed in part by **East West Bank** in June 2017.

Senior Figure Departs Ares

A senior financier who spearheaded **Ares Management's** private credit team focusing on power in New York has left the firm.

Paul Colatrella's final day at **Ares Credit Group** was March 29. He joined Ares in 2011, where, along with fellow managing director **Brian O'Connor** and senior associate **Michael Roth**, he co-founded Ares' power and infrastructure private debt platform.

The credit platform focuses on first-lien, second-lien and mezzanine loans and preferred equity in conventional and renewable power technologies.

"From inception, our strategy has involved making credit investments in the sector where we can earn a material premium to commercial banking loans by providing more flexible capital, certainty of execution, etc." Colatrella told PFR in a 2015 interview. He cited

the refinancing of **Panda Power Funds'** 758 MW Temple I gas-fired project in Texas as among his most memorable deals at Ares (PFR, 3/9/15).

Before joining Ares, he was senior v.p. at **EIG Global Energy Partners**, which he had joined in 2006. Colatrella and O'Connor served together at the energy-focused senior and mezzanine debt fund manager before they left to set up the team at Ares (PFR, 6/6/11).

Colatrella had moved to EIG after nine years with **HypoVereinsbank**, where he focused on originating and managing a power generation and infrastructure loan portfolio. He joined the German bank in 1997 and rose to director of the project finance group. Previously he was an assistant vice president at **Dai-ichi Kangyo Bank**. ■

Mizuho Hires P.F. Director

Mizuho has added a director to its Americas project finance team in New York.

The new hire, **David Vuelta Mitchell**, started this month.

He was until recently a director in energy and infrastructure at institutional investor **TIAA**, covering equity, debt and mezzanine capital transactions.

He joined TIAA in 2016 from Spanish engineering and construction firm **Grupo ACS**, where he was vice president,

project finance Americas.

Mizuho is making a renewed push into project finance in the Americas since hiring former **Morgan Stanley** banker **Jonathan Yellen** to lead the team as managing director in December (PFR, 12/7).

Earlier this year, the bank provided an \$80 million loan package to refinance **Diamond Generating's** 200 MW Mariposa gas-fired project in Alameda County, Calif. (PFR, 3/16). ■

● ONE YEAR AGO



Sunnova Energy Corp. mandated **Credit Suisse** for its inaugural asset-backed securitization. The Swiss investment bank underwrote the \$254.75 million three-tranche deal (PFR, 4/10/17).

[**Mosaic** is preparing to issue its first securitization of 2018, while Sunnova scored equity funding from **Soros Fund Management** (see stories, page 11).]