

# Power Finance & Risk

Exclusive Insight on Power M&amp;A and Project Financing

By the publisher of GlobalCapital

## ● PROJECT FINANCE

## ● PEOPLE & FIRMS

## ● STRATEGIES

### Carlyle to Rechristen, Refinance Essential Power

The firm has hired **Morgan Stanley** to arrange a term loan B for the portfolio, which it is renaming **Nautilus Power**. Page 9

### New Debt Head at Panda after Temple Filing

**Panda Power Funds** has appointed a new head of debt, shortly after one of its projects filed for Chapter 11. Pages 8 and 12

### Sunnova Prices Maiden ABS Deal

The residential solar outfit's debut deal puts solar ABS issuance this year higher than 2017's full-year tally. Page 12

## Q1 League Table: Renewables Lull Puts Quasi-merchant Lenders on Top

Richard Metcalf

As uncertainty around tax reform in the U.S. contributed to a slowdown in renewables financings in the first quarter of the year, the busiest banks were those with an appetite for quasi-merchant gas-fired deals.

Sponsors have closed loans for three development-stage gas-fired projects supported by hedgers so far this year.

**Advanced Power** came first, sealing \$1.584 billion for Crick-

et Valley in January, followed by **Ares-EIF** with \$340 million for Birdsboro in February and **Competitive Power Ventures** with a \$700 million deal for Fairview in March (PFR, 1/24, PFR, 2/13, PFR, 3/31).

**CIT Bank** participated in all three deals, which helped the New York-based bank climb to third place in the mandated lead arranger league table, after Japanese lenders **SMBC** and **MUFG**. **GE Energy Financial** PAGE 5 »

## D.E. Shaw Expands Footprint into Solar Project Development

Olivia Feld

D.E. Shaw is behind a new solar development shop that is building utility-scale projects in the U.S., according to market participants.

**Eagle Solar Group** is a recently-formed platform backed by D.E. Shaw, deal watchers tell *PFR*. The company is developing utility-scale solar projects and also provides operations and maintenance

and engineering, procurement and construction services for solar facilities.

The private equity shop and its **D. E. Shaw Renewable Investments** arm have long been a prominent name in renewable project ownership and management, but the firm has focused on wind development and solar acquisition rather than development. D.E. Shaw and its PAGE 12 »

## NRG Preps Dual-tranche Debt for Carlsbad

Richard Metcalf

Two banks are arranging a dual-tranche debt financing for **NRG Energy's** 632 MW Carlsbad Energy Center gas-fired project in California, deal watchers tell *PFR*.

**Crédit Agricole** and **MUFG** are co-lead arrangers on the roughly \$600 million transaction, which comprises a construction-plus-10-year bank loan and a construction-plus-20-year note to be placed with an PAGE 5 »

## LS Power to Offload Alabama Gas-fired Project

Fotios Tsarouhis

**Capital Power Corp.** has agreed to acquire the Decatur Energy Center, a 795 MW combined-cycle gas-fired project in Alabama, from a fund managed by **LS Power**.

Edmonton, Alberta-based Capital Power will buy the project, located near the Tennessee River in the city of Decatur, from LS Power Equity Partners III for \$441 million. The facility- PAGE 10 »

### North America Power Project Loan Arrangers Q1, 2017

dealogic

Pos.	Mandated Arranger	Amount(\$M)	No.	% Share
1	SMBC	429.382	9	10.923
2	MUFG	352.529	6	8.968
3	CIT Bank	271.421	3	6.905
4	GE Energy Financial Services	258.200	3	6.568
5	Crédit Agricole	251.838	4	6.406
6	BNP Paribas	199.671	3	5.079
6	ICBC	199.671	3	5.079
8	Deutsche Bank	188.689	2	4.800
9	CoBank	165.267	2	4.204
10	Industrial Bank of Korea	159.046	2	4.046
Total eligible loans		3,931.060	21	100.000

Data as of April 20, 2017

● POWER UP: CHECK OUT A SELECTION OF THE WEEK'S POWER AND UTILITY NEWS ON TWITTER



@POWERFINRISK

## ● IN THIS ISSUE

### PROJECT FINANCE

- 6 | P.E. Firm Refis Alabama Gas-fired Plant
- 6 | First Solar Nets JPM Tax Equity
- 8 | Panda Texas Project Files for Chapter 11
- 8 | Homer City Coal-fired Plant Exits Bankruptcy
- 9 | Carlyle to Rename, Refinance Essential Power
- 9 | Generate Capital Plots Storage Financings

### MERGERS & ACQUISITIONS

- 10 | VivoPower Pockets Rights to N.C. Solar Portfolio

- 10 | After Wyoming Wind Buy, Alterra Looks West
- 10 | N.J. Shop Scoops Maine Hydro Assets
- 11 | Texas PUC Rejects Oncor Sale

### STRATEGIES

- 11 | Arizona Utility Seeks Summer Capacity
- 12 | Sunnova Prices Securitization

### PEOPLE & FIRMS

- 12 | Panda Appoints Debt Chief

### DEPARTMENTS

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

## ● LATIN AMERICA

# Enel Eschews Bank Market for Mexico Solar Project

**Enel Green Power México** has begun construction on the 238 MW **Don José** solar project in Guanajuato, Mexico, without obtaining project debt.

The company is investing around \$220 million in the project but will not go to banks for funding.

"Don José solar project is being financed through Enel Group's own resources," a company spokesperson tells *PFR* via email.

Enel requested project finance proposals for its Mexican projects from banks last year (*PFR*, 8/2). Why the company decided to start construction without first raising project-level

debt could not immediately be learned.

The Don José project is expected to begin operations in 2018, with Mexico's **Federal Electricity Commission** buying a certain amount of its output under a 15-year contract.

Enel has also started construction on the 754 MW **Villaneuva** solar project in the state of Coahuila, which the firm says is the largest photovoltaic facility being built in the Americas and parent company **Enel's** largest solar project worldwide.

The company is also developing the 93 MW **Salitrillos** wind project in the state of Tamaulipas. ■

# AES Unit to Buy Brazil Wind Assets

The Brazilian subsidiary of **AES Corp.** has signed a deal to buy **Renova Energia's** 386 MW Alto Sertao II wind project in Brazil's state of Bahia.

**AES Tietê Energia** expects to pay R\$600 million (\$193 million) for the assets and assume R\$1.1 billion (\$350 million) of existing debt associated with the project.

The final price could vary as a result of working capital adjustments, AES Tietê said on April 18.

Furthermore, the purchase price may be increased by up to R\$100 million (\$31.8 million)

if the project performs better than the "minimum reference assumed" after five years, AES Tietê said.

The purchase is expected to close in the third quarter of this year, pending regulatory approvals.

Alto Sertao II is contracted under power purchase agreements through 2033 and 2035 that it obtained in auctions in 2010 and 2011, respectively.

The acquisition plays into AES Tietê's strategy to generate 50% of its Ebitda from non-hydro sources by 2020, the company said. ■

## PFR Power Finance & Risk

**EDITORIAL**  
**Richard Metcalf**  
Editor  
(212) 224-3259

**Olivia Feld**  
Managing Editor  
(212) 224-3260

**Fotios Tsarouhis**  
Reporter  
(212) 224-3294

**Stuart Wise**  
Data Associate

**Kieron Black**  
Sketch Artist

**PRODUCTION**  
**Gerald Hayes**  
Manager

**Kaela Bleho**  
Designer

**Sam Medway**  
Associate

**ADVERTISING**  
**Kevin Dougherty**  
U.S. Publisher,  
Capital Markets Group  
(212) 224-3288

**PUBLISHING**  
**Laura Spencer**  
Senior Marketing  
Manager

**Adam Scott-Brown**  
Director of Fulfillment

**Nina Bonny**  
Customer Service  
Manager  
(212) 224-3433

**SUBSCRIPTIONS/  
ELECTRONIC LICENSES**

One Year \$3,670  
**Alyssa Rinaldi**  
Global Account Manager  
(212) 224-3043

### REPRINTS

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

### CORPORATE

**Andrew Rashbass**  
Chief Executive Officer

**John Orchard**  
Managing Director,  
Capital Markets Group

### Directors:

**John Botts**  
(Chairman),  
**Andrew Rashbass**  
(CEO),  
**Sir Patrick Sergeant**,  
**The Viscount Rothermere**,  
**Colin Jones**,  
**Martin Morgan**,  
**David Pritchard**,  
**Andrew Ballingal**,  
**Tristan Hillgarth**

### Customer Service

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

### Institutional Investor Hotline

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

### Editorial Offices

1120 Avenue of the Americas, 6th Floor, New York, NY 10036  
Power Finance & Risk is a general circulation newsweekly.  
No statement in this issue is to be construed as a recommendation  
to buy or sell securities or to provide investment advice.  
Power Finance & Risk ©2016  
Institutional Investor, LLC ISSN# 1529-6652  
Copying prohibited without the permission of the publisher.

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

### Postmaster

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

# GlobalCapital

## TELL US WHAT YOU THINK!

Do you have questions, comments or criticisms about a story that appeared in **PFR**? Should we be covering more or less of a given area? The staff of **PFR** is committed as ever to evolving with the markets and we welcome your feedback.

Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## GENERATION AUCTION &amp; 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
Abengoa	Norte III (924 MW Gas)	Mexico	Carl Marks	A consortium led by Macquarie and Techint is buying the project (PFR, 4/3).
Brookfield Renewable Partners	Price (189 MW Wind), Comber (166 MW Wind), Gosfield (51 MW Wind)	Sault Ste. Marie, Lakeshore, and Kingsville, Ontario	Scotiabank, TD Securities (seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
BTG Pactual Infraestructura II, Pátria Investimentos, GMR Group	Latin America Power (114 MW Hydro, Wind)	Chile, Peru	BTG Pactual, Morgan Stanley	Several bidders have been shortlisted in the sale of the company, which also owns an 803.9 MW development pipeline that includes its first solar asset (PFR, 2/13).
● The Carlyle Group	Alamosa (30 MW Solar)	Mosca, Colo.	Barclays (buyer)	Korean Electric Power Corp. has closed its acquisition of the project (PFR, 9/6).
Dynergy	Armstrong (753 MW Gas)	Shelocta, Pa.		LS Power has agreed to acquire the two peakers from Dynergy (PFR, 3/6).
	Troy (770 MW Gas)	Luckey, Ohio		
Dynergy	Dighton (164 MW Gas)	Dighton, Mass.		An auction for the assets has moved into a second round (PFR, 4/17).
	Milford (149 MW Gas)	Milford, Mass.		
● Energy Future Holdings	Oncor Electric Delivery Co. (Transmission Utility)	Texas		The Texas Public Utility Commission has rejected the deal (see story, page 11).
Eversource	Portfolio (1.2 GW Coal, Hydro, Oil)	New Hampshire	JP Morgan	JP Morgan has distributed teasers in preparation for a two-stage auction for the portfolio (PFR, 3/6).
● First Solar	Switch Station (179 MW Solar)	Clark County, Nev.		First Solar plans to sell the project to a third-party after removing it from yieldco 8Point3's ROFO list (see story, page 6).
● Innovative Solar Systems	Portfolio (1.8 GW Solar)	North Carolina		VivoPower USA has entered into an agreement to acquire the portfolio (see story, page 10).
● Intermountain Wind	Boswell Springs (320 MW Wind)	Albany County, Wyo.	Houlihan Lokey (seller)	Alterra Power Corp. has acquired the project from the developer (see story, page 10).
● LS Power	Decatur (795 MW Gas)	Decatur, Ala.	JP Morgan (seller)	Capital Power Corp. is acquiring the project from a fund managed by LS Power (see story, page 1).
● Madison Paper Industries	Abnaki (20 MW Hydro)	Madison, Maine		Eagle Creek Renewable Energy has acquired the projects (see story, page 10).
	Abnaki (8 MW Hydro)	Anson, Maine		
Mercuria	Danskammer (500 MW Dual-fuel)	Hudson Valley, N.Y.	Guggenheim Partners	The first round of a two-stage auction is underway (PFR, 10/3).
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	First round bids for the 2.5 GW portfolio were due in November (PFR, 10/31).
● Renova Energia	Alto Sertao II (386 MW Wind)	Bahia, Brazil		AES Corp.'s Brazilian unit is acquiring the project (see story, page 2).
Rockland Capital	Elgin Energy Center (484 MW Gas)	Elgin, Ill.	Barclays	The Carlyle Group is buying the three facilities (PFR, 4/3).
	Rocky Road (349 MW Gas)	East Dundee, Ill.		
	Tilton (180 MW Gas)	Tilton, Ill.		
	Eagle Point Power Generating (238 MW Gas)	Westville, N.J.		
Sorgente	Frosthall (15 MW Hydro)	British Columbia		Sammons Renewable Energy has acquired the projects from Sorgente. Franklin Park Investments is managing the projects on Sammons' behalf (PFR, 3/13).
	Clemina (10.5 MW Hydro)			
	Serpentine (10.5 MW Hydro)			
	English (6 MW Hydro)			
Terra Firma	Portfolio (752.25 MW Wind)	U.S.	Barclays, KeyBanc	Terra Firma is marketing the U.S. wind shop, whose assets also include an up-to-1,759 MW development pipeline (PFR, 3/6).
● TransCanada	Portfolio (560 MW Hydro)	Massachusetts, Vermont	JP Morgan (seller)	ArcLight Capital Partners has closed its acquisition of the projects (PFR, 11/7).
● Veresen	Portfolio (625 MW Gas, Hydro, Wind)	Canada	TD Securities	Capital Power Corp. has closed its acquisition of a share of the portfolio representing 294 MW. Two additional buyers will close their acquisition of the remainder of the portfolio later this year (PFR, 2/27).
York Capital Management Global Advisors	Idaho (54.6 MW DC Solar)	Ada County, Idaho	Whitehall & Co.	York Capital has mandated Whitehall to sell the project (PFR, 4/3).

### ● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail [fotios.tsarouhis@powerfinancerisk.com](mailto:fotios.tsarouhis@powerfinancerisk.com)

## ● PROJECT FINANCE

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

### Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Acciona Energía México, Tuto Energía	Puerto Libertad (270 MW Solar)	Sonora, Mexico	Istituto de Credito Oficial, TBA	Debt	\$250M	18-yr	Two Mexican development banks, Spanish development bank Instituto de Credito Oficial and a European commercial bank are lining up a loan for the project (PFR, 4/17).
American Power Ventures	Renaissance (1 GW Gas)	Greene County, Pa.	Fieldstone (adviser)	Debt, Equity	\$900M		The sponsor has mandated boutique investment bank Fieldstone Private Capital Group to raise debt and equity for the project (PFR, 4/17).
Arclight Capital Partners	Eastern Power, Eastern Covert Midco (5 GW Gas)	Illinois, New York, Ohio	Morgan Stanley	Term Loan B	\$1.647B	6-yr	Arclight is reducing the size of its term loan B and extending the loan's maturity by two years (PFR, 3/27).
Atlantic Power Corp.	Portfolio (1.5 GW)	Canada, U.S.	Goldman Sachs (lead), Bank of America Merrill Lynch, RBC, MUFG, Wells Fargo Securities	Term Loan B	\$615M	TBA	Atlantic is working on repricing its term loan B (PFR, 4/3).
● The Carlyle Group	Nautilus Power (formerly Essential Power, 1,767 MW Gas, Hydro, Oil)	Maryland, Massachusetts, New Hampshire, New Jersey	Morgan Stanley	Term Loan B	\$575M	7-yr	Carlyle is refinancing the portfolio, which it acquired last year (see story, page 9).
				Revolving Credit Facility	\$75M	5-yr	
● First Solar	Switch Station (179 MW Solar)	Clark County, Nev.	JP Morgan	Tax Equity	TBA		JP Morgan is investing tax equity in the project, which First Solar plans to sell to a third-party (see story, page 6).
● Harbert Management Corp.	Calhoun (688 MW Gas)	Eastaboga, Ala.	CoBank, MUFG, Santander	Term Loan	\$250M	4-yr	The refinancing closed on March 24 (see story, page 6).
				Letter of Credit Facility	\$40M	4-yr	
				Revolving Credit Facility	\$20M	4-yr	
Iberdrola	Topolobampo III (766 MW Gas)	Sinaloa state, Mexico	TBA	TBA	TBA	TBA	Iberdrola is close to mandating banks to finance the project's construction (PFR, 4/3).
Longroad Energy Holdings	Portfolio (3 GW Solar)	U.S.	TBA	Debt			The sponsor plans to seek debt financing this year for the first of a portfolio of projects it acquired from 7X Energy (PFR, 1/23).
LS Power	Aurora (968 MW Gas)	Aurora, Ill.	MUFG, Bank of Montreal, GE Energy Financial Services, KEB Hana Bank, ING, BNP Paribas, ICBC and NH Investment & Securities	Term Loan	\$300M	7-yr	Pricing on the term loan is 325bps over Libor (PFR, 3/13).
	Rockford (485 MW Gas)	Rockford, Ill.		Revolving Credit Facility	\$25M	7-yr	
	Helix Gen (3.9 GW Gas, Wind)	U.S.	Credit Suisse	Term Loan B	\$1.675B	7-yr	The term loan B grew from an expected \$1.54 billion to \$1.675 billion (PFR, 3/13).
				Working capital facility	\$175M	5-yr	
● NRG Energy	Carlsbad (632 MW Gas)	Carlsbad, Calif.	Crédit Agricole, MUFG	Term Loan	\$219M	C+10	Price talk on the fully-amortizing bank tranche is Libor+167.5 bps. Bids on the institutional tranche were said to be due on April 20 (see story, page 1).
				Project Bond	\$379M	C+20	
● Panda Power Funds	Mattawoman (850 MW Gas)	Prince George's County, Pa.	BNP Paribas, ICBC, Investec	Loan	\$600M-650M	TBA	Panda has mandated three banks to raise debt for the project (PFR, 2/6).
	Temple I (758 MW Gas)	Temple, Texas	Ducera Partners	Restructuring		TBA	Temple I has filed for Chapter 11 protection (see story, page 8).
	Temple II (758 MW Gas)	Temple, Texas					Temple II is said to have breached its debt service coverage covenant (PFR, 4/17).
Quantum Utility Generation	Moundsville (643 MW Gas)	Marshall County, W.Va.		Debt	TBA		Quantum could launch a debt financing for the project this year (PFR, 2/6).
			BNP Paribas	Equity			
Sunnova Energy Corp.	Portfolio (Resi Solar)	U.S.	Credit Suisse	ABS	\$254.75M		The planned securitization is backed by leases, power purchase and service agreements and hedged solar renewable energy certificate contracts (PFR, 4/10).
Sunrun	Portfolio (Resi Solar)	U.S.	ING, SunTrust	Debt	\$200M	7-yr	ING and SunTrust are syndicating the loan (PFR, 4/10).
Swift Current Energy	HillTopper (175 MW-200 MW Solar)	Logan County, Ill.		Debt, Tax Equity	TBA		The sponsor plans to finance the project with debt and tax equity (PFR, 2/13).
● Vanguard, TCW, GoldenTree Asset Management, Aegon, GE Capital, other former creditors	Homer City (1,884 MW Coal)	Indiana County, Pa.	Morgan Stanley	Exit loan	\$150M	6-yr	Pricing flexed up to 1,100 bps over Libor with an OID of 93 (see story, page 8).

#### ● 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 Managing Editor Olivia Feld at (212) 224-3260 or e-mail [olivia.feld@powerfinancerisk.com](mailto:olivia.feld@powerfinancerisk.com)

## Q1 League Tables: Renewables Lull Puts Quasi-merchant Lenders on Top

◀ FROM PAGE 1

**Services**, which took tickets in the Cricket Valley and Birdsboro loans but not the Fairview deal, placed fourth.

MUFG and GE EFS were also lead arrangers on **LS Power's** \$325 million refinancing for two peakers in **PJM Interconnection**—Aurora and Rockford (PFR, 3/8).

In the last quarter of 2016, when many more wind and solar deals closed, **CoBank**, **ING** and **BayernLB** were in the top four.

Project finance loans for wind and solar projects totaled \$5.5 billion in the last quarter of 2016, but only reached \$1.8 billion in the first quarter of this year, according to data from **Dealogic**.

The slowdown was even more marked than a similar lull last year, when \$3.9 billion of wind and solar loans were inked in the first quarter.

### TAX REFORM THREAT FADES

Many deal watchers blame the low volumes on uncertainty around tax reform, saying that renewable sponsors did not want to launch financings with the prospect of a tax overhaul hanging in the air, with unpredictable consequences for tax equity deals.

"The prospect of tax rate reductions and maybe other more comprehensive tax reform in Washington has made it more difficult to negotiate tax equity commitments," says **James Guidera**, managing director and group head of energy and infrastructure, North America, at **Crédit Agricole**.

Investors "are looking more carefully for protections on get-

ting their rate of return, which means that back leveraging the share that's left after tax equity gets its piece is a bit more challenged," he adds.

In recent weeks, however, industry participants have grown more confident that tax reform is no longer imminent, fueling expectations of an increase in deal flow (PFR, 4/6).

"That's this week's attitude," cautions Guidera. "That could change."

### NO RUSH

For some, however, the first quarter slump fits a long-standing pattern. "We've never had a great first or second quarter, in the eight to nine years we've been doing this," says **Richard Dove**, managing partner at renewables sponsor **C2 Energy Capital** in New York. "It takes up a lot of bandwidth to recover from the fourth quarter," he adds, noting also that "tax equity is better priced as you get later into the year."

Market participants point out that there is no rush to finance and build renewable projects this year.

Wind projects that qualified for the full production tax credit by entering construction last year have four years to come into service without having to prove continuous work, while the deadline for solar projects to qualify for the full investment tax credit is 2019.

"Almost none of these projects have financing at this stage and there's no sense of urgency to finish this year, necessarily," says **Keith Martin**, partner at **Chadbourne & Parke** in Washington D.C.

Sponsors began ramping up last year after the unexpected exten-

sion of the tax credits at the end of 2015, says a project finance banker. "This year, they have been focused on creating a pipeline of projects. If this activity continues moving forward at this pace, I expect 2018 will be a big year for renewables."

### PJM AUCTION WATCHING

In the meantime, several gas-fired projects in **PJM Interconnection** are set to seek financing this year, as deal watchers await the results of a crucial capacity auction being run by the regional transmission operator.

"We will be watching the PJM auction closely," says the project finance banker. "If it comes out materially weaker than it is, we could be getting close to the end of the construction build out in PJM for new gas-fired transactions."

**Tyr Energy's** 1 GW Hickory Run project in Lawrence County, Pa., is in the financing pipeline, as is **Advanced Power's** 1.1 GW South Fields project in Columbiana County, Ohio, and **Quantum Utility Generation's** 549 MW Moundsville project in Marshall County, W.Va.

Meanwhile, **American Power Ventures** recently tapped **Fieldstone Private Capital Group** to advise on the financing of its 1 GW Renaissance project in Greene County, Pa. (PFR, 4/7).

The results of the capacity auction will affect the appetite of banks to lend to these projects, says a project finance banker. "Nobody thinks it's going to be very robust," she says. "We don't think it's going to go upward—the question is whether it comes in under \$100 again." ■

## NRG Preps Carlsbad Debt

◀ FROM PAGE 1

institutional investor.

Price talk on the fully-amortizing bank loan, which one deal watcher says is \$219 million in size, starts at 167.5 basis points over Libor with step ups.

Pricing on the roughly \$379 million institutional tranche will be established through an auction. Bids from investors were due on April 20, says another deal watcher. The note will begin amortizing in the project's eleventh year of operations.

The financing has been a long time coming. NRG first proposed building a simple-cycle project on the site of its 964 MW Encina gas-fired project in Carlsbad, which is due for retirement this year, in 2007.

The sponsor later made changes to the proposal in response to opposition from the **City of Carlsbad** (PFR, 11/2/15).

The **California Public Utilities Commission** greenlighted the project's 20-year tolling agreement with **San Diego Gas & Electric** in May 2015, but insisted that contract's capacity be reduced from 600 MW to 500 MW as a condition of its approval.

Shortly after that, in late 2015, NRG began a process to select the lead arrangers (PFR, 4/13/16). However, financing was delayed when the brownfield development was challenged in the **First District Court of Appeals in San Francisco**. In December the court ruled it would defer to the earlier California Public Utilities Commission ruling.

Spokespeople for MUFG and **Crédit Agricole** in New York and NRG in Princeton, N.J., declined to comment.

*Additional reporting by Olivia Feld.* ■



## ● PROJECT FINANCE

# P.E. Shop Alleviates Contracted Project Drought with Alabama Refi

**Harbert Management Corp.** refinanced a dual-fuel simple-cycle plant in Alabama toward the end of a slow first quarter for contracted projects, *PFR* has learned.

Borrower-friendly conditions played a part in tempting the private equity firm to refinance the 688 MW Calhoun Energy Center, says a project finance banker.

**Santander, CoBank** and **MUFG** were the lead arrangers on the \$250 million refinancing, which comprises a \$190 million term loan, a \$40 million letter of credit facility and a \$20 million revolving credit facility.

The loans, which have tenors of four years, closed on March 24. The pricing could not immediately be learned.

Officials at Harbert in Birmingham, Ala., and the lead arrangers in New York, Greenwood Vil-

lage, Co., and Los Angeles, either declined to comment or did not immediately respond to inquiries.

Harbert acquired the Calhoun project from **LS Power Equity Advisors** last May for an undisclosed price (*PFR*, 3/29/16) and holds it through Harbert Power Fund V.

Located in Eastaboga, the project sells its output to **Alabama Power Co.** under a tolling agreement that expires in 2022, one year after the maturity of the loans.

### GOOD TIMING

A lack of contracted renewable projects coming to the bank market in the first quarter of the year contributed to favorable conditions for the few borrowers that were active, says the project finance banker. "It was a good time to bring [Calhoun] to the

market," he says.

That could be about to change, however, as sponsors reassess the threat posed to the tax equity market by efforts to reform the U.S.

**"I think there will be a ramp up in the coming weeks. There has been so much uncertainty on the tax front, but I think we will start to see more deals coming to the market."**

corporate tax regime.

The recent failure of an effort by President **Donald Trump** and the **Republican Party** to move healthcare reform forward

### FAST FACT

## \$1.8 billion

The total volume of wind and solar project loans signed in the first quarter of 2017, versus \$5.5 billion in the previous quarter, according to **Dealogic**.

by repealing the Affordable Care Act has been taken by market participants as a sign that tax reform is also no longer imminent (*PFR*, 4/6).

"I think there will be a ramp up in the coming weeks," says the banker. "There has been so much uncertainty on the tax front, but I think we will start to see more deals coming to the market."

Another project finance banker agrees.

"The immediacy of tax reform has gone," she says. "It is likely to take longer and people might put things back on the front burner, although I haven't seen instances of that yet." ■

# Projects Facing Likely Sale Get JP Morgan Investment

**JP Morgan** is investing tax equity in two **First Solar** projects in the Las Vegas Valley that the developer is likely to sell to third parties as it reevaluates its role in its yield company.

The bank will acquire all the tax equity interests associated with the 79 MW Playa 1 and 100 MW Playa 2 projects, also referred to collectively as the Switch Station project, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Switch Station had been slated to be dropped down into **8Point3 Energy Partners**, First Solar's joint yieldco with **SunPower**, but First Solar asked 8Point3 to remove the project from its right of first offer list earlier this year. At the same time, SunPower also asked for one of its projects—the 100 MW El Pelicano project in Chile—to be excluded from the ROFO list (*PFR*, 2/1).

In its first quarter earnings call on April 3, 8point3 confirmed that it had waived the negotiation period for Switch Station to allow First Solar to sell it to a third party, on the condition that the purchase price is higher than the price at which it had been offered to the yieldco.

First Solar and SunPower announced that they were undertaking a strategic review of their positions in 8Point3 earlier this month. Among the options being consid-

ered is a scenario in which First Solar bows out and is replaced as co-sponsor by another developer (*PFR*, 4/7).

The Switch Station projects, which are under construction in Clark County, Nev., are fully contracted with **NV Energy** under three separate power purchase agreements. Playa 1 has two 20-year PPAs with NV Energy subsidiaries **Sierra Pacific Power** and **Nevada Power** for 65% and 35% of its output, respectively, while Playa 2 has a 20-year PPA with Nevada Power.

Playa 2 is expected to be online at the end of May and Playa 1 is slated to follow at the end of September, according to a Feb. 22 presentation made by NV Energy to the **Nevada Senate's** Commerce, Labor and Energy Committee.

Representatives of First Solar in Tempe, Ariz., and JP Morgan in New York did not respond to inquiries. ■

### CAFD Stock Price Jan. 3 to Apr. 19



Source: Nasdaq



# Fully Charge Your Vision

Our **Project Finance** team specializes in structuring non- to limited recourse financings for middle market projects in the U.S. energy sector. Our team of industry veterans provides high-caliber solutions and resources to power your next project, every step of the way.

## Our Clients:

- Independent power producers, energy project developers & strategic investors
- Specialty finance firms
- Energy-focused private equity firms and funds
- Family offices

### **\$101,146,909 Multi-Draw Term Loan & \$6,148,293 Letter of Credit**

Community Solar Project Financing  
NRG DGPV 4 Borrower LLC  
Sponsor: NRG Renewables

### **\$70,000,000 Term Loan**

Gas-fired Power  
Project Financing  
KMC Thermo LLC  
Sponsor: Arroyo Energy Investors

## For more information:

Robert Botschka, Senior Vice President  
212.298.3827 | [robert.botschka@eastwestbank.com](mailto:robert.botschka@eastwestbank.com)  
[eastwestbank.com](http://eastwestbank.com)



**EASTWEST BANK**  
Your financial bridge®

All rates, terms and products are subject to change or discontinue without prior notice. Other terms and restrictions may apply. All loan requests are subject to credit review and bank approval.

 Equal Housing Lender  
Member FDIC

## ● PROJECT FINANCE

# Texas CCGT Files for Bankruptcy as Sponsor Blames ERCOT

**Panda Power Funds'** Temple I gas-fired project in Texas filed for Chapter 11 bankruptcy protection on April 17.

The filing marks the end of the private equity firm's attempts to cure a default at the 758 MW combined-cycle project by refinancing its \$398.7 million of term loan debt.

The private equity firm has hired New York boutique investment bank **Ducera Partners** to advise on the restructuring, and **Latham & Watkins** and **Richards Layton & Finger** as legal counsel, according to paperwork filed with the **U.S. Bankruptcy Court for the District of Delaware**.

The sponsor had been working with **Jef-feries** to arrange a refinancing, the proceeds of which would have been used to cure the default, but no deal emerged that was acceptable to Panda and prospective investors (PFR, 4/6).

"While certain third parties indicated a willingness to refinance a large portion of the Prepetition Secured Obligations, no party was willing to refinance the Prepetition Secured Obligations in full and there remained a substantial refinancing gap," wrote **Alison Zimlich**, cfo, chief risk officer and treasurer of **Panda Temple Power**, in a declaration submitted in support of the bankruptcy filing.

"Moreover, despite extensive efforts by the Debtors, no third party offered or proposed to fill this refinancing gap with junior secured debt, unsecured debt, or equity infusions," she added.

The sponsor then negotiated a restructuring agreement with the existing lenders, under which the creditors will acquire the project and provide \$20 million of debtor-in-possession financing.

## LAWSUIT

One of the "principal causes" of the project's financial woes was what Panda has described as "false and misleading" capacity, demand and reserves (CDR) reports issued by the regional transmission operator **ERCOT**, according to Zimlich's declaration.

Panda previously made the same assertion in a lawsuit that the sponsor filed last year against **ERCOT**, alleging negligent misrepresentation, fraud and breach of duty (PFR,

3/25/16).

**ERCOT** denies the allegations. The case is pending in the **District Court of Grayson County, Texas**, and a date for the trial has been set for Feb. 6, 2018.

**"If the project were recapitalized with cheaper debt and maybe a little less debt it could operate profitably for somebody."**

## POTENTIAL SALE

While some deal watchers expect the creditors to begin a sale process to offload the asset when it exits bankruptcy, others say they could hold on to the project and continue

to operate it to maximize the recovery of the debt.

"Many banks that have been in this situation have owned power plants in the past and recovered more value that way," says a project finance banker in New York. "If the project were recapitalized with cheaper debt and maybe a little less debt it could operate profitably for somebody."

"I would think that there would be a sale," says a second financier. "But if they don't see a price, they'll hold onto it and just collect the cash flows," he adds.

Panda's Temple II project, which is the same size as Temple I and located in the same industrial park in Temple, has also breached its debt service reserve covenant and is in a 10-day grace period, adds a third deal watcher (PFR, 4/6). ■

# Homer City Project Exits Bankruptcy

The 1,884 MW Homer City coal-fired project in Indiana County, Pa., has emerged from bankruptcy.

**Morgan Stanley** arranged a \$150 million exit facility. The senior secured term loan B has a tenor of six years and was priced at 1,100 basis points over Libor and an original issue discount of 93%.

The loan was initially being talked at 825 bps with an OID of 98% (PFR, 2/9) but warm winter weather caused some "nervousness" among investors, says a deal watcher.

The plant's former majority owner, **GE Capital**, retains a 10.65% interest in the project, making it the fifth-largest stakeholder, behind three asset managers and a life insurance company. **MetLife's** 5% stake in the project has been eliminated.

Project company **Homer City Generation** finalized its restructuring on April 6, according to filings with the **U.S. Bankruptcy Court for the District of Delaware** and the **U.S. Federal Energy Regulatory Commission**.

More than \$600 million of debt has been eliminated as a result of the pre-packaged restructuring deal the project company struck with its creditors ahead of its Chap-

ter 11 bankruptcy filing on Jan. 11 (PFR, 1/11, PFR, 1/10).

Judge **Mary Walrath** approved the restructuring plan on Feb. 15.

Asset managers **Vanguard** and **TCW Group** now hold the two largest positions in the project, with 20.83% and 19.96% stakes, respectively. **GoldenTree Asset Management** and life insurance company **Aegon** are the third- and fourth-largest shareholders in the restructured company, with 12.66% and 11.4% stakes.

**Wellington Manager Company, Elliott Management Corp., Knighthead Capital Management** and **GPFS Securities** each hold less than 10% interests in the company. Undisclosed investors own the remaining 7.22%.

**John Boken**, a senior m.d. at restructuring advisory firm **Zolfo Cooper**, advised Homer City, alongside investment bank **PJT Partners**. **Richards, Layton & Finger** provided legal counsel to Homer City.

Investment bank **Houlihan Lokey** and law firms **O'Melveny and Myers** and **Young Conaway Stargatt & Taylor** advised the noteholders. ■



## PROJECT FINANCE ●

## Carlyle Taps Morgan Stanley for Term Loan B Refi

**The Carlyle Group** has hired **Morgan Stanley** to lead a refinancing of a term loan B secured by a portfolio of gas-fired, oil-fired and hydro projects that the private equity firm acquired last year.

Carlyle bought the 1,767 MW Essential Power portfolio, which it is renaming Nautilus Power as part of the refinancing, from **IFM Investors** in June.

The \$650 million transaction will increase the portfolio's debt-to-equity ratio from 60:40 to 70:30, according to a report published by **Moody's Investors Service** on April 17. Carlyle will use \$76 million of the proceeds to pay itself a distribution, according to the report.

The rating agency has given the deal, which comprises a \$575 million senior secured seven-year term loan B and a \$75 million five-year revolving credit facility, a rating of B1, the same as the existing debt.

**S&P Global Ratings** has

given the refinancing a preliminary rating of B+, a one-notch downgrade versus the existing debt.

The name change from Essential Power to Nautilus Power is probably designed to reflect the change in ownership, distance the portfolio from its difficult history and attract new investors, says **Richard Donner**, v.p. in Moody's project finance group in New York.

"I think they want to turn a page and start afresh," he says, noting that the previous owner, IFM, had to inject equity to support the portfolio in 2014 following losses arising from heat rate call options at the 575 MW Newington gas-fired combined-cycle project in Newington, N.H.

### TERM LOAN B RUSH

Carlyle renegotiated the terms of the Essential Power term loan B package in October, shortly after closing its purchase of the portfolio.

At the time of the acquisi-

tion, the sponsor decided to tweak the existing debt rather than fully refinance it because the term loan B market was improving following a difficult period, a person familiar with the firm's strategy told *PFR* (*PFR*, 10/26).

Since then, the market has continued to strengthen as inflows of capital outweigh issuance, and generation asset-owners have lined up to reprice term loan Bs (*PFR*, 3/30).

One of them, **Atlantic Power**, closed a \$615 million deal on April 17, repricing its loan, which matures in 2023, at 425 basis points over Libor. That pricing was 75 bps inside of where the deal was originally priced last year (*PFR*, 3/30).

The Essential Power term loan was originally priced at 325 bps in 2013 (*PFR*, 4/18/13). Price talk on the refinancing could not immediately be learned.

**Cody Gunsch**, v.p. in leveraged and acquisition finance at Morgan Stanley, declined

to comment. A call to **Matt O'Connor**, m.d. and co-head of **Carlyle Power Partners**, was not returned by press time.

### EMAAC NUGGETS

The assets in the Essential Power portfolio are located in **PJM Interconnection** and **ISO-New England**, and include one combined-cycle project and two peakers in EMAAC, the lucrative eastern region of PJM.

Capacity prices have tended to be higher in EMAAC than elsewhere in PJM because of capacity constraints, notes Moody's.

The EMAAC assets are the 265 MW Lakewood CCGT and the 358 MW Ocean gas-fired peaker, both in Lakewood, N.J., and the 358 MW Rock Springs gas-fired peaker in Rising Sun, Md.

The Newington CCGT and an assortment of Massachusetts gas- and oil-fired peakers and hydro facilities held through **EP Energy Massachusetts** complete the portfolio. ■

## Generate Capital Seeks to be "Market Maker" in Storage

San Francisco-based Generate Capital is deploying \$250 million to finance stand-alone battery storage and solar-plus-storage projects as it seeks to shape the nascent market for the asset class.

Founded in 2014 by **Jigar Shah**, **Scott Jacobs** and **Matan Friedman**, Generate has been in the 'beta' stage until recently.

"This was a real mom and pop thing for a while. It wasn't until this month that it became a real business," says Shah, co-founder and president, adding that storage projects accounted for only \$100 million of financing last year.

In the last three years, Generate has actively invested and has built the largest

book of commercial and industrial behind-the-meter storage and one of the larger books of solar-plus-storage in the U.S., adds Shah, without disclosing the names of the company's financing partners.

Generate's model provides traditional debt and equity project financing to storage projects. The shop plans to amass a portfolio by warehousing hundreds of \$1 million to \$2 million projects, which it will then recapitalize with commercial banks, most of which will not look at individual financings of smaller projects.

"No one's gotten debt for storage yet," says Shah. "We have to step in and guess what these banks want. We go into these

markets earlier, before there's a guaranteed debt provider, and buy the project with our balance sheet."

Generate is talking to approximately 40 banks to help make them feel comfortable with the asset class. "We have to be the market maker" says Shah. "We have to help people with the tools," including, he says, creating the first financeable power purchase agreement for storage projects.

Having standardized its tools and contracts, the shop is planning to capitalize on the rebate programs for behind-the-meter storage that exist in multiple states, including California, which plans to add 1.3 GW of energy storage capacity by 2020. ■

## ● MERGERS & ACQUISITIONS

# LS Power to Offload Alabama Gas-fired Project

« FROM PAGE 1

ty has a 10-year tolling agreement which expires in 2022.

Capital Power, which is listed on the **Toronto Stock Exchange**, will finance the acquisition with debt, equity and the proceeds of a C\$182.5 million (\$137.2 million) public rights offering to Canadian investors. **RBC Capital Markets** and **Scotiabank** are co-leads on the offering of 7,375,000 subscription receipts, which have been

priced at C\$24.75 each (\$18.61).

A greenshoe option could increase the size of the rights offering to C\$210 million (\$157.9 million) if it is exercised in full. The offering is expected to close on April 24.

The debt component of the financing will initially take the form of an expansion of Capital Power's existing bank loans. The company plans to seek permanent financing in the debt mar-

kets later this year.

**JP Morgan** is advising LS Power on the sale, which is expected to close in June 2017.

LS Power has owned Decatur since 2014, when it acquired the plant from **Calpine Corp.**, which developed it (PFR, 7/15/14, PFR, 4/21/14).

The project is Capital Power's first operational generation asset and its first gas-fired project in the Deep South. ■

# Alterra Bags Wind Project Quartet

**Alterra Power Corp.** has acquired a 320 MW wind project complex in Albany County, Wyo., and is planning further acquisitions of renewable assets in the U.S.

Alterra purchased the four-project group, collectively known as Boswell Springs, from **Intermountain Wind** in a deal that closed on April 18.

**Houlihan Lokey** advised Intermountain on the sale. Alterra did not use an external financial adviser. **Stoel Rives** and **Chadbourne & Parke** were legal advisers to the buyer and seller, respectively.

The complex comprises four contracted 80 MW facilities in the early stages of development. Construction of the projects' main transformers began in 2016 so that they would qualify for the full production tax credit, but the facilities are not expected to be online until 2020.

Each of the four projects has a 20-year power purchase agreement with **Rocky Mountain Power**, a division of **PacifiCorp**.

Alterra plans to obtain a construction loan and a tax equity commitment for the projects in 2018, says an official at the company's Vancouver headquarters.

Alterra plans to acquire additional wind assets in the Western U.S., the official adds.

Boulder, Colo.-based Intermountain, which has an approximately 1 GW portfolio of projects at varying stages of development, is in "active conversations" with potential purchasers for several other projects, **Paul Martin**, president of Intermountain Wind, tells PFR. ■

# VivoPower Nets Rights to ISS Assets, Eyes Project Finance

VivoPower has obtained the rights to acquire a portfolio of shovel-ready projects from **Innovative Solar Systems**, and plans to arrange debt for the first of them later this year.

ISS will develop a 1.8 GW pipeline of solar assets for VivoPower over the next several years, **Carl Weatherley-White**, the New York-based cfo of **VivoPower USA**, tells PFR.

Though a specific timeline for completing development of the full 1.8 GW has yet to be established, White says he expects the first of the projects to be ready for construction before the end of the year.

VivoPower will line up construction loans and tax equity commitments for the projects before bringing in a long-term equity investor or investors.

The developer established a template for the deals

in its sale of equity stakes in two North Carolina solar projects to an Australian asset manager earlier this year.

**New Energy Solar Fund**, an investment vehicle of North Sydney-based **Walsh & Company**, agreed to acquire majority stakes in the 43.2 MW (DC) NC-31 solar project in Bladenboro, N.C., and the 33.8 MW NC-47 solar project in Maxton, N.C., late last year (PFR, 11/22, PFR, 10/28). Both projects were originated by ISS (PFR, 3/28).

**KeyBanc Capital Markets** arranged debt financing for the projects, while **U.S. Bank** provided tax equity commitments of \$28.5 and \$26.8 million for NC-47 and NC-31, respectively.

Officials at ISS in Asheville could not immediately be reached for comment. ■

# Eagle Creek to Acquire Maine Hydro Assets

**Eagle Creek Renewable Energy** is purchasing two hydro assets associated with a paper mill in Maine that ceased operations nearly a year ago from **Madison Paper Industries**.

Morristown, N.J.-based Eagle Creek will acquire the 20 MW Abnaki project in the town of Madison, and the 8 MW Anson project, in the neighboring town of Anson, under the terms of the deal.

The town of Madison values the Abnaki and Anson projects at \$37 million and \$20 million, respectively, according to a report in the *Morning Sentinel*, a daily newspaper based in Waterville, Maine. The purchase price could not immediately be learned.

Madison Paper Industries, which is jointly owned by Helsinki-based **UPM** and **The New York Times Co.**, closed the mill last May.

Eagle Creek's acquisition of the hydro projects mirrors its \$62 million purchase of a 30 MW four-project hydro portfolio on Maine's Androscoggin River from **Verso Corp.** in early 2016 (PFR, 1/15/16). Verso filed for Chapter 11 protection in January of that year and emerged from bankruptcy in July.

Eagle Creek ceo **Bud Cherry** and Madison Paper president and ceo **Russ Drechsel** were not available to comment. ■

## MERGERS &amp; ACQUISITIONS ●

## Texas Regulators Stymie Oncor Deal

The **Public Utility Commission of Texas** has blocked **NextEra Energy's** attempt to acquire **Oncor Electric Delivery Co.**, marking the second time in as many years that the commission has thwarted a sale of the transmission utility.

The unanimous ruling by the PUC could end a nearly three-year attempt by NextEra to acquire the regulated utility.

NextEra can file a motion for a rehearing before May 8. Should the commission reject such a motion, NextEra could appeal the decision in the **District Court of Travis County, Texas**, a spokesperson for the Texas PUC in Austin tells *PFR*. NextEra also reserves the option of filing a new application for ownership of Oncor.

In 2014, NextEra's then-cfo **Moray Dewhurst** told investors that his company was interested in acquiring Oncor to complement its existing utility subsidiary, **Florida Power & Light** (*PFR*, 7/29/14).

"NextEra Energy ownership of Oncor would subject Oncor and its ratepayers to significant new risks," PUC chair **Donna Nelson** and commissioners **Kenneth Anderson, Jr.**, and **Brandy Marty Marquez** wrote in their final order denying authorization of the deal.

"The tangible benefits to Texas ratepayers that are specific to the proposed transactions are minimal, and would do little to compensate ratepayers for any of the additional risks imposed."

**"The tangible benefits to Texas ratepayers that are specific to the proposed transactions are minimal, and would do little to compensate ratepayers for any of the additional risks."**

The commissioners stated that the effect on ratepayers, coupled with NextEra's "insistence" on removing restrictions on its power to appoint members to Oncor's board and on transmission utility-ownership of generation assets, meant that the deal was not in the public interest.

The commission also noted that NextEra has a "limited tolerance for financial risk" and is a candidate for a credit downgrade, citing a report by **Moody's Investors Service** cautioning that the acquisition could

"make the company more vulnerable to unforeseen events or margin shortfalls."

Among other concerns, the PUC cited potential climate change reforms, tax reform and commodity risks.

NextEra agreed to acquire Oncor from **Energy Future Holdings, Texas Transmission Holdings Corp.** and Oncor's management team in three separate agreements last year (*PFR*, 7/29, *PFR*, 10/31).

The NextEra deal emerged after **Hunt Consolidated's** planned \$18 billion purchase of Oncor collapsed in 2015. The Texas PUC approved that transaction, but with caveats that the prospective buyer found disagreeable (*PFR*, 8/10/15).

Following the two failed deals, EFH, which filed for Chapter 11 bankruptcy protection in 2014, is left holding its 80% stake in Oncor, which it has been attempting to offload as part of its restructuring.

**Credit Suisse** and **Bank of America Merrill Lynch** led a group of six banks, including **Deutsche Bank, JP Morgan, UBS** and **Wells Fargo**, that advised NextEra on the scuppered deal.

Representatives of EFH in Dallas and NextEra in Juno Beach, Fla., did not respond to inquiries by press time. ■

## STRATEGIES ●

## Arizona Utility Calls for Summer Generation

**Arizona Public Service** has issued a request for proposals for between 400 MW and 700 MW of summer peaking capacity.

The Phoenix-headquartered utility company, a subsidiary of **Pinnacle West Capital Corp.**, is looking to sign one or more power purchase agreements for generation to be delivered between June and September, starting in June 2021.

APS issued the RFP on April 21 and expects to complete the process by Dec. 15. The deadline for responses and fees is July 14.

The company has hired a third party, whose identity could not immediately be learned, to monitor the RFP process.

"We're specifically looking for power than can be provided in

**"There's no specific type of generation that is requested."**

the late afternoon hours when we have higher power usage," a spokesperson for APS tells *PFR*.

"There's no specific type of generation that is requested."

The company recently published its 2017 Integrated Resource Plan, which forecasts an increase in gas-fired generation as a proportion of its energy mix from 26% to 33% over the next 15 years.

"Natural gas generation is a cost-effective, proven technology that provides much-needed summer peaking capacity," reads the report.

Coal-fired generation, meanwhile, will gradually be reduced.

APS expects coal to make up 11% of its generation in 2032, versus 21% this year.

APS predicts that solar and energy efficiency will meet almost half of demand growth and intends to develop more than 500 MW of battery storage to mitigate the intermittence of renewables.

The utility's 4 GW Palo Verde three-unit nuclear plant, which currently supplies a quarter of its generation, will continue to play an important part, the report notes. ■

## ● PEOPLE & FIRMS

# D.E. Shaw Expands Footprint into Solar Project Development

◀ FROM PAGE 1

affiliates own over 27 projects totaling 1.3 GW of capacity in the U.S.

The firm has financed the development of renewable assets under a number of platforms which it has backed, including **8minutenergy**, **Bright Plain Renewable Energy**, **First Wind** and **Deepwater Wind**.

The increased investment in solar project development is in part due to a shortage of contracted utility-scale projects under construction, says a deal watcher.

"They [D.E. Shaw] have realized that they have to do more development," says a second deal watcher. "It worked so well for them, at least in their minds, in offshore wind, they're thinking now about doing it in solar."

Thus far, the firm has a more significant footprint in wind than solar. D.E. Shaw owned **First Wind**, jointly with **Madison Dearborn**, before it was sold to **SunEdison** in 2014, and is the principal owner of **Deepwater Wind**, which financed and constructed the first offshore wind facility in the U.S.

### STAFFING UP

**Brian Lee**, ceo of Eagle Solar, is

also the president and co-founder of San Francisco-based **Bright Plain Renewable Energy**, another development partner of D.E. Shaw's.

Founded in 2011 by Lee and **David Buzby**, Bright Plain has developed and acquired a number of commercial and utility-scale solar projects in the U.S. Before founding Bright Plain, Lee was a v.p. in project finance and corporate development at **SunEdison**.

Eagle Solar names three other

staff on its website. **David Herskovits** is director, Southeast development, having previously co-founded utility-scale solar development firm **Energiya USA**. Herskovits is based in Delray, Fla., and still serves as ceo of **Energiya USA**.

Chris Keller, who is m.d. of origination at Eagle Solar, spent 30 years at **Southern Power**, most recently as the director of acquisitions and renewables. Keller is

based in Atlanta, Ga. **Laura Klein** is m.d. of development, having previously held leadership roles in project finance and development at **SunEdison**. Klein is based in Washington, D.C.

The size of D.E. Shaw's ownership stake in Eagle Solar could not be confirmed by press time. A spokesperson for D. E. Shaw in New York declined to comment. Eagle Solar Group did not respond to a request for comment. ■

## Panda Power Funds Appoints Finance Head

Panda Power Funds, whose troubled Temple I project in Texas filed for bankruptcy last week, has appointed a new head of debt and finance.

**Michael Trentel**, who has 27 years of experience in energy, was an m.d. at Panda Power Funds in Dallas until his recent promotion. In that role, he worked in business development and raising debt financing.

Trentel joined **Panda Energy International**, the predecessor to Panda Power Funds, in 1998, before leaving in 2007 when he became a partner at **Sliveron Capital Partners**, a boutique

financial advisory and investment banking firm. He was at Sliveron from 2008 to 2016, when he rejoined Panda.

While at Panda, Trentel has been involved in over 8 GW of project development and capital raising, the firm tells *PFR* in an emailed statement. He was also a member of the management committee for a 4.4 GW portfolio of projects, helped launch a fuel energy subsidiary and participated in the reverse merger to form a public company, **Panda Energy**, where Michael held positions of cfo and treasurer, the statement continues.

Before joining PEI in 1998, Trentel was an engineer at **Arco Oil and Gas**.

Panda recently tried unsuccessfully to refinance its 758 MW Temple I combined-cycle project in Temple, Texas. The project filed for Chapter 11 bankruptcy protection in Delaware on April 17 (*PFR*, 4/19). Panda's Temple II project is also said to be facing the possibility of default after breaching its debt service reserve covenant (*PFR*, 4/6).

**Anuradha Sen** is the head of finance at Panda in Dallas. A call to the firm's cfo **Bob Simmons** in New York was not returned. ■

## ● STRATEGIES

# Sunnova Prices Latest Solar ABS

Houston-based residential solar finance company **Sunnova** priced a debut asset-backed securitization on April 11, putting the issuance volume of solar ABS year-to-date higher than in the entirety of 2016.

**Credit Suisse** was the sole bookrunner for the \$254.75 million offering, called SNVA 2017-1. The \$191.75 million senior A class was

priced to yield 4.95%. The bonds have a six-year weighted average life and were assigned an A rating by **Kroll Bond Rating Agency**.

The \$18 million Class B notes carry a coupon of 6%, while the pre-placed C class has an 8% coupon.

The deal is backed by 13,838 leases, power purchase agreements

and service agreements, as well as 20 hedged solar renewable energy certificate contracts.

The pricing for the senior bonds is 50 basis points wide of where the last solar ABS deal was priced. California-based **Mosaic** sold its first ever offering at the end of January, pricing its single tranche of notes to yield 4.45% (*PFR*, 1/18).

With the Sunnova deal, issuance of solar ABS this year has surpassed all of 2016. **SolarCity** also

priced a deal earlier this year (*PFR*, 1/23), bringing total deal volume to three transactions totaling \$538.7 million. At the current pace, the market is on track to exceed the \$1 billion projected by more bullish observers at the start of 2017.

Still, more bearish observers say that volume will continue to underwhelm this year, as solar finance shops opt to tap a wider range of funds, including bank funding and portfolio sales. ■