

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

ECP III Wraps At \$5B

Energy Capital Partners has closed its third fund at just north of \$5 billion.

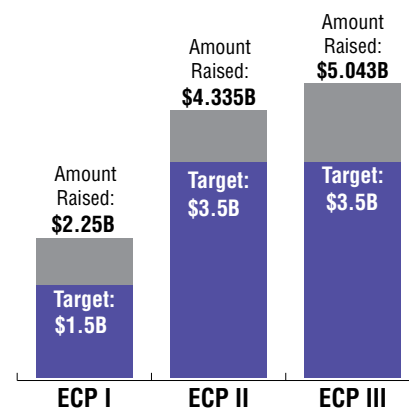
ECP closed **Energy Capital Partners III** at \$5.043 billion, exceeding its target by 44%. The Short Hills, N.J.-based shop brought in more than 300 limited partners since kicking off fundraising in July. Investors are located in North America, South America, Europe, Asia and the Middle East.

Several public pension plans from the U.S. have committed capital, including **Minnesota State Board of Investments**, **New York State Teachers Retirement System** and **San Francisco Employees' Retirement System** (PI, 3/11).

ECP will continue looking at investments in the power sector as well as midstream oil and gas sectors. The shop will also look for energy and environmental service and equipment businesses that work in the utility and midstream sectors. The fund's first acquisition is of **NESCO Holdings**, a specialty utility equipment rental company.

The PE shop's new fund was well-received by investors (continued on page 8)

Energy Capital Partners Funds



Source: Power Intelligence

PLATTS GLOBAL POWER

Platts Power Confab: Leaders Herald Ample Deal Flow

Project finance bankers at **Platts'** 29th Annual Global Power Markets are seeing strong deal flow and a growing pool of lenders and financing options in the power sector this year.

"It is going to be an extremely busy year," said **John Cogan**, managing director, co-head, power & utilities at **Credit Suisse**, pointing to transmission build-out due to U.S. **Federal Energy Regulatory Commission** Order 1000, some initial public offerings on the back of the yieldcos and rooftop solar.

"We are seeing a lot of greenfield gas projects," said **Donald Kyle**, senior managing director, **GE Capital Markets**. "We are a lead or co-lead on two that will hit the market in the coming months," he added, declining to identify the projects. Affiliate **GE**

(continued on page 7)

Chicago Shop Hunts \$700M For Texas Wind

New Generation Power is talking to lenders about lining up roughly \$700 million in financing backing the 400 MW New Generation Power Texas wind project in Haskell County, Texas. The Chicago-based developer is looking for a construction and term loan and tax equity in its largest project financing to date.

"We are in discussions with financing parties now," says **Ania Kuna**, executive v.p. of subsidiary **New Generation Power Texas**. "You have to have the right project. If you have the right project, the right team and the right offtaker then it is of interest to all financing parties."

The project will be split into two 200 MW phases, with the first costing roughly \$370 million to develop and the second \$350 million. The company will look to raise roughly \$150 million in tax equity for each phase and is in discussion with a potential tax

(continued on page 8)

Deals & Firms Of The Year Awards

PFR is launching its annual **Deals & Firms Of The Year Awards**, recognizing excellence in the power industry in 2013.

See page 6

New Project Finance Loans

We've added updates to our weekly 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

Check out the latest asset trades in **PI's** weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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THE BUZZ



Almost 700 industry players descended upon the Las Vegas strip this week for **Platts'** 29th Annual Global Power Markets conference at the Wynn Las Vegas in Las Vegas, Nev., April 7-9 (see coverage page 7). The mood was positive and it had more to do with the state of the market than with any big gambling wins. Project financiers seemed particularly bullish on the year ahead. The number of lenders is rising,

which is pushing pricing down. There was also plenty of action tipped in M&A due to the rise of yieldcos. The impact of distributed solar was also prominent, with many officials considering how to most effectively play in the space.

A couple of noteworthy deals are in the market too. **Competitive Power Ventures** is reportedly looking for lower pricing on the bank loan backing its St. Charles project, following the successful close of Woodbridge last year (see story, page 6). Also in the market is **New Generation Power**, a relatively new Chicago-based shop that is looking for around \$700 million backing two phases of a wind project in Texas (see story, page 1).

Acquisition financings may boost lending volumes in the coming months as some generation sales draw to a close. **Rockland Capital** has landed \$50 million in acquisition financing from **GE Energy Financial Services** that is backed by one gas-fired plant in a portfolio of three that it bought from **Ameren Corp.** (see story, page 5). **Ontario Teachers' Pension Plan Board's** sale of its stake in **Northern Star Generation**, an independent power producer with 1,180 MW, is nearing the end and will likely end up with a financing package, say bankers who pitched packages to bidders throughout the process. Other auctions, remember **ArcLight Capital Partners** has three of its own, are expected to keep financiers' hands on their checkbooks.

Harbinger Group is coming back into power with an investment in **Energy & Infrastructure Capital**, a new lending platform that wants to tackle various parts of the capital structure. E&I is one of several non-bank entities that have come up with funds in the last few years, as the bank market topography has changed under regulations (see story, page 6). **Ares Management**, **Babson Capital** and **Energy Capital Partners** are among firms that look to place first lien or mezzanine debt across the power and midstream space.

Power Intelligence

EDITORIAL

Sara Rosner
Managing Editor
(212) 224-3165

Nicholas Stone
Senior Reporter
(212) 224-3260

Holly Fletcher
Senior Reporter
(212) 224-3293

Stuart Wise
Data Associate

Andrea Innis
Data Associate

Kieron Black
Sketch Artist

PRODUCTION

Gerald Hayes
Manager

Darius Hessami
Deputy

Andy Bunyan
Associate

ADVERTISING

James Barfield
U.S. Publisher,
Capital Markets Group
(212) 224-3445

PUBLISHING

Emmanuelle Rathouis
Marketing Director

Vincent Yesenosky
Head Of U.S. Fulfillment
(212) 224-3057

Nina Bonny
Customer Service Manager
(212) 224-3433

SUBSCRIPTIONS/
ELECTRONIC LICENSES

One Year \$3,147 (In Canada add \$30 postage, others outside U.S. add \$75)

Ken Lerner
Account Executive
(212) 224-3043

REPRINTS

Dewey Palmieri
Reprint & Permission
Manager (New York)
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

Richard Ensor
Chairman

John Orchard
Managing Director,
Capital Markets Group

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 225 Park Avenue South, New York, NY 10003

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GlobalCapital

GENERATION AUCTION & SALE CALENDAR

These are the current live generation asset sales and auctions, according to *Power Intelligence's* database. A full listing of completed sales for the last 10 years is available at www.powerintelligence.com/AuctionSalesData.html

Seller	Assets	Location	Advisor	Status/Comment
Canadian Solar	Little Creek (8.5 MW Solar)	Nappanee, Ont.	TBA	BluEarth Renewables is buying it as part of a portfolio (PI, 4/7).
Corona Power	Stake (Sunbury, 900 MW Repowering)	Shamokin Dam, Pa.	Perella Weinberg	First round offers due April 14 (PI, 3/31).
Duke Energy	Portfolio (6.6 GW Coal, Gas, Oil)	Various	Citi, Morgan Stanley	Restarting the sale of Commercial Power (PI, 2/24).
EmberClear	Portfolio (660 MW CCGT developments)	Good Spring, Pa.	CCA Capital	Tyr has partnered on the development assets (PI, 3/31).
Entegra Power Group	550 MW Stake (2.2 GW Union Station CCGT)	Arkansas	Bank of America	Gearing up to sell the unit that has a tolling agreement (PI, 3/31).
Essar Group	Algoma (85 MW CCGT)	Algoma, Ontario	Barclays	Teasers are on the market (PI, 1/13).
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Fieldstone	Fieldstone is advising on equity hunt in tandem to debt raise with Goldman.
Finavera Wind Energy	Portfolio (368 MW Wind)	B.C.	CapWest	Pattern is buying the Meikle and Tumbler Ridge projects with option to buy another pair (PI, 3/24).
First Solar	Macho Springs (50 MW Solar)	Luna County, N.M.		Southern Turner Renewable Energy is buying the project (PI, 3/17).
Greenwood Energy, Soltage	Portfolio (12 MW Solar)	Various	Ambata Securities	John Hancock is financing construction with a equity stake (PI, 1/27).
JPMorgan	Jackson (540 MW Gas)	Jackson, Mich.	JPMorgan	Consumers Energy is buying it (PI, 2/17).
K Road Power	McHenry (25 MW Solar)	Modesto, Calif.	TBA	Firm backed by BlueMountain, Global Cleantech is buying it (PI, 3/10).
LS Power	Columbia (20 MW Solar)	Pittsburg, Calif.	Marathon Capital	Process is in the second round of due diligence (PI, 7/1).
	Stake (417 MW Hydro)	Pennsylvania	None	Brookfield is buying 33% for \$289M (PI, 2/17).
	Cherokee (98 MW CCGT)	Gaffney, S.C.	Suntrust Humphrey Robinson	Teasers are on the street (PI, 11/18).
Longview Power	Longview (695 MW Supercritical Coal)	Maidsville, W.Va.	Lazard	Filed for bankruptcy (PI, 9/3).
MACH Gen	Stakes	Various	Moelis	Filed for bankruptcy; ECP gets stake via swap (PI, 3/10).
Maxim Power Corp.	CDECCA (62 MW Gas)	Hartford, Conn.	Credit Suisse	Rockland is seeking to terminate its deal to buy the assets (PI, 12/9).
	Forked River (86 MW Gas)	Ocean River, N.J.		
	Pawtucket (64.6 MW Gas)	Pawtucket, R.I.		
	Pittsfield (170 MW Gas)	Pittsfield, Mass.		
	Basin Creek (53 MW Gas)	Butte, Mont.		
NRG Energy	Various (Gas, Solar)	Various	None	Dropdowns to NRG Yield (see story, page 5).
NextEra Energy Resources	Pheasant Run II (75 MW Wind)	Huron County, Mich.	None	DTE Electric is considering buying the farm via a PPA option (PI, 3/3).
Norvento USA	Bloom (180 MW Wind)	Dodge City, Kan.	TBA	Capital Power bought the project (PI, 3/24).
Ontario Teachers Pension Plan Board	Stake (Northern Star Generation)	Various	Citigroup	Buyers moved into the second round (PI, 3/17).
Optim Energy	Portfolio (1.4 GW Coal, Gas)	Texas	Barclays	Mulling a sale via bankruptcy filing (PI, 3/10).
Project Resources Corp.	Rock Aetna (21 MW Wind)	Minnesota	Alyra Renewable Energy Finance	Looking for a buyer with access to turbines to qualify for PTC (PI, 1/13).
Ram Power Corp.	Geysers (26 MW Geothermal)	Sonoma County, Calif.	TBA	U.S. Geothermal has bought it (see story, page 5).
Recurrent Energy	Portfolio (139 MW Solar)	California		Dominion is buying the assets (PI, 4/7).
Suzlon	Big Sky (240 MW Wind)	Illinois	Marathon Capital	EverPower is buying the merchant farm from lender Suzlon (PI, 2/17).
Terra-Gen Power	Alta (947 MW Wind)	California	Citigroup, Morgan Stanley	Management presentations are set to begin week of 3/24 (PI, 3/24).
TransAlta	Wailuku (10 MW Hydro)	Hawaii	TBA	MidAmerican Energy Holdings is buying TransAlta's stakes for \$193M (PI, 3/3).
	Fleet (327 MW Geothermal)	California		
	Fleet (867 MW Gas)	Various		
Wayzata Investment Partnes	Guadalupe (1 GW CCGT)	Marion, Texas	Tudor, Pickering & Holt	Calpine launched B loan add-on to finance (PI, 2/24).
We Energies	Presque Isle (425 MW Coal)	Marquette, Wis.	None	No buyers submitted proposals in RFP (PI, 3/10).

► **New or updated listing**

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@iintelligence.com.

PROJECT FINANCE DEAL BOOK

Deal Book is a matrix of energy project finance deals that Power Intelligence is tracking in the energy sector. A full listing of deals for the last several years is available at <http://www.powerintelligence.com/projectfinancedeal.html>

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
BluEarth Renewables	Renewable Projects	Canada	TBA	TBA	~C\$300	TBA	Sponsor looking for debt backing wind, hydro and solar projects in Canada (PI, 2/17).
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor is shooting for pricing of L+175 bps (PI, 3/10).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU, Natixis, Rabo	TBA	TBA	TBA	Sponsor adds Natixis and Rabo as leads with BTMU (PI, 3/31).
Cheniere Energy	Sabine Pass Trains 3 & 4 (LNG Export Facility)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Sponsor ups the original bank loan to \$4.4 billion and taps Korean entities for a further \$1.5 billion (PI, 6/3).
Competitive Power Ventures	St. Charles	Charles County, Md.	GE EFS	TBA	~\$600M	TBA	Sponsor is looking to tighten pricing following on from the Woodbridge deal (see story, page 6).
Dalkia/Fengate	Merrit (40 MW Biomass)	Merrit, B.C.	BTMU	TBA	\$168M	TBA	Sponsor aims to wrap the financing early next year (PI, 12/2).
Duke Energy	Los Vientos III & IV (Wind)	Starr County, Texas	TBA	TBA	~\$600M	TBA	The sponsor is slated to look for bank debt (PI, 10/7).
EDP Renewables North America	Headwaters (200 MW Wind)	Randolph County, Ind	TBA	Tax Equity	\$350-400	TBA	The sponsor is looking to secure both equity and tax equity investment (PI, 6/24).
Energy Investors Funds							
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	Goldman Sachs	TBA	TBA	TBA	The sponsor is close to lining up equity and will tap Goldman Sachs to launch a B loan (PI, 1/27).
First Wind	Oakfield (147 MW Wind)	Aroostook County, Maine	TBA	TBA	\$300M	TBA	The sponsor is shooting for pricing of L+225 bps (PI, 3/24).
Freeport LNG	Freeport (LNG Export Terminal)	Freeport, Texas	Credit Suisse, Macquarie	TBA	~\$4B	TBA	More than 20 lenders are eyeing the deal, with some offering tickets of \$600M (PI, 2/10).
GDF Suez/Marubeni	GNL del Plata (LNG Re-gas)	Montevideo, Uruguay	BBVA	TBA	TBA	TBA	GDF brings in Marubeni and taps BBVA to lead the financing (PI, 8/12).
Innergex	Three projects (153 MW Hydro)	B.C., Canada	TBA	TBA	\$590M	40-yr	Innergex wrapped on one of its hydro facilities, the 17.5 MW Northwest State River (PI, 6/3).
Invenergy	Nelson (584 MW Gas)	Rock Falls, Ill.	GE EFS	TBA	TBA	TBA	Sponsor is looking for a bank loan backing the merchant facility (PI, 9/2).
KSPC, Samsung	Kelar (517 MW Gas)	Chile	Natixis	TBA	TBA	TBA	The JV appoints Natixis as lead on the deal (PI, 1/13).
Lake Charles Exports	Lake Charles (LNG Export Facility)	Lake Charles, La.	TBA	TBA	TBA	TBA	Sponsor begins preliminary financing search for the potentially \$11B project (PI, 8/26).
Magnolia LNG	Magnolia LNG (LNG Export Facility)	Lake Charles, La.	BNP, Macquarie	TBA	\$1.54B	TBA	Sponsor expected to mandate leads by year end (PI, 12/9).
New Generation Power	NGP Texas (400 MW Wind)	Haskell County, Texas	TBA	Construction/ Term/Tax Equity	~\$700M	TBA	This is the sponsor's largest deal to date (see story, page 1).
NTE Energy	Multiple Gas-fired	U.S.	Whitehall	TBA	TBA	TBA	Sponsor is looking to line up equity investors and then debt backing three projects in the U.S. (PI, 3/10).
Pattern Energy	Panhandle II (TBA Wind)	Carson County, Texas	Credit Ag, NordLB, BayernLB	Construction	~\$500M	C	The deal will likely be a "copy, paste" of the Panhandle I deal, say observers (PI, 11/18).
Radback Energy	Oakley (586 MW Gas)	Contra Costa County, Calif.	BTMU	Term	\$990M	4-yr	Deal is temporarily put on hold following an appellate court decision (PI, 11/11).
Sempra U.S. Gas & Power	Energía Sierra Juárez (156 MW Wind)	Baja California, Mexico	BTMU	TBA	~\$250M	TBA	A club of banks and agencies are near close on the deal (PI, 3/24).
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	Morgan Stanley	TBA	\$450M	TBA	Sponsor taps Morgan Stanley to secure debt, tax equity and equity (PI, 8/26).
Tenaska	Imperial Solar Energy Center West (150 MW CPV)	Imperial County, Calif.	TBA	TBA	TBA	TBA	The company has started talking to banks as it looks to line up debt for the facility (PI, 9/23).
Transmission Developers	Champlain Hudson Transmission Line	New York State	RBC	TBA	~\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PI, 3/3).

New or updated listing

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MERGERS & ACQUISITIONS

Rockland Seals GE EFS Loan For Elgin Purchase

Rockland Capital is financing its purchase of the Elgin gas-fired simple cycle facility in Illinois with a \$50 million loan from **GE Energy Financial Services**.

Rockland bought the 460 MW Elgin facility as part of a trio of gas-fired plants totaling 1,166 MW from **Ameren Corp.** The merchant portfolio includes the 228 MW Gibson City simple cycle in Ford County, Ill., and the 478 MW Grand Tower combined cycle in Jackson County, Ill. Ameren estimated the portfolio to have a fair value at \$133 million (PI, 10/16). Elgin sells power into PJM while the other two sell into MISO.

"We have been able to execute on full and partial merchant power plant financing for several years. As it's become increasingly difficult to obtain long-term contracts, we are able to structure financial solutions that sponsors find attractive," says **Carl Peterson**, managing director of debt origination at GE EFS.

The secured term loan marks the first time that GE EFS has been the lead lender on a deal for Rockland. The plants are owned by Rockland subsidiary **Main Line Generation** and were Rockland's first acquisition under its **Rockland Power Partners II** fund.

Ameren put the plants on the block as part of an effort to divest its unregulated generation (PI, 3/14/13). The acquisition closed in February.

U.S. Geothermal Buys Calif. Geo

U.S. Geothermal is buying the 26 MW Geysers geothermal project in California from **Ram Power Corp.**

U.S. Geothermal will use cash on hand to finance the \$6.4 million acquisition, which is slated to close next month. The Geysers project sits on a site that formerly hosted a 62 MW geothermal facility in Sonoma County owned by **Pacific Gas & Electric**.

Boise, Idaho-based U.S. Geothermal owns the 22 MW Neal Hot Springs plant in Vale, Ore., along with **Enbridge Corp.**, the 9 MW San Emidio plant near Reno, Nev., and the 13 MW Rafter River plant near Pocatello, Idaho along with **Goldman Sachs**.

It is developing the 50 MW El eibillo project near Guatemala City, Guatemala, and the 11 MW \$55 million San Emidio II project near Reno, Nev.

NRG Yield Circles El Segundo

NRG Yield is set to buy the El Segundo combined cycle facility in California from **NRG Energy**, the first of four possible deals between the two this year.

The 550 MW El Segundo plant in El Segundo, Calif., went online in 2013 and has a 10-year tolling agreement with **Southern California Edison**, thus making it a candidate for the yieldco, which

is geared to own contracted assets.

El Segundo is one of four NRG assets that went online in 2013 that could be offered to NRG Yield in 2014, according to company documents. The others include the following solar facilities in California: the 20 MW TA High Desert in Lancaster, the 20 MW RE Kansas South in Lemoore and NRG's 51.05% stake in the 128 MW CVSR in San Luis Obispo. High Desert is contracted to SoCalEd for 20 years while Kansas South and CVSR are contracted to **Pacific Gas & Electric** for 20 and 25 years, respectively.

NRG Yield has a right of first offer on the assets and two others—NRG's stake in the 392 MW Ivanpah in California and 290 MW Agua Caliente solar in Arizona, projects—if NRG opts to sell the assets before July 2018. Both are expected online within the next nine months.

El Segundo was financed with \$688 million arranged by **Crédit Agricole, ING, Mitsubishi UFJ Financial Group** affiliate **Union Bank, Mizuho Corporate Bank** and **Royal Bank of Scotland** (PI, 8/26/11).

STRATEGIES

Duke Issues Gas Pipeline RFP

Duke Energy and **Piedmont Natural Gas** have issued a request for solicitations for a natural gas pipeline to meet growing demand for the fuel in North Carolina. The companies expect to select a bid later this year.

The two companies are seeking an initial capacity of as much as 900 million cubic feet per day for the pipeline, with a target in-service date of late 2018. Other details, such as the length of the line and its geographic designation, could not be learned.

The solicitation was sent to an undisclosed group of companies, that "have the capability to build a project like this," according to a Duke spokesman in Charlotte, N.C., who declined to identify the companies. This is Duke's maiden solicitation for a gas pipeline.

Duke Energy and Piedmont will consider "a joint venture, ownership interest, strategic partnership or other financial-based arrangement" with the winning bidder, according to the solicitation.

Duke's increasing reliance on natural gas for generation, coupled with gas utility Piedmont's growing customer demand, prompted the solicitation. The two companies have "a strong preference" for a new pipeline route that provides geographical diversity relative to the path of North Carolina's existing major wholesale interstate pipeline. The Transcontinental Gas pipeline is the sole source of natural gas to North Carolina and it runs from southeast Texas through Georgia and South Carolina, then on to the Northeast through North Carolina.

Piedmont is currently constructing a 20-inch natural gas transmission pipeline that will extend for approximately 13.5 miles between Antioch and Davidson County, Tenn.

PROJECT FINANCE

Harbinger Backs Lending Platform

Harbinger Group has invested in **Energy & Infrastructure Capital**, a new platform that is looking to lend a range of debt to sectors, including power and midstream gas.

EIC, based out of Stamford, Conn., will be open to making a variety of loans to assets and projects in OECD countries with a focus on North America. In energy, the shop will look for thermal generation, renewables, midstream and distributed generation as well as gas and power transmission and distribution assets that have long-term cash flows.

EIC is led by **Jerry Polacek**, ceo and chief investment officer, and **Matthew Ordway**, cfo and coo, formerly of **GE Energy Financial Services** and **Ridgeline Energy**, respectively. Neither Polacek nor Ordway was available to comment, according to a spokesman.

The shop joins asset managers **Ares Management** and **Babson Capital Management** as sources of capital that will play in various layers of the capital stack, including mezzanine and bridge loans. EIC will be in the market to lend to projects and assets in stages ranging from project and construction finance to acquisition financing and refinancings. It will structure investment grade private placements, project finance bonds and loans, institutional, in addition to mezz and bridge loans.

Harbinger private affiliate **Harbinger Capital Partners**, backed an IPP until it was wound down between 2008 and 2010.

CPV Targets Lower Pricing

Following the close of the Woodbridge financing, **Competitive Power Ventures** is looking to tighten the pricing on the bank loan backing the 725 MW St. Charles in Charles County, Md. The company is aiming to wrap the deal this quarter.

The Woodbridge deal wrapped last year and featured a \$400 million term loan that priced at LIBOR plus 425 basis points, and \$185 million in letters of credit (PI, 9/23). "They will look to recreate what they did on the first one," says a financier who has taken a look at the deal. "I think pricing will come in a bit south of where it was before, the market has tightened and when you bring a similar deal out the sponsors can push a little on pricing."

GE Energy Financial Services is set to feature as anchor lender and lead arranger on the roughly \$600 million debt package, note observers. **CIT Energy**, **Crédit Agricole**, **NordLB**, **ING Capital**, and **Union Bank** are also slated to take tickets. **Natixis** is the only bank that did not participate in the Woodbridge deal looking to take a piece of St. Charles, notes a deal watcher.

Natural gas for St. Charles will be supplied by **Dominion** from either its Cove Point LNG terminal or its existing pipeline. The project is slated for commercial operation in 2016.

CPV officials in Silver Spring, Md., declined to comment. Bank officials either declined to comment or did not respond to inquiries.

11th ANNUAL DEALS & FIRMS OF THE YEAR AWARDS

The voting is now open for PFR's 11th annual awards, recognizing excellence in the power industry in 2013 across 16 categories. Winners will be determined by a poll of voters active in the sector.

To place your votes, please visit: www.surveymonkey.com/s/pfr2014awards

Winners will be unveiled later in the quarter. The awards are for:

Project Finance
Borrower Of The Year

Best Institutional
Investor In Power

Best Project Finance Lender
For Non-Renewables Generation

Best Project Finance Lender
For Renewables Generation

Project Finance Bond
Arranger Of The Year

Renewables Project Finance
Deal Of The Year

Non-Renewables Project
Finance Deal Of The Year

Project Finance Law Firm
Of The Year

Best Seller Of
Power Assets

Best Buyer
Of Power Assets

M&A Asset Deal
Of The Year

Best Renewable Asset
M&A Advisor

Best Non-Renewable
Asset M&A Advisor

Best Corporate
M&A Advisor

Best Law Firm
For Asset M&A

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James Barfield E: james.barfield@euromoney.com T: +1 212 224 3445

Power Intelligence

PLATTS GLOBAL POWER

Platts Global Power Finance Conference

Around 700 developers, financiers and lawyers descended upon the Wynn Las Vegas in Las Vegas, for Platts' 29th Annual Global Power Markets April 7-9. Market trends, sources of capital, tight pricing and the rise of yieldcos were a few of the topics under discussion. Senior reporter **Nicholas Stone**, when not losing money at the blackjack table, filed the following stories.



Wynn Las Vegas

(continued from page 1)

Energy Financial Services is leading a deal backing **Competitive Power Ventures'** St. Charles project, which will likely follow a similar path to the sponsor's recent Woodbridge financing (PI, 4/8).

The number of banks playing in the project finance space is also healthy, noted panelists. European banks are back in force after a sojourn following the financial crisis. Asian lenders are still offering attractive terms for borrowers. Panelists reckoned around 50 banks are active in the market and spreads are tightening due to the competition.

The ability to lengthen tenor, as well as client relationships, are critical in snagging commitments in this larger universe of lenders. "We have seen a very big increase in the commercial bank market," said **Carl Morales**, senior v.p. and team leader at **Sumitomo Mitsui Banking Corporation**. "I think the drivers there are relationships and tenor," he said, adding that banks are comfortable taking tickets of up to \$350 million, while offering tenors of up to 15 years.

"It is more competitive in the bank market and we are seeing spread compression and this is all good news for project developers," said **Mark Saar**, managing director and head of North American project finance at **RBC Capital Markets**.

The term loan B market is also healthy, providing sponsors an alternative to bank loans. "The great news for issuers right now is that all debt markets are open and looking for assets," said Kyle, noting that the sponsor's strategic objective will factor into choosing a deal structure. The bank market is better equipped to handle construction risk, doesn't have the same negative carry issues as the term loan B market and tends to price around 200 basis points tighter than B loans. On pricing, panelists noted that pricing in both markets had reached near record lows.

Developers See More Capital, Lower Pricing

Abundant sources of capital are driving down prices, noted panelists at the conference.

Both debt and equity are being accessed at record lows. "Debt price is coming down. Equity is on the verge of suicide in that it is becoming too low," said **Michael Garland**, president and ceo at **Pattern Energy**, referencing the recent K2 wind project debt the company closed at LIBOR plus 175 basis points (PI, 3/24). "It is not a good situation," he added, pointing to the jolt the market could take

when interest rates rise.

"The access to capital is huge. This is a different world to what we lived in ten years ago," said **Todd Carter**, president and senior partner of **Panda Power Funds**. Panda's roughly 50:50 debt-to-equity ratio it secured backing its projects in the ERCOT and PJM regions predominantly tapped the institutional market for both tranches. "We believe we will get a good rate of return from that model," he said.

The capital is not just looking for greenfield projects either, noted panelists. "There is money out there and interest in new and existing generation," said **Kenneth Cornew**, president and ceo at **Exelon Generation**. The availability of capital for acquisition financings is strong, he added.

Developers also see that cost of capital staying low. "We are bullish on having a low cost of capital," said Garland. "It is one of the lowest I have seen in the industry and there are more avenues opening up for accessing the low cost of capital."

DG Growth Drives Questions On Utilities' Roles

The impact of distributed solar generation on the market is challenging the traditional utility-centric model and piquing financier interest, according to panelists at the event.

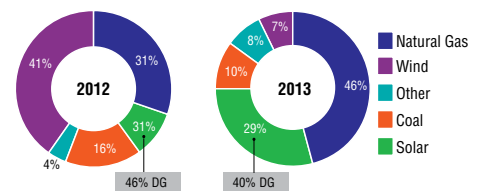
The private sector is driving the proliferation of rooftop solar on households and businesses and causing many market participants to ponder the role that utilities will play moving forward. "The question is, will utilities fade away?"

asked **Jerry Bloom**,

chair of the energy practice at **Winston & Strawn**. As more people install solar panels on their roofs, the demand for utilities to provide power to the grid is diminished.

"I think utilities are going to have to look at the new model as it evolves," said **Kenneth Cornew**, president and ceo of **Exelon Generation**. The issue already came to a head last year in Arizona, when regulators stepped in after **Arizona Public Service** claimed that residential solar was costing customers more than utility generation and was not a level playing field (PI, 11/14).

Power Installations With Distributed Generation



Source: Solar Energy Industries Association

PLATTS GLOBAL POWER

DG Growth Drives *(Continued from page 7)*

This shift is forcing traditional project finance players to develop models to enter the space and play in it. "Rooftop solar has been a big business for us," said **John Cogan**, managing director, co-

"I think there is a huge untapped potential for residential demand response. I think the market will need to evolve to include residential demand response."

—**Manu Asthana, Direct Energy Residential**

potential for residential demand response," said **Manu Asthana**, president, **Direct Energy Residential**. "I think the market will need to evolve to include residential demand response."

head of power and utilities at **Credit Suisse**, citing the two **SolarCity** securitizations that the bank closed (PI, 11/4 & 4/2). PF players are increasingly looking to residential solar for returns as utility scale deals dry up.

As the market matures, qualities that are apparent in utility scale generation will increasingly become available in the distributed space, noted panelists. "I think there is a huge untapped

ECP III Wraps *(Continued from page 1)*

that like its deal history and expansion to equipment and services businesses, say observers. It has built a 4.7 GW gas-fired fleet at portfolio company **EquiPower Resources Corp.** in acquisitions over the last four years. Its opportunistic approach—keep some facilities, sell some when the time is right—is also attractive to investors, says one observer. ECP sold a merchant gas-fired plant to each **Carlyle Infrastructure Power Partners II** and **Koch Industries'** subsidiary in the second half 2013 (PI, 9/10 & 10/11).

ECP will be trying to disperse some of its fresh, dry powder in the auctions of **Duke Energy** and **AES'** unregulated assets in PJM, deal watchers say.

UBS Securities and **Bel Air Securities** are placement agents with **Kirkland & Ellis** as legal advisor.

ECP officials did not respond to an interview request.

— *Holly Fletcher*

Chicago Shop Hunts *(Continued from page 1)*

equity investor, Kuna says.

Founded in 2009, New Generation Power is a global developer, investor, owner and operator of infrastructure assets. This will be the company's largest project financing to date and its largest project by megawatts. Previously, it has financed a 20 MW biomass project at Holloman Air Force Base in New Mexico after winning a U.S. **Air Force** solicitation, the 3 MW Rockford solar project in Illinois and 4 MW of solar projects in Indiana as well as other smaller projects around the globe.

Reporter's Notebook

- Attendees were treated to some enthralling entertainment at the cocktail reception on the first night, including an electric string quartet and dancing roller skaters that defied logic and physics.

- Lunch on the first day was a cobb salad, tender beef with root vegetables and mashed potato as well as chocolate cake for dessert.

- **Jason Cox**, senior director asset management at **Dynegy**, was pretty forthright in his view of the California market. "Some people say California doesn't have a capacity market," he said. "It does. It is just incredibly flawed and dysfunctional."

- The conference had an app, which attendees could download from the **Apple** store.

- Not everyone was technologically inclined. **John Moore**, a senior attorney on the sustainable FERC project at the NRDC said, "I can't really say this with a straight face, but follow us on Twitter!"

Working with companies such as **GE** and **Rosendin Electric** should help to assuage lender concern that this is the NGP's first major financing, according to a market participant. The project will use GE turbines. Rosendin Electric is the ECP contractor.

The company is working with a financial advisor and is close to inking a power purchase agreement for the generation from the first phase, but declined to add further details on either. "We're consulting with an advisory firm on filling in some of the other areas of capital," says Kuna.

NGP is capitalized through undisclosed shareholders and consortium partners, which it brings in to deals to add equity. Kuna did not share details of any prospective consortium partners for this project, but said NGP would have some skin in the game, although a final amount was not yet available.

— *Nicholas Stone*

QUOTE OF THE WEEK

"It is more competitive in the bank market and we are seeing spread compression and this is all good news for project developers." —

Mark Saar, managing director, head, North American project finance at **RBC Capital Markets** on a growing pool of lenders (see story, page 1).

ONE YEAR AGO

Uncertainty was brewing over natural gas impacts among attendees of **Platts'** 28th Global Power Finance Conference in Las Vegas. [A deluge of capital and active lenders were the popular topics at this year's event (see coverage, page 7).]