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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

RESTRUCTURING

Longview Files for Prepack Restructuring

Longview Power, the owner of a 700 MW coal-fired plant in West Virginia, has filed for Chapter 11. Page 2

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Golden State Wind Repowering Sale Progresses

Eolus North America is taking second round bids for its stake in the 46.5 MW Wind Wall I project in California. Page 6

PROJECT FINANCE

Algonquin Seals Wind Construction Loan

An **Algonquin Power & Utilities Corp**. subsidiary has raised almost $300 million for two projects in Missouri. Page 9

Community Solar Heats Up in New York

Shravan Bhat

While the community solar asset class remains a small subset of the overall U.S. solar market, the pace of development, acquisition and financing activity is accelerating, especially in upstate New York. Five deals came to light in the first two weeks of April alone (see table below), highlighting investors' growing comfort with utility-scale projects that can access residential electricity prices. "With all these new community programs, wouldn't you rather not put panels on your roof?" muses a developer. While debt and equity for such projects are abundant, community solar sponsors are competing for an already limited—and now dwindling—pool of tax equity. For a deep-dive into financing community solar, watch out for *PFR*'s Distributed Solar Roundtable 2020, which will be released next month

MORE COMMUNITY SOLAR NEWS ON PAGE 5 »

New York Community Solar Activity in April

Sponsor	Assets	Activity Type	Involved Parties
TBC	Eight projects totaling 46.9 MW	Sale process	Borrego Solar (seller)
Delaware River Solar	Five projects totaling 15 MW	Tax equity	Advantage Capital (tax equity)
NextEnergy Capital	100 MW portfolio	Acquisition	Akin Gump (legal adviser)
OYA Solar	10 projects totaling 61.9 MW (DC)	Loan	Wunder Capital (lender), Sive Paget Riesel (legal adviser)
Solops	Eight projects totaling 75 MW	Acquisition	Solar Liberty Energy Systems (seller)

Source: Power Finance & Risk, press releases.

Engie Seals $1.6B Tax Equity Raise

Shravan Bhat

ENGIE North America has raised $1.6 billion in tax equity commitments from two financial institutions for a portfolio of U.S. wind and solar projects totaling 2 GW.

The tax equity investors, **Bank of America** and **HSBC**, will finance 11 projects in various states, most of which are contracted under virtual power purchase agreements with corporate offtakers.

The portfolio comprises wind projects totaling 1.5 GW and solar projects totaling 500 MW (see table, page 11).

The deal closed on April 9.

If the transaction is structured as a single portfolio PAGE 11 »

Standalone Batteries: "More Smoke than Fire"

A coterie of developers, project finance lenders and equity investors have been jockeying for position on the front line of a widely-tipped tidal wave of standalone battery storage deals for years, but with the exception of a few high profile deals, there has so far been more talk than action. **Taryana Odayar** investigates.

The limiting factor is not the availability of capital, but a lack of projects with PAGE 8 »

Bankruptcies on Horizon in Argentinian Power Sector

Carmen Arroyo

An Argentinian power industry association has warned that the sector could face bankruptcies as the government implements the *pesification* of power contracts and denies inflation adjustments to already struggling generators.

The problems started in December of last year when the government announced a measure to implement a six-month power price freeze PAGE 12 »

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RESTRUCTURING

Longview Files for Prepack Restructuring

Longview Power, the owner of a 700 MW coal-fired plant in West Virginia, filed a prepackaged Chapter 11 restructuring plan before the U.S. **Bankruptcy Court for the District of Delaware** on April 14.

Longview blamed low power prices as a result of cheap gas, warm winter weather and Covid-19 for the restructuring, which will see its senior secured creditors take ownership of the company.

The plan provides for a $40 million exit facility to be entered into when the restructuring becomes effective.

The company has been working with **Houlihan Lokey** as its financial adviser on potential refinancing and M&A options since early 2018 (PFR, 4/5/18, 2/21/19, 9/30/19).

Longview's legal advisers on the Chapter 11 proceedings are:

- **Kirkland & Ellis**, and
- **Richards, Layton & Finger**.

The company's creditors, meanwhile, are working with law firm **Faegre Drinker Biddle & Reath**.

More than 85% of the company's senior secured lenders support the plan, according to Longview.

"This filing is unfortunate but necessary given the current depressed power prices, which have further dropped more recently due to the terrible Covid-19 pandemic sweeping the nation and dramatic effects of the pandemic on the economy," said **Jeffery Keffer**, Longview's CEO.

The company is not planning to change its staff and expects to pay vendors as normal throughout the Chapter 11 process, Keffer added. ■

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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
● AES Corp.	Redondo Beach (1.31 GW Gas)	Los Angeles County, Calif.		The deal closed on March 27 (see story online).
● Ansaldo Energia	Gas Turbine Servicing Business	North America and Europe	Rubicon	Non-binding offers are due at the end of April (see story, page 7).
Aura Power, ib vogt	Fox Coulee, Empress (114 MW Solar)	Alberta	Rubicon	The auction is in its second phase (PFR, 2/18).
Avangrid Renewables	Vertex (1.15 GW Wind)	U.S.	Wells Fargo	The final bid date is towards the end of April (PFR, 3/30).
● Belltown Power	Portfolio (255 MW Solar)	Dallas	CohnReznick	Hanwha Group is the buyer (see story, page 5).
Borrego Solar	Empire 8 (46.9 MW Solar)	New York		Winner(s) to be selected by April 20
Community Energy	Halifax (80 MW Solar)	Halifax County, N.C.	Greentech	Binding bids were due in mid-March (PFR, 3/16).
	Great Cove (220 MW)	Fulton County, Pa.		
Copel	Foz da Areia (1,676 MW Hydro)	Brazil		A sale process was underway in February (PFR, 2/24).
Eletrobras	State Utility	Brazil		The privatization has been delayed (PFR, 4/6).
● Eolus North America	Wind Wall I (46.5 MW Wind)	Kern County, Calif.	Paragon	The developer is taking secound round bids (see story, page 6).
● Micropower Comerc Energia	Portfolio (Solar, Storage)	Brazil		Equinor has acquired a stake in the assets as well as the developer (see story, page 12).
Foundation Solar Partners	Portfolio (305 MW Solar)	Pennsylvania		A sale is being prepared for a late April launch (PFR, 3/30).
Galehead Development	Portfolio (136 MW Solar)	U.S.	Basho Energy	The auction for the development-stage assets was launched in January (PFR, 3/9).
Global Infrastructure Partners	Competitive Power Ventures (Gas, 95.2%)	U.S.	Morgan Stanley	Teasers were circulated in December (PFR, 2/10).
John Laing	Portfolio (243 MW Solar)	North Carolina	CohnReznick	The company is in discussions with potential investors (PFR, 3/30).
● KKR & Co.	Acciona Energia Internacional (2.3 GW Wind, Solar, 33.3%)	U.S., Mexico, Canada, Australia, South Africa, Portugal	Real Asset Advisers	Acciona and Axa Investment Managers are buying the stake (see story, page 7).
Longroad Energy Partners	Muscle Shoals (227 MW Solar)	Colbert County, Ala.	Fifth Third	The sale process is underway (PFR, 3/23).
LS Power	Centilena (170 MW Solar)	Imperial County, Calif.	Citi (lead), BMO	LS Power put the assets up for sale in early 2020 under the codename Project Hornet (PFR, 3/2).
	Dover SUN (10 MW Solar)	Dover, Del.		
	Arlington Valley II (125 MW Solar, 30%)	Arlington, Ariz.		
Marubeni Power America	Spindle Hill (314 MW Gas/oil, 49%)	Fredrick, Colo.	Guggenheim	Bidding had entered a second round by the end of February (PFR, 3/9).
	Cannon Falls (357 MW Gas, 49%)	Minneapolis		
	Hardee (370 MW Gas, 49%)	Tampa, Fla.		
NaiKun Wind Energy	NaiKun (400 MW Offshore Wind)	British Columbia		The sale is expected to close in mid-2020 (PFR, 4/6).
Osaka Gas	Aurora (74 MW Solar, 50%)	Ontario	CohnReznick	Teasers went out in February (PFR, 2/18).
● Peak Clean Energy	Portfolio (Solar)	U.S.	Marathon	German renewable energy fund hep global is the buyer (see story, page 6).
Renova Energia	Alto Sertão III Phase A (438 MW Wind)	Bahia, Brazil		Castlelake has made a bid for the project (PFR, 3/23).
Petrobras,	Mangue Seco 1 & 2 (52 MW Wind, 50%)	Brazil	CA CIB	Petrobras issued teasers in February (PFR, 3/16).
Petrobras, Wobben	Mangue Seco 3 & 4 (54 MW Wind)	Brazil	CA CIB (Petrobras), DNB (Wobben)	The sale process was launched in March (PFR, 3/23).
Posigen Solar	Portfolio (Residential Solar)	U.S.	Marathon Capital	The firm is conducting a strategic review (PFR, 4/6).
RWE Renewables	Portfolio (861 MW Wind)	Texas	Marathon Capital	RWE put the assets up for sale in February (PFR, 2/10).
● Sempra Energy	Luz del Sur, Tecsur (Utility, Hydro)	Peru	BofA, Lazard	Sale to China Yangtze Power Co. approved on April 10 (see story, page 12).
● Siemens Gamesa	Pocahontas Prairie (80 MW Wind)	Pocahontas County, Iowa		Sale to MidAmerican Energy closed on March 31 (see story, page 6).
Solar Liberty Energy Systems	Portolio (75 MW Community Solar)	New York		Solops signed a deal to acquire the assets on April 8 (PFR, 4/13).
Turning Point Energy	Escalante (200 MW Solar)	McKinley County, N.M.	CohnReznick	The developer is nearing a sale (PFR, 3/9).
Xcel Energy	Mankato Energy Center (760 MW Gas)	Mankato, Minn.		Southwest Generation has agreed to acquire the project for $680 million (PFR, 4/13).

● **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 Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@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
● Arroyo Energy	Portfolio (219 MW Wind, Solar)	Chile	SMBC, Crédit Agricole	Term Loan	$400M	7-yr	The refinancing is expected to close in April (PFR, 2/10).
	Pemcorp (131 MW Gas)	Nuevo León, Mexico	SMBC, Natixis	Term Loan	$170M	7-yr	The refinancing is expected to close in April (PFR, 3/2).
	Broad River Energy (875 MW Gas)	Gaffney, S.C.	CIT Bank	Term Loan			The refi closed on March 16 (see story, page 11).
BayWa r.e.	Amadeus (250 MW Wind)	Texas	Commerzbank	Construction Debt			The tax equity commitment was signed on Dec. 19, 2019 and the debt on March 17, 2020 (PFR, 13/4.)
			GE EFS, BHE	Tax Equity			
Boralex	Niagara Region (230 MW Wind)	Ontario		Refinancing			The sponsor has canvassed banks about the potential refi (PFR, 3/2).
Capital Dynamics	Portfolio (350 MW Solar)	California, Florida, Virginia, Arizona, Tennessee	MUFG, SMBC	Debt			CapDyn aims to close the deal by the end of April (PFR, 13/4).
Capital Power Corp.	Cardinal Point (150 MW Wind)	McDonough and Warren Counties, Ill.		Tax Equity			The tax equity investment has closed (PFR, 13/4).
Castletman Power Development	Portfolio (400 MW Gas)	Texas	ING Capital	Term loan	$160M	7-yr	Price talk was said to be 325 bp before the Covid-19 outbreak (PFR, 13/4).
				Ancillary Facilities	$20M		
● Delaware River Solar	Portfolio (15 MW Distributed Solar)	New York	Advantage Capital	Tax equity			The tax equity investment has closed (see story, page 5).
EnfraGen	Portfolio (200 MW Distributed Solar)	Chile					The financing is expected to close before the end of the summer (PFR, 13/4).
● Engie North America	Portfolio (2 GW Solar, Wind)	Virginia, Texas, Oklahoma, Kansas, South Dakota	BofA, HSBC	Tax equity	$1.6B		The deal closed on April 9 (see story, page 11).
Engie Brasil Energias	Portfolio (361.2 MW Wind)	Bahia, Brazil	BNDES	Term loan	$236M		The financing has been signed (PFR, 13/4.)
IEnova, Saavi Energía	Sierra Juárez II (108 MW Wind)	Baja California, Mex.	SMBC, Mizuho	Term Loan	$170M	18-yr	The deal was expected to reach financial close by mid-March (PFR, 3/9).
			IDB Invest	Term Loan		21.5-yr	
Kepco, Sprott	Tastiota (100 MW Solar)	Sonora, Mexico	SMBC	Term Loan	$70M		The deals are both expected to close in April (PFR, 3/9).
	El Mayo (99 MW Solar)	Sonora, Mexico	SMBC	Term Loan	$70M		
KOSPO, Samsung	Kelar (517 MW Gas)	Chile					The sponsors are exploring a refi (PFR, 3/30).
Liberty Power	Sugar Creek (202 MW Wind)	Logan County, Ill.	CIBC, HSBC, Mizuho, Rabo, SMBC	Construction Loan	$284.83M		The Algonquin subsidiary will seek to attract tax equity (PFR, 4/6).
● Liberty Utilities	North Fork Ridge, Kings Point (300 MW Wind)	Barton, Dade, Jasper, Lawrence counties, Mo.	MUFG, NBC	Term Loan	$276.2M		The financing closed on Feb. 24 (see story, page 9).
			Wells Fargo, JPM	Tax Equity			
Macquarie Capital	Norte III (907 MW Gas)	Mexico	TBA	Refinancing			The sponsor has began talks with banks (PFR, 4/6).
● Madison Energy Investments	Portfolio (60 MW Solar)	U.S.	Fifth Third Bank	Term loan	$50 M		The loan closed in the first quarter of 2020 (see story, page 9).
				Tax equity	$50 M		
ProEnergy Services	Topaz (Gas)	Galveston County, Texas	MUFG	Term Loan	$200M	C+7-yr	The deal is in the works (PFR, 13/4.)
Rio Energy	Serra da Babilonia 3 (144 MW Wind)	Brazil	BNB	Construction Loan			The sponsor is negotiating with the development bank (PFR, 2/10).
● Solops	Portfolio (18 MW Distributed Solar)	New Jersey, Connecticut		Tax equity			Financial close is pegged for mid-May (see story, page 5).
				Term loan			
Sonnedix	Unidentified (Solar)	Chile		Term loan			Sonnedix has been reaching out to commercial banks since last fall (PFR, 13/4.)
	Valleland (60 MW Solar)	Atacama, Chile					
Starwood, OGCI Climate Investments	Unidentified (CCS)			Debt			Construction is expected to start in early 2021 (PFR, 13/4).
				Tax Equity			
Sunnova	Portfolio (Solar)		Credit Suisse	Term loan	$400M		The maximum facility amount was raised on March 31 (PFR, 13/4).

● **New or updated listing**

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COMMUNITY SOLAR

C&I Solar Developer Solops Secures Funding

Commercial and industrial-scale solar developer **Solops** has made progress on the financing of a U.S. portfolio, having dialled back the pace of its activity due to the impact of Covid-19.

The developer has agreed terms with undisclosed debt and tax equity investors for an 18 MW distributed solar portfolio and financial close is pegged for mid-May. Most of the projects are in New Jersey, except for one, which is in Connecticut.

The remaining work to reach financial close relates mainly to permitting, which has been delayed due to Covid-19. New Jersey municipalities, for instance, are unable to hold meetings to grant required approvals.

The company had approached the market earlier this year with the intention of simultaneously financing two portfolios totaling between 30 MW and 40 MW (PFR, 2/13), but has decided to postpone one of the deals until market conditions ease.

"We've got to draw a line and assume that things are not going to go back to normal till at least the late spring," says **Matt Rosenblum**, founder and CEO of Solops. "Until then, it's a case of fine-tuning internally and being ready to quickly mobilize capital and permits when things start moving again."

While it has gradually grown quieter on the financing front, there appears to be no shortage of M&A activity in the C&I solar sector—especially for community solar assets in New York state.

Solops itself recently won an auction for a 75 MW New York community solar portfolio originated by **Solar Liberty Energy Systems** (PFR, 4/8). Private equity firm **NextEnergy Capital** also announced a push into the market earlier this month (PFR, 4/6). ■

Tax Equity Investor Found for Community Solar Portfolio

A tax equity investor has committed financing for a community solar portfolio located in New York state.

Advantage Capital Solar Partners III has closed its tax equity investment in the five-project portfolio, which totals 15 MW and is owned by greenfield community solar developer **Delaware River Solar**.

The projects operate under New York's Community Distributed Generation program and together generate approximately 18 million kWh of electricity annually.

"By supporting their continued growth in the community solar market, we're able to further extend local access to clean energy and provide our investors with predictable, stable returns," said **Carl Weatherley-White**, managing director and head of renewable energy at Advantage Capital.

Weatherley-White, a former head of project finance at **Lehman Brothers** and **Barclays** who left banking in 2011, joined Advantage Capital last year (PFR, 3/12/19). Advantage has been funding solar for three years. ■

Community Solar Portfolio Auction Advances

The sale process for an almost 50 MW portfolio of development-stage community solar assets in New York is nearing completion with a handful of bidders moving into the second phase.

San Diego-based developer **Borrego Solar** began marketing the 46.9 MW eight-project fleet in late February. The projects have permission to operate by the end of this year.

First round bids were due at the end of last month. Nine bids were submitted and five bidders have made it to the second round, says a deal watcher.

The winning bidders are expected to be selected on April 20, according to marketing materials seen by *PFR*. The buyer or buyers will be responsible for securing offtake or community solar subscriptions.

This portfolio represents the first tranche of Borrego's New York project pipeline. The developer plans to market around 70 MW of additional projects in the second half of the year.

Borrego's project finance director, **Andrew Kraczkiewicz**, is running the processes. He declined to comment.

Nautilus Solar Energy purchased a 17.2 MW New York community solar portfolio from Borrego last year (PFR, 11/7/19). ■

NORTH AMERICA MERGERS & ACQUISITIONS

Buyer of Belltown Solar Portfolio Revealed

The identity of the buyer of a portfolio of contracted solar assets developed by **Belltown Power** in Texas has been revealed.

The three projects, totaling 255 MW and collectively known as Blue Bonnet, were acquired by South Korea's **Hanwha Group**, says a source close to the deal.

The transaction closed on Feb. 14, as previously reported (PFR, 4/3).

Notice to proceed has not yet been issued for the projects but they are fully contracted under power purchase agreements with tenors of 10 and 15 years. All three projects are located in Dallas.

CohnReznick Capital was Belltown's financial adviser on the sale. The auction was launched in March 2019 (PFR, 4/9/19) and Belltown entered into an exclusivity agreement with a buyer last summer.

Belltown has solar projects in excess of 2 GW in development, chiefly in the North and South zones of **Ercot**, and is open to discussions about other individual projects in the near term, says a person familiar with the situation. ■

NORTH AMERICA MERGERS & ACQUISITIONS

Golden State Wind Repowering Sale Progresses

A developer is close to striking a deal for the sale of a repowering project at the site of a 35-year-old wind project in California.

Eolus North America, a subsidiary of Sweden's **Eolus Vind**, is taking second round bids for its stake in the 46.5 MW Wind Wall I project, which is located in Kern County, about seven miles east of the City of Tehachapi.

Paragon Energy Capital is acting as sell-side adviser.

The repowering is slated to come online this year and will sell its output to **Amazon Web Services** under a 15-year power purchase agreement secured last year (PFR, 4/9/19). The PPA is backed by a limited guarantee from parent company **Amazon.com**.

The project involves the replacement of some 400 **Vestas** turbines originally installed in 1985 at the Tehachapi Pass wind farm with 13 turbines from the same manufacturer.

The repowering is expected to triple the project's annual generation to between 135 GWh and 145 GWh.

The project is in the final stages of construction, and is targeted to be online on July 1, 2020, according to marketing materials seen by *PFR*.

Full notice to proceed under the balance of plant agreement was issued on Nov. 20, 2019. The BOP contractor is **Signal Energy**.

Wind data collected over the past seven-plus years support an expected capacity factor in excess of 40%, according to the marketing materials.

The project is also qualified for the full-value production tax credit.

Eolus North America acquired a 60% stake in **Wind Wall Development**, which owns the rights to the Wind Wall I project, in December 2016.

Last June, Eolus signed a supply agreement with Vestas for the 13 new turbines. The order is for 11 V126-3.6 MW HTq model machines and two V126 3.45MW LTq turbines.

Vestas also signed a 10-year service and maintenance agreement for the project. ■

Siemens Sells Merchant Wind Project in Iowa

Siemens Gamesa has completed the sale of a merchant wind project in Iowa that has been online for seven years to **MidAmerican Energy**.

The sale of the 80 MW Pocahontas Prairie Wind project, located in Pocahontas County, closed on Mar. 31, according to a U.S. **Federal Energy Regulatory Commission** filing.

Siemens and MidAmerican had requested FERC approval for the deal in November, as previously reported (PFR, 11/19).

The project was originally developed by **Gamesa Energy** and fitted with 40 of the company's G9X-2.0 MW turbines.

The project was financed with tax equity from **JP Morgan** and **Morgan Stanley** in 2011.

It was part of a four-project portfolio that Gamesa put up for sale in 2012, with JP Morgan acting as auctioneer (PFR, 2/3/12).

Algonquin Power & Utilities Corp. acquired the other three projects in the portfolio—the 200 MW Minonk project in Illinois, the 150 MW Senate project in Texas and the 50 MW Sandy Ridge project in Pennsylvania—but declined to purchase the merchant Pocahontas Prairie asset unless an offtaker was found.

Gamesa brought it online anyway in 2012 with **Mortenson Construction** as engineering, procurement and construction contractor. It remained a Gamesa asset until **Siemens Wind Power** acquired a controlling stake in its Spanish competitor in 2017 and they merged to become Siemens Gamesa (PFR, 4/12/17). ■

Peak Clean Energy Sells Solar Assets

Colorado-based **Peak Clean Energy** has sold its solar development pipeline in the U.S. to German renewable energy fund **hep global**.

Peak Clean Energy selected hep in part because it was "looking for an entrepreneurial partner that would lean in to rapidly developing a large pipeline" ahead of the scheduled phase-out of solar tax credits in the U.S., according to a press release.

"We are excited to add PCE's experience to our team"

Marathon Capital advised Peak Clean Energy on the sale.

Hep has developed 40 solar projects across the globe and has a nearly 3 GW pipeline.

"We are excited to add PCE's experience to our team and expand our strategic market reach," said **Alexander Zhou**, senior vice president North America, at hep. "At the Colorado office, we'll be able to drive our utility-scale development business across the United States. We are looking forward to integrating the team as we share a similar development mindset and a commitment to the environment." ■

MORE ONLINE

AVANGRID CLOSES LATEST GREEN BOND

Avangrid closed its third green bond—a $750 million, five-year senior unsecured offering—on April 9 . The notes were priced to yield 3.2% on April 7. Law firm **White & Case** advised Avangrid. ■

REDONDO BEACH SOLD TO REAL ESTATE DEVELOPER

Los Angeles real estate developer **Leo Pustilnikov** has bought the 1.31 GW Redondo Beach gas-fired project from **AES Corp.** but will have to keep the plant running for two more years under a reliability-must-run order. ■

NEXTERA PROCEEDS WITH WYOMING WIND FARM

NextEra Energy Resources is nearing completion on the Roundhouse wind project in Laramie County, having increased the size of the project and a related power purchase agreement from 150 MW to 225 MW. ■

CHILEAN GOVERNMENT WARNED OF THREAT TO FOREIGN INVESTMENT

Renewable energy companies have written to the Chilean government about recent policy changes that they say could have a negative impact on investor confidence. ■

MERGERS & ACQUISITIONS

KKR Agrees to Sell Stake in Acciona Portfolio

Spanish renewables developer **Acciona Energía** has brought in one financial investor and is looking for another to jointly acquire **KKR & Co.**'s minority stake in its international generation subsidiary, **Acciona Energía Internacional**.

As a first step, Acciona and co-investor **Axa Investment Managers** have signed a deal to buy KKR's one-third stake in the 2.3 GW portfolio for €445 million ($486.6 million).

Following this transaction, Axa will own a 20% stake in the overall portfolio and Acciona will own the rest. However, the developer aims to find a second co-investor to take a further 5%, reducing its own interest in the portfolio to 75%.

The acquisition, announced on April 10, is expected to close in December.

Real Asset Advisers, a London-based financial advisory firm set up by **Roger Ammoun** last year, structured the deal.

Acciona Energía Internacional owns and AEI operates 52 renewable energy assets across Mexico, the U.S., Canada, Australia, South Africa, and Portugal.

Acciona established the company and sold the one-third stake to KKR in 2014, a transaction originally conceived as a prelude to the creation of a yield company through an initial public offering (PFR, 9/29/14). However, the IPO never took place.

In the U.S., the company's existing fleet includes nine wind farms, as well as the 64 MW Nevada Solar One concentrated solar plant outside of Las Vegas, Nevada.

Acciona's operational wind projects in the U.S. include:

- the 123 MW Red Hills wind project in Roger Mills and Custer counties, Okla,
- the 132 MW Dempsey Ridge project, also known as Big Smile Wind, in Roger Mills and Beckham counties, Okla.,
- the 144.9 MW Palmas Altas wind project in Cameron County, Texas, and
- the 198.45 MW Chalupa wind project near Arroyo City, also in Cameron County, Texas.

In Mexico, the company operates wind and solar projects totaling 1,144 MW, including:

- The 404.5 MW Puerto Libertad solar project in Sonora,
- The Oaxaca II, III, and IV wind farms, each with a 102 MW of capacity, in Oaxaca,
- The 250.5 MW Eurus wind project, also in Oaxaca,
- The 252 MW Ventika wind farm in Nuevo Leon, and
- The 183 MW El Cortijo wind asset in Tamaulipas.

The company owns five assets in Canada, one of which is the 102 MW South Canoe wind farm in New Brunswick.

Acciona has been adding renewable projects to its development pipeline in recent months. In late February, the company said it would invest €4 billion ($4.35 billion) in the development of 5 GW of renewable projects over the next five years.

The Spanish developer acquired 3 GW of greenfield solar assets and a 1 GW battery storage portfolio from **Tenaska** in October of last year (PFR, 10/21/19). ■

Gas Turbine Servicing Biz Sale Launched

Ansaldo Energia launched the sale of its North American and European third-party gas turbine servicing businesses in late March.

The Italian turbine manufacturer is exploring the sales as part of its relaunch plan, which was approved by the company's board late last year.

Ansaldo hired Dublin-based financial advisory firm **Rubicon Capital Advisers** to oversee the sale process earlier this year, as previously reported (PFR, 3/2).

Marketing materials have been distributed to strategic and financial investors and non-binding offers are due at the end of April.

Ansaldo's third-party equipment servicing business is split between two subsidiaries. **Power System Manufacturing** (PSM) is based in Jupiter, Fla., and operates in North America, while Rheden, Netherlands-based **Ansaldo Thomassen** primarily covers Europe but also has local offices in the U.S., Asia and the Middle East.

"The company has expressed interest in identifying a buyer that wants a global platform and will acquire both subsidiaries," says a source close to the process. "However, the company may entertain other strategic options."

The first phase of the auction is unlikely to be impacted by the Covid-19 pandemic, but technology solutions are being assessed to support phase-two diligence, should Covid-19 travel restrictions remain in place, says the source.

Ansaldo Energia is 59.9% owned by Italian sovereign wealth fund manager **CDP Equity** and 40% by **Shanghai Electric**. The company has a long-standing manufacturing associate agreement with **General Electric**. ■

Recurrent Energy Wins Solar Build-Transfer Approval

Canadian Solar subsidiary **Recurrent Energy** has won the approval of the **Mississippi Public Service Commission** for a solar project build-transfer with **Entergy Mississippi**.

The project is the 100 MW Sunflower solar project, located in Sunflower County, Miss., which Canadian Solar says will be the largest utility-owned solar project in the state once operational.

The parties to the deal inked the build-transfer agreement and requested approval from the Mississippi PSC back in 2018 (PFR, 11/8/18).

Entergy agreed to pay a base purchase price for the project of about $138.4 million.

Recurrent intends to fit the project with Canadian Solar modules and bring it online by mid-2022. ■

ENERGY STORAGE

Standalone Batteries: "More Smoke than Fire"

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a combination of attractive cash flow profiles and scale, say deal watchers, though the dearth of opportunities is not for want of innovation on the part of developers and financiers.

"From a financing perspective, the uptake over the last few years in capital deployed is not at the level I would have expected when predicting three to five years ago," says **Dan Cary**, senior vice president at **Macquarie Capital**'s **Green Investment Group**, who worked on one of the first standalone battery storage project finance deals in the U.S.

The deal, which financed Macquarie's 63 MW/340 MWh Electrodes portfolio in California, initially closed three years ago and has since been refinanced and expanded several times (PFR, 3/27/17).

Cash flows in that case came from a 10-year capacity contract with **Southern California Edison** and separate deals with clients that hosted the distributed battery projects.

"Any project with 20-year availability on contract will have a long list of bidders keen to invest, but there aren't that many of those," adds **Chris Archer**, Macquarie's head of clean energy in North America. "Those with shorter or merchant contract periods will be limited by the number of investors who have mandates to do those kinds of deals."

Earlier this year, **esVolta** closed a $140 million financing for a 136 MW/480 MWh portfolio of large-scale projects with a combination of utility and non-utility contracts (PFR, 2/27, 2/24).

"You really have to look at projects' or portfolios' cash flow profile and customize it to make it palatable to the lending community," says **Krish Koomar**, esVolta's CFO. "There is no one size fits all."

Besides the Macquarie and esVolta transactions, announcements of project finance transactions for standalone battery storage have been few and far between. "For standalone storage, there is a lot more smoke than fire," says **Santosh Raikar**, head of renewables at private equity firm **Silverpeak**.

Although the costs of the battery storage systems themselves and the price of debt have come down, generating an appropriate return on equity remains a challenge.

"You talk to banks who want to finance their projects, but when you put the financing cost into your pricing spreadsheet it doesn't work," says Raikar.

The situation will only become more difficult if the availability of credit and the margins on project finance loans do not return to pre-Covid-19 levels.

"U.S. dollar funding has become scarcer, so there will be flight to quality in terms of transactions, and also a flight to support existing clients, so I think it will be more challenging for some of these sponsors in the space to access efficient cost of capital," says **Claus Hertel**, managing director at **Rabobank**, one of the handful of firms that have participated in standalone battery storage project finance deals to date.

> **"The uptake over the last few years in capital deployed is not at the level I would have expected when predicting three to five years ago"**

CIT Bank led on Macquarie and esVolta's deals and other participating lenders have included **Siemens Financial Services**, **CoBank**, **KeyBanc Capital Markets**, **Sumitomo Mitsui Banking Corp.** and **ING Capital**.

"I see probably a select group of maybe five to eight institutions who have a strong interest in this space and have done transactions," says Hertel. "Some of the large European banks and specialized P.F. lenders including ourselves work on deals that are maybe a little bit smaller, in the $30 million-to-$50 million range, which may be off the radar screen of others."

WHERE NEXT?

The Macquarie and esVolta portfolios were both located in California, and deal watchers pick out states like New York and Massachusetts, where unique incentives exist, as the best prospects for the next wave of deals. New York's program is Value of Distributed Energy Resources (VDER), while storage projects in Massachusetts can avail themselves of the Solar Massachusetts Renewable Target (SMART) scheme.

Syncarpha Capital tapped into the SMART program for a 19 MW/ 38 MWh portfolio of six solar-plus-storage projects in Massachusetts last year, while contracting with **Engie Storage** to operate the assets.

Engie pays Syncarpha for the right to operate the projects, providing an additional revenue stream "which meets the financial and risk requirements of tax equity investors and lenders," said **Cliff Chapman**, Syncarpha's CEO, in a statement last year.

Other states, such as Arizona, Nevada, New Mexico and Colorado, have seen increased renewables-plus-storage requirements in requests for proposals.

Nevada has become the sixth state to pass a storage procurement goal, namely 1 GW by 2030. "New rulings can also be expected throughout 2020," says **Izzet Bensusan**, managing partner and founder of **Captona**.

As battery storage expands into new states, revenue contracts are likely to become more complex and tailored, predicts Macqarie's Cary, who points to an innovative procurement by **NV Energy** last year as an example (PFR, 6/25/19).

"[It] was effectively procuring power in the summer evening peaks from solar-plus-storage assets at a premium price," explains his colleague, Archer. "It was structured with many of the penalties you see in a peaking power contract for a failure to deliver in that window."

Hedge providers are also showing more interest in standalone projects, says esVolta's Koomar, who cites a tolling contract his company recently signed with a non-utility counterparty for its 30 MW/60 MWh Santa Paula project in California.

"The way I like to think about all this, is that wind is where natural gas was ten years ago, and solar is where wind was ten years ago, and battery is where solar was ten years ago," says Raikar. "Back in the day, these were all 4 MW or 5 MW solar projects and that was a huge pat on your back, so it's a similar thing for batteries." ■

Liberty Utilities Seals Loan for Wind Duo

Algonquin Power & Utilities Corp. subsidiary **Liberty Utilities – Empire District** has raised almost $300 million in debt to finance two wind projects in Missouri that have an unconventional utility tax equity structure.

MUFG and **National Bank of Canada** are providing a $276.2 million construction loan, which will bridge to tax equity investments expected to be provided by **Wells Fargo** and **JP Morgan**, say sources.

The projects are North Fork Ridge and Kings Point, which are located in Barton, Dade, Jasper and Lawrence counties and have a total capacity of 300 MW.

The loan closed on Feb. 24 and the projects are expected to be online by the end of the year.

Latham & Watkins and **Mayer Brown** advised the lenders.

The projects were developed by **Tenaska** in a 50:50 partnership with **Steelhead Americas**, a subsidiary of **Vestas**.

Tenaska won the contract for the two projects in a request for proposals held by Empire District in 2017 as part of a plan to replace the utility's retiring 213 MW Ashbury coal-fired plant.

Wells Fargo has been lined up to provide tax equity since 2018, while JP Morgan is said to have been brought into the deal more recently.

UTILITY TAX EQUITY

Utility-owned wind projects have not traditionally been financed with tax equity and North Fork Ridge and Kings Point have a novel structure that was unsuccessfully opposed by Missouri's **Office of Public Counsel**.

In order to provide the steady cash flows needed by tax equity investors, the projects will sell their output into the **Southwest Power Pool** at market prices rather than it being used directly by the Liberty Utilities. Each project was expected to enter into 10-year hedge and renewable energy credit purchase agreements with the utility to firm up their power sales prices. The utility, meanwhile, will purchase an equivalent amount of energy back from the SPP.

Tenaska reached out to banks last year to finance the unusual deal (PFR, 7/30/19).

Liberty Utilities was originally expected to take ownership of the projects at their commercial operations date, but the company acquired Tenaska's interests before closing the recent debt raise, says a deal watcher. ■

C&I Solar Shop Seeks Tax Equity After Debt Raise

A recently founded developer of commercial and industrial-scale solar projects secured debt financing for a contracted portfolio earlier this year and has turned its attention to raising tax equity.

The developer, **Madison Energy Investments**, obtained the portfolio debt commitment from **Fifth Third Bank** in the first quarter of the year. The loan agreement initially covers distributed solar assets with a total value of $50 million but is designed to grow as needed.

The legal advisors on the debt raise were:

- ◆ **Simpson Thatcher** (borrower) and
- ◆ **Foley & Lardner** (lender).

Since it was established 12 months ago, Madison has accumulated a pipeline of contracted assets with a combined capacity of 100 MW, spread across 12 states. It closed tax equity commitments from two unnamed investors in the third and fourth quarters of last year.

Now the company is looking for additional tax equity for projects set to come online in 2020 and 2021. The developer aims to raise around $50 million in tax equity to finance contracted assets totaling 60 MW, deal watchers tell *PFR*.

Madison was founded a year ago when the former distributed solar development team of **WGL Energy** teamed up with fund manager **Stonepeak Infrastructure Partners** (PFR, 3/19/19).

Madison's leadership team, **Richard Walsh**, **Steven Cunningham** and **Jack Hachmann**, developed a 320 MW distributed energy portfolio spread across some 23 states when they were colleagues at WGL. The company sold the assets to **TerraForm Power** in 2019 (PFR, 11/12/19).

Their new company has offices in New York and Washington, D.C., and 10 employees. Among them is former **Deloitte Consulting** analytics manager **Ben Hunter**, who joined as director, asset management, in January. ■

JBIC Securitizes North America Energy Loans

The **Japan Bank for International Cooperation** (JBIC) has partially securitized a portfolio of project finance loans backed by North American energy infrastructure assets.

The public finance institution has brought in private sector investors to take risk in the portfolio through a vehicle set up by **Mitsubishi UFJ Trust and Banking Corp.**

The transaction closed on April 10.

JBIC said it was responding to an increase in demand for funds by energy and infrastructure projects.

The Tokyo-based institution remains the creditor under the project finance loans it originated.

JBIC's deals in North America have included loans to wind projects developed by **Engie** in Canada, **Sempra Energy**'s Cameron LNG export project in Louisiana, and **NRG Energy**'s Petra Nova carbon capture and sequestration project in Texas (PFR, 5/7/13, 10/29/19, 11/8/19). ■

NORTH AMERICA PROJECT FINANCE

New York Attempts to Speed Up Permitting

New York has passed the Accelerated Renewable Energy Growth and Community Benefit Act, a law designed to streamline environmental permitting and siting for large-scale renewable energy projects across the state and creating an Office of Renewable Energy Siting (ORES), said to be the first of its kind in the U.S.

The law was proposed by Gov. **Andrew Cuomo** and passed by lawmakers as part of the state's budget for fiscal year 2020-21.

All renewable energy projects larger than 25 MW will be required to seek permits through ORES, whether they are greenfield or expansion projects.

Projects that are already in the initial phases of the preexisting Article 10 siting process may opt in to the new process instead.

The act will be implemented by a host of state agencies, including **New York State Energy Research and Development Authority** (Nyserda), **Department of Public Service**, **Department of Environmental Conservation**, **New York Power Authority** and the **Empire State Development Corp**.

"These proposals will enable necessary transmission development, and better position the grid to reliably deliver clean power for New Yorkers," said **Richard Dewey**, **NYISO** President and CEO

Permitting in New York has posed challenges to developers in the past, especially for utility-scale wind farms (PFR, 7/19/19).

One project that recently made it successfully through the prior regime was Calpine Corp.'s 124 MW Bluestone wind project. It was approved by the **Board on Electric Generation Siting and the Environment** in February.

Bluestone—and the rest of Calpine's wind development business—had been put up for sale last year, in a process run by **Greentech Capital Advisors** (PFR, 9/3/19).

The ORES will be housed within New York's **Department of State**.

FAST FACT

25 MW

The size beyond which a project will require permitting through the new Office of Renewable Energy Siting (ORES).

PPA PULSE

New Contracts for California Geothermal Plant

New power purchase agreements have been signed for the 270 MW Coso geothermal portfolio in California, which underwent a debt restructuring in 2017 before losing a prior PPA with a utility company in 2019.

California community choice aggregators **Monterey Bay Community Power** and **Silicon Valley Clean Energy** will each buy a portion of the portfolio's output for 15 years starting in 2022.

Monterey Bay will buy 67.5 MW for the first five years and 50 MW thereafter. The total value of its contract is capped at $496 million.

Silicon Valley, meanwhile, will purchase 43 MW for the first five years and 28 MW thereafter. Its contract is capped at $331 million.

The Coso assets are located at the Naval Air Weapons Station at China Lake in Inyo County. They have been operational since 1987.

The projects had previously been contracted with **Southern California Edison** through 2030 but the utility terminated the contract on Jan. 31, 2019.

Coso has been owned by **Avenue Capital**, a former creditor, since a $665 million out-of-court debt restructuring in 2017 (see full story online for more details).

Here's the rest of this week's PPA news:

RABBIT OUT OF A HAT

First Solar has obtained 15-year PPAs with the two aforementioned community choice aggregators for a 100 MW solar-plus-storage unit in California.

Monterey Bay will buy 60 MW and Silicon Valley 40 MW from the Rabbitbrush Solar project under the terms of the contracts.

The project's 20 MW battery storage system has 2.5 hours of discharge capacity. Rabbitbrush is due to be online by June 30, 2022.

LUNA TUNES

Los Angeles-based community choice aggregator **Clean Power Alliance** has awarded a 15-year energy storage agreement to **sPower** for a standalone battery storage project in Lancaster, Calif.

The 100 MW/400 MW Luna Storage lithium-ion project is expected to be operational by August 2021.

IVY LEAGUE

Renewables developer **Community Energy** has signed a 25-year PPA with the **University of Pennsylvania** for a two-phase solar project totaling 220 MW.

The Great Cove Solar Project will consist of a 70 MW first and 150 MW second phase, and will be located in McConnellsburg in Fulton County, Pa. Community Energy says it will be the largest solar project in the state.

The developer expects to break ground in the fall of 2021 and bring the project online in 2023. The university says it intends to retire all Pennsylvania Alternative Energy Credits produced by the project.

CROW'S NEST

EDP Renováveis has secured a 15-year PPA for a solar project in Mexico with a local energy services company.

The developer's 200 MW Los Cuervos solar project, in the state of Aguascalientes, will sell its output to **Ammper**, a Mexican supplier of energy services to large and mid-sized companies, under the terms of the dollar-denominated PPA.

The Los Cuervos facility is expected to start commercial operations in 2021.

Engie Seals $1.6B Tax Equity Raise

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financing, deal watchers say it would almost certainly be the largest individual tax equity commitment ever signed. "I can't think of a bigger single tax equity raise," says a renewables-focused investment banker.

A spokesperson for Engie in Houston declined to comment on whether it was structured as one or more transactions but said: "We can confirm that the commitment was executed simultaneously for all the assets within the portfolio."

The largest tax equity deal previously reported by *PFR* was a $1.2 billion transaction that **Southern Power** inked with BAML, **JP Morgan** and **Wells Fargo** in 2018 for a 1.5 GW wind portfolio (PFR, 11/9/18).

> **"We are excited to have the support of our strong partners, Bank of America and HSBC in this tax equity financing"**

However, it would be unusual to finance wind and solar projects together through a single tax equity structure, since the two project types typically make use of different forms of tax credit.

Onshore wind projects normally generate tax credits for each unit of energy produced by claiming the production tax credit (PTC), while investors in solar usually receive a tax credit for a portion of the total value of the project by claiming the investment tax credit (ITC).

"A PTC deal usually prices to flip in 9.5 years while ITC deals usually price to flip in six to eight years," notes a project finance attorney away from the deal, adding that this would make structuring the commitment as a single portfolio complicated.

"That suggests that the tax equity financing remains in place on the solar assets longer than is ideal," says the attorney. "Unless the tax equity interests are tracking interests and the sponsor has a call option to buy back the solar interest ahead of the wind interests."

Two of the wind farms in the portfolio were commissioned and funded in the last few weeks:

- the 196 MW East Fork project in Thomas County, Kan., and
- the 161 MW Jumbo Hill project in Andrews County, Texas.

"This is an important step in our zero-carbon energy transition in the United States, and we are excited to have the support of our strong partners, Bank of America and HSBC in this tax equity financing," said **Gwenaelle Avice-Huet**, CEO of ENGIE North America, in a statement on April 9.

In separate transactions, BofA and HSBC provided tax equity last year for two Engie wind projects that have since come online—namely the 277 MW Solomon Forks project in northwestern Kansas and the 30 MW Seymour Hills unit in Baylor County, Texas (PFR, 4/24/19, 5/22/19).

The projects financed in the latest deal are at various stages of development and are spread across **Ercot**, **PJM Interconnection**and **Southwest Power Pool**.

BofA's investment banking team is also very familiar with the assets, having been marketing the equity in the fleet since late last year (PFR, 12/11/19). The sale process, codenamed Project Jupiter, did not elicit the kinds of bids that Engie had been hoping for, however, said deal watchers (PFR, 3/6).

Despite the slowdown in the global economy, **Jack Cargas**, managing director in BofA's tax equity group, said on March 25 that he expected many deals in the works since last year to successfully reach financial close (PFR, 3/25). ■

Engie tax equity portfolio

Asset	Size	Type	Location	State
East Fork	196 MW	Wind	Thomas County	Kansas
Jumbo Hill	160 MW	Wind	Andrews County	Texas
King Plains	248 MW	Wind	Garfield County	Oklahoma
Las Lomas	202 MW	Wind	Starr and Zapata Counties	Texas
Dakota Range III	154 MW	Wind	Grant and Robert Counties	South Dakota
Triple H	250 MW	Wind	Hyde County	South Dakota
Prairie Hill	300 MW	Wind	McLennan Counties	Texas
Long Draw	225 MW	Solar	Borden County	Texas
Anson	200 MW	Solar	Jones County	Texas
Whitehorn	50 MW	Solar	Pittsylvania County	Virginia
Bluestone	50 MW	Solar	Mecklenburg County	Virginia

Source: Power Finance & Risk

Sponsor Closes Refi for Gas-fired Plant in U.S. Southeast

The owners of a contracted, gas-fired facility in the southeastern U.S. refinanced the plant last month.

CIT Bank led on the refinancing of the 875 MW Broad River Energy Center in Gaffney, S.C. The deal closed on March 16.

The dual-fuel, simple-cycle facility began operations in 2000 and is located 40 miles from Charlotte, N.C. It is owned by funds managed by **Arroyo Energy Investment Partners**.

Duke Energy Progress is the plant's offtaker through February 2027.

Arroyo acquired the project from **Energy Capital Partners** in late 2016 (PFR, 21/12/16).

ECP had acquired it from **Calpine Corp.** for $427 million in 2012.

CIT was among the group of lenders that provided a $325 million nine-year loan to ECP to finance the 2012 acquisition (PFR, 12/17/12).

The other lenders on that deal were **Union Bank** (now MUFG), **CoBank**, **Santander**, **Associated Bank** and **ING Group**. The debt package included a $280 million term loan that was originally set to mature in December 2021. ■

LATIN AMERICA MERGERS & ACQUISITIONS

Sempra Nears Close on Peru Asset Sale

Sempra Energy is nearing the close of the sale of its Peruvian assets to a Chinese buyer having received all required government authorizations.

Sempra announced an agreement to sell its interest in Peruvian electricity distributor and hydro developer **Luz del Sur** to **China Yangtze Power Co.**, which is controlled by state-owned **China Three Gorges Corp.**, in September 2019.

The company received final governmental approval for the sale on April 10 and expects the deal to close later this month.

"We're pleased that in spite of travel and logistics restrictions, all parties involved have been working closely together and we look forward to closing in April," said **Dennis V. Arriola,** executive vice president of Sempra Energy, in a statement.

China Yangtze Power Co. will pay $3.59 billion for Sempra's 83.76% stake in Luz del Sur under the terms of the deal.

The sale also includes a stake in **Tecsur**, which provides electric construction and infrastructure services to Luz del Sur, as well as an interest in **Inland Energy**, to which Luz del Sur transferred the 99.71 MW Santa Teresa hydro plant in Cusco in 2018.

Advisers to the buyer include:

- **Citigroup** (financial),
- **Baker & McKenzie**, (legal), and
- **Tian Yuan** (legal).

On Sempra's side, advisers include:

- **Bank of America Merrill Lynch** (financial),
- **Lazard** (financial),
- **White & Case** (legal), and
- **Rodrigo, Elias and Medrano** (legal).

The company is also moving forward with the sale of its Chilean assets, Chilean electricity distributor **Chilquinta Energía** and **Tecnored**, which provides infrastructure services to Chilquinta.

Sempra announced an agreement to sell the 100% stake in Chilquinta and Tecnored, as well as its 50% interest in **Eletrans**, which operates transmission facilities, in October of last year (PFR, 10/14/19).

State Grid International Development, a subsidiary of **State Grid Corporation of China**, will pay $2.23 billion for the Chilean assets. ■

Bankruptcies on Horizon in Argentinian Power Sector

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to pull the economy out of recession.

Two of the country's largest distribution companies, **Edenor** and **Edesur**, stated shortly after the announcement that they would stop paying for a portion of the power they procure through wholesale power market administrator **Cammesa**.

Cammesa in turn delayed the payments to generation companies under power purchase agreements. The postponements pushed **Stoneway Capital Corp.** towards bankruptcy (PFR, 4/7).

Then in late February, the government made the decision to change the currency of power capacity payments for hydro and thermal projects from dollars to Argentine pesos, a process known as *pesification*.

The goal was to save the government approximately $318 million, which would be absorbed by the generation companies. Until then, Cammesa had been collecting revenues from power distributors in pesos and paying generators in dollars, which forced the government to inject subsidies into the state-owned wholesaler.

This effectively reduced expected capacity payments to thermal and hydro assets for 2020 by approximately 15% and 45%, respectively, according to a **Fitch Ratings** report released on April 3.

> **"The capital intensive nature of our sector requires long-term investments"**

AES Argentina Generación, **Pampa Energía** and **Genneia** were some of the companies impacted by the change, according to Fitch.

Argentina's association of power generators, **Ageera**, has sent a letter to the secretary of energy, **Sergio Lanziani**, warning that the measures could push some companies towards bankruptcy.

"The regulatory measure affects the generators that produce 60% of the power demanded by Argentine's electric system, but represents less than 15% of the system's total costs," reads the letter, which was sent on Feb. 28.

"The capital intensive nature of our sector requires long-term investments and, for that, it is necessary to have stable and permanent regulations."

The situation has been exacerbated by the Covid-19 crisis, as the government has banned power distributors from cutting power to consumers who miss bill payments (PFR, 4/14).

The most recent blow to the industry came on April 8, when Lanziani ordered Cammesa to suspend inflation adjustments to payments to generation companies until further notice.

Argentina's inflation rate was 53.8% in 2019. ■

Equinor Invests in Brazil Solar, Storage

Norway's Equinor has acquired a stake in **Micropower Comerc Energia** (MPC), a Brazilian battery storage and distributed solar company.

Equinor acquired the 9.09% stake through its Energy Ventures Fund.

The existing owners of the company before the acquisition were:

- **Comerc Esco Comercio e Prestacao de Servicos Em Energia**,
- **Micropower Energy**, and
- **Siemens Financial Services**.

The value of the transaction was not disclosed.

Equinor has also agreed to buy 32.33% stakes in battery and storage projects developed by MPC. ■

Colombian LNG Project Faces Headwinds, say Observers

Despite recent progress toward a tender process for a politically contentious LNG regasification project on the Colombian Pacific coast, expectations among developers and project finance bankers are muted, given the challenges the project faces.

The prospect of a tender for the Pacifico Colombiano project, located on Buenaventura Bay in the department of Valle del Cauca, was first raised three years ago. At the time, **Colombia's Mines and Energy Planning Unit** (UPME) announced that a process would take place in early 2018, and the project would start commercial operations by 2021. However, the procurement process was postponed.

The project was revived toward the end of last year, when UPME, led by then-director **Ricardo Ramírez**, set a new goal of carrying out the procurement process in 2020 in order to allow the plant to be brought online by 2023 (PFR, 12/12/19).

Ramírez quit UPME in early March, reportedly for a career in academia (PFR, 3/24).

Despite the steps taken by UPME, deal watchers in New York and Bogotá expect the project to face a variety of headwinds, noting that it is a highly political undertaking. One market participant said he expects the tender to be launched in early 2021 and the plant to start commercial operations in 2024.

The difficulties include the location of the project in a hot zone for armed groups, as most of Colombia's narcotraffic and weapons smuggling goes through the Valle del Cauca department, says one deal watcher.

A 68.35-mile (110 km) pipeline, Buenaventura-Yumbo, to distribute imported gas to the rest of the country, will be a particularly vulnerable point, notes a banker.

Meanwhile, there are technical concerns about the suitability of Buenaventura Bay, as the port may not be able to accommodate large LNG carriers.

UPME has yet to announce how the tender will be structured.

The project could be financed through contracts with offtakers that would purchase gas from the plant, or directly from Colombia's power consumers through a fixed-fee over a certain number of years. The discussion is paused during the Covid-19 crisis.

In the project's favor is Colombia's expected need for additional natural gas supply in the coming years. The country will have a gas deficit in two to three years, says a banker. Colombia's existing gas supplies come primarily from the **Ecopetrol**-controlled Cusiana and Cupiagua gas fields in La Guajira.

And investors from across the natural gas value chain are understood to be interested. Gas transportation company **Promigas** and Seoul-headquartered LNG tanker constructor **Samsung Heavy Industries** are among the parties rumored to be considering a bid, say sources.

Astrid Álvarez, the president of Colombian energy company **Grupo Energía de Bogotá**, announced his company's intention to bid for the project to local media on Feb. 19 (PFR, 2/24). ■

Ecuador Delays Tenders for Wind and Solar

Ecuador's **Ministry of Energy and Non-renewable Natural Resources** has postponed the tenders for two renewable projects in the country for the second time because of the Covid-19 pandemic.

The projects are the 200 MW solar plant El Aromo, in the Manabí province, and the second and third phases of the 110 MW wind farm Villonaco, in the Lonja province.

Economic and technical proposals are now due on July 30, while the results will be released on Sept. 17, said the Ministry on April 14.

The government had already rearranged the schedule in mid-March, when they pushed back the awarding of the contracts by almost four months—from the original April 15 date to Aug 3.

Nine international companies qualified to bid for the projects in November of last year. The winner will be awarded concession contracts to design, build, and operate the projects, which are expected to require a total investment of $400 million.

The government will also purchase their output under long-term contracts—a 25-year power purchase agreement for the wind project and a 20-year PPA for the solar plant (PFR, 10/29).

Eight companies are preparing to bid for the solar project and seven for the wind farm, with an overlap of six bidders for both.

One of the bidders, **Al Faisal-CRBC-GCL** is a consortium of investors, including the state-owned **China Road & Bridge Corporation**.

The ministry revealed the names of the pre-qualified bidders on Nov. 14, after the closing of the pre-qualification process on Oct. 28. The construction of the projects is expected to take two years (PFR, 8/29). ■

Pre-qualified Bidders in Ecuador's Renewable Tender

Sponsor	El Aromo Solar	Villonaco Wind II and III
Total Eren	Yes	Yes
Neoen	Yes	Yes
Cobra Instalaciones y Servicios	Yes	Yes
EDP Renováveis	Yes	Yes
China Harbour Engineering Co.	Yes	Yes
China Huadian Hong Kong Co.	Yes	Yes
Solarpack Corporación Tecnológica	Yes	
Al Faisal-CRBC-GCL	Yes	
Fisterra Energy (Blackstone)		Yes

Source: Ecuadorian Ministry of Energy and Non-renewable Natural Resources

LEGAL ISSUES

Ex-Goldman Banker Accused of Bribing Ghanaian Officials for PPA

The U.S. **Securities and Exchange Commission** has sued a former **Goldman Sachs** banker over his role in an alleged scheme to obtain a power purchase agreement for a Ghanaian power plant through bribery.

Asante Berko arranged illicit payments of up to $2.5 million to Ghanaian officials on behalf of a Turkish energy company while working for Goldman Sachs in London, according to the SEC's complaint, which was filed in the U.S. District Court for the Eastern District of New York on April 13.

The Turkish energy company and the power project were not named in the SEC complaint. The allegations in the court filings, however, describe a power project similar to the Ghana HFO Power Plant project in Tema developed and owned by Istanbul-headquartered **Aksa Enerji**. Aksa Enerji is listed on the Istanbul Stock Exchange.

Representatives of Aksa Enerji did not respond to a request for comment.

The SEC is seeking monetary penalties against Berko for violating the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA) and federal securities laws.

"Berko's misconduct was egregious and individual accountability remains a key component to our FCPA enforcement efforts," said **Charles Cain**, the head of the SEC Enforcement Division's FCPA Unit.

Berko has been working at **Tema Oil Refinery** as managing director since January. He has denied the allegations.

"The allegations that government officials and members of Parliament were bribed by me, are completely false," he said in a statement.

The SEC is not charging Goldman Sachs in relation to the bribery scheme.

"Goldman Sachs fully cooperated with the SEC's investigation and as stated by the SEC in its press release, the firm's compliance personnel took appropriate steps to prevent the firm from participating in the transaction," said a spokesperson for the firm in New York.

Berko hid the bribery from his colleagues and Goldman Sachs withdrew from the potential transaction after its due diligence efforts ground to a halt, the SEC said.

POWER SHORTAGES

In 2014 and 2015, Ghana experienced acute power shortages, prompting the government to fast-track approvals for private sector investment in the power sector.

From 2014 to 2017, the country contracted three emergency power producers and signed 43 power procurement deals, according to an **Oxford Business Group** report.

Berko was hired by Goldman Sachs International during this period, in 2014. In November of that year, as the bank sought to win the mandate to arrange the financing for the power plant at the center of the allegations, he entered into talks with a Ghana-based company with political connections, according to the SEC's complaint. It was through this company that he arranged for bribes to be funneled to several government officials, said the SEC.

The initial funds for the bribery scheme were transferred in April 2015, around the time the Turkish energy company reached an agreement in principle over the terms of the PPA, and subsequent funds would follow when predetermined milestones were reached, according to the court filings.

"HOLY RAIN"

The SEC cited emails between Berko and the Ghana-based intermediary company as evidence of the scheme, alleging that he insisted on communicating via his Gmail rather than his work email account to avoid the scrutiny of his employer's compliance department.

In one email quoted in the court documents, Berko's alleged conspirator wrote that a government official was "waiting for the 'holy rain' and would appreciate it sooner rather than later." In another, the same correspondent asked officials at the Turkish energy company to "kindly perform your magic."

"Payments from the Turkish IPP to the local company did not come through me," said Berko in his statement. "Upon the transaction successfully reaching financial close, the Turkish IPP paid me a fee for my services."

The Ghanaian **Ministry of Power** signed a five-year PPA for the project on May 11, 2015, and the country's parliament ratified the contract on July 17 of the same year, according to the SEC complaint. Transfers of funds associated with the bribery scheme followed, the financial regulator says.

Hansard records show that the Ghanaian parliament voted in favor of a five-year emergency PPA for Aksa Enerji's Ghana HFO Power Plant on July 17. No other PPAs were approved by the parliament on that day.

Goldman abandoned its pursuit of the mandate for the project in August 2016, after the developer's CEO refused to answer the deal team's questions about the role of the Ghanaian intermediary company, according to the SEC.

The project reached financial close that month after $150 million was raised through a "reputable international bank," according to Berko's statement.

Berko tendered his resignation from Goldman Sachs in December 2016 and left the bank three months later, but continued to be involved in the power project, according to the court filings.

> **"The allegations that government officials and members of Parliament were bribed by me, are completely false"**

"My role after Goldman Sachs had pulled out, was exclusively limited and restricted to advising in raising the liquidity support required for the transaction," said Berko in his statement.

The project began commercial operations in 2017, according to the SEC's complaint.

Aksa Enerji's Ghana HFO Power Plant project was commissioned in March 2017 with a capacity of 192.5 MW. The developer has since increased its capacity to 370 MW.

Aksa obtained liquidity support for its project in the form of a standby letter of credit from **Barclays**, which was later replaced with a $75 million facility provided by **Abu Dhabi Commercial Bank**.

Cüneyt Uygun, who was Aksa Enerji's CEO at the time the alleged bribery took place, resigned from the company in December 2018. **Fatma Utan**, who was the company's CFO during the same period, resigned in November 2018. ■

PEOPLE AND FIRMS

Sunnova Adds Capital Markets Expertise

Residential solar company Sunnova has hired a former investment banker to handle capital markets transactions.

The former banker, **Daniel DeSnyder**, joined Sunnova as vice president, capital markets, in Houston last month.

He had spent the previous three years as managing director of energy investment banking at **Imperial Capital**, an independent full-service firm based in Los Angeles.

DeSnyder joined Imperial in 2017 along with six other colleagues from **Wunderlich Securities**. With a background in energy policy and the oil industry, he worked as a White House energy economics and security analyst before going into the private sector with jobs at **Shell**, **Standard Chartered** and **GMP Securities**.

Sunnova recently upsized a warehouse loan twice in quick succession, after closing its first solar securitization of this year in February (PFR, 4/6, 2/6). ■

Standard Solar Hires Structured Finance Official

Standard Solar has hired a new senior vice president of structured finance in Washington, D.C.

Peter Coleman joins the company's senior ranks from **CleanChoice Energy**, where he held the same position. At CleanChoice, he led the development and financing of more than 100 MW of distributed generation solar projects across the U.S.

> **"We look forward to his contributions as we grow and expand our business of financing distributed generation"**

"Peter brings a wealth of experience to our finance team and we look forward to his contributions as we grow and expand our business of financing distributed generation (DG) solar projects around the country," said **Scott Wiater**, president and CEO of Standard Solar.

Prior to CleanChoice, Coleman was at **SunEdison**, where he worked on the initial public offering of **TerraForm Power**. He subsequently led TerraForm's acquisition and financing of projects, some from SunEdison and others from third parties, as the yield company's managing director of global capital markets and structured finance.

He previously served as a director at independent power producer **Atlantic Power Corp.**, having cut his teeth on the leveraged finance desk at **Bank of America Merrill Lynch**, where he was an assistant vice president. ■

FIRSTavenue Hires Energy, Infra Pro

Investment advisory firm FIRSTavenue has hired a seasoned energy and infrastructure finance official as a managing director in New York to handle private placements.

Grant Davis joins the firm from **Infra-Energy Capital Advisors**, where he was a managing partner. He has also previously worked at **Tenaska Capital Management**, **Abatis Capital**, **New York Life Investment Management**, **American AgriTech** and **GE Capital** over the course of his 35-year career.

At FIRSTavenue, he will oversee direct capital placements for corporate, developer and private equity clients.

"His depth of knowledge and wealth of expertise is a significant asset as we continue our success in private placements," said **Jess Larsen**, a partner at the firm and its head of Americas.

At Infra-Energy Capital, Davis advised institutional investors and strategic clients on investments in North American energy and infrastructure assets. ■

Invenergy Trader Joins RWE

Jonathan Hargrove, a former director in power and gas trading at Invenergy, joined **RWE Renewables** at the end of March as its new head of Americas commercial optimization in Chicago.

The hire comes as RWE builds out its commercial capabilities to support its existing portfolio of assets as well as new solar, wind and storage across the Americas.

> **"Jonathan ... brings a background in asset optimization, trading and marketing, and management consulting"**

"Jonathan Hargrove, our new Head of Commercial Optimization Americas, brings a background in asset optimization, trading and marketing, and management consulting," said **Christoph Hunfeld**, senior vice president of asset commercialization, North America. "We are excited about our growth in the Americas and look forward to deploying the global resources of RWE group to expand the business further."

Hargrove had been with Invenergy for nearly three years, having joined in 2017.

At Invenergy, he led the trading team in developing and executing hedge strategies for the company's merchant thermal and renewables fleet in in the U.S., Canada and Mexico, and developing "vanilla and structured credit strategies" to support the company's asset hedging program, according to his **LinkedIn** profile.

Hargrove started his career as an associate at **Morgan Stanley** in 2003 before joining **Credit Suisse** in 2005 as an energy trader in Houston. He went on to work in energy trading and management consulting for a string of companies, namely **MP2 Energy**, **Sumer Capital**, **The Structure Group**, **AES Corp.** and **Accenture**.

Earlier this year, RWE boosted its M&A capabilities with the additions of former **Marathon Capital** investment banker **Julian Kilcullen** (PFR, 1/9) and former **sPower** M&A manager **Cassie Yu**. ■

PEOPLE & FIRMS

Clearway Makes Three Hires in Finance, Capital Markets

Clearway Energy Group has added three senior finance and accounting officials, including a new head of capital markets, **Natalie Jackson**.

Jackson spent the last two years as senior vice president of global financial solutions at **Vestas**. She has previously held positions at **SunPower Corp.**, **AES Corp.**, **Invenergy**, and **BrightSource Energy**.

As vice president of structured and project finance at Brightsource, she handled the $2.2 billion project financing of the Ivanpah solar thermal projects in Southern California (PFR, 4/13/11).

The other hires at Clearway are **Max Gardner**, who replaces **Ross Trenary** as vice president, corporate finance, treasury and planning, and **Jay Stanford**, who joins as vice president of accounting.

Trenary left Clearway to take up the CFO position at **8minute Solar Energy** in February (PFR, 3/3).

His replacement, Gardner, joins from **First Solar**, where he spent the last decade, most recently as vice president of financial planning and corporate development. He has also previously worked at **Strategen Consulting** and **GE Capital**.

The new accountant, Stanford, was vice president and chief accounting officer for five years at midstream energy infrastructure company **USD Partners GP**. Before that, he spent a decade with **Enbridge**. ■

Chang Exits Marathon

John Chang left boutique investment bank **Marathon Capital**, where he was a managing director in New York, last month.

Chang joined the firm in 2018 and led the infrastructure practice across electric transmission, utilities and midstream gas as well as working on power generation and renewable energy deals.

He had previously spent about 20 years with **Rothschild & Co.**, where he rose to be head of power and utilities in North America (PFR, 3/1/18).

Before joining Rothschild, he held positions at **Iroquois Gas Transmission System**, **Boston Pacific Co.**, and **Pace Global Energy**. ■

SVB Hires Renewables Financier from CohnReznick

Silicon Valley Bank has recruited a renewable energy banker in San Francisco who previously worked at **CohnReznick Capital** for almost five years.

The financier, **Adrian Ruiz-Grossman**, joins SVB as corporate development manager.

Ruiz-Grossman joined CohnReznick in 2015 as an analyst in New York, and relocated to San Francisco in 2017, where he was promoted to vice president just over a year ago.

He previously worked for two years as an analyst at **Santander**, where he focused on tax equity. ■

Boralex Grows U.S. Team

Canadian renewable energy developer Boralex has hired former **Seventus Generation** CFO **Mohammed Alam** as director of M&A and renewable energy finance in the U.S.

Boralex recently won 20-year renewable energy certificate contracts for four solar projects totaling 180 MW in New York from the **New York State Energy Research and Development Authority** (PFR, 3/16).

Alam joined the company on April 7.

He was previously CFO at Seventus for two years and before that was president of boutique financial advisory firm **Alyra Renewable Energy Finance**, which he founded in late 2003. Earlier in his career, he spent six years with **Fortis Capital** (PFR, 2/22/04). ■

Birch Infra Adds Capital Markets Chief

Birch Infrastructure has hired a former investment banker to oversee its capital markets activity as it looks to raise equity for its data center-focused generation and utility projects.

The new hire, **Bailey McCallum**, joined at the start of March as managing director. He had previously spent five years with renewables-focused financial advisory firm **Paragon Energy Advisors**. Earlier in his career, he held senior roles at **GSSG Solar** and **Elemental Power**.

Birch is structured as a public benefit corporation with a mandate to develop, own and operate utility infrastructure on behalf of cloud computing service providers (PFR, 7/8/19).

The company is working with **Fifth Third Bank** as its financial adviser to raise capital for its projects through a special purpose financing vehicle (PFR, 2/11). ■

Ex-Morgan Stanley Renewables Chief Goes Solo

Dennis Tsesarsky, the former head of renewable energy investment banking at Morgan Stanley, has founded a renewable energy-focused advisory firm in Manhattan.

The firm, called **Onpeak Capital**, will assist with capital raises and M&A for companies and projects in the solar, energy storage, wind, hydro, geothermal and biomass sectors, drawing on Tsesarsky's established relationships with global investors.

The firm is also prepared to co-invest alongside clients where appropriate, acting like a merchant bank.

"Traditionally an adviser gets paid a success fee but arguably by co-investing alongside our clients, we align our mutual interests as closely as possible," Tsesarsky tells *PFR*.

The investment banker left Morgan Stanley in February after 14 years with the firm. He had been promoted to managing director in 2017 (PFR, 2/28).

He is aiming to build a small team at Onpeak by hiring initially at the senior associate and vice president levels. ■