

Power Finance & Risk

The weekly issue from **Power Intelligence**

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REFF Latin America & Caribbean

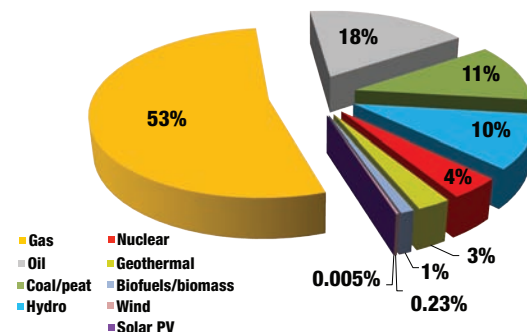
Developers Plot Tecate PV Debt, Equity

Sponsors of a \$1.5 billion, 450 MW solar photovoltaic project near Tecate, Mexico, expect to begin talking to financiers next year about cobbling together \$500 million in debt over several years for the plant. The PV project—poised to be the largest in Mexico—is being developed in phases of 50 MW.

Synergy Technologies of Waynesboro, Ga., a sponsor, expects the project to carry \$1.2 billion in total debt, though it will be financed in phases, says **Matt Piell**, ceo, in an interview with *PI*. Synergy will build the project with **Grupo Musa**, a land and real estate developer based in Tijuana, under their recently launched company, **SolMex Energy**. Tecate, which is located just across

(continued on page 8)

Mexico Electricity Production (GWh)



Source: Power Intelligence via the International Energy Agency

THE BUZZ

With billion dollar-plus solar deals such as Desert Sunlight, Project AMP, Ivanpah and California Valley Solar Ranch—to name a few—clearing the project finance market, some say the resource is finally getting its moment in the U.S. Now, financiers are anticipating when the technology will hit its zenith in Latin America, too.

Solar appears to be a natural fit for Latin America—much of the region rests along or near the equator, which offers the promise of higher capacities. The prospect of utility-scale solar projects excites developers and investors tracking Latin America. **SolarPack** is looking for \$120 million in debt to back solar projects in Peru, while **Element Power** is expected to seek at least \$300 million in debt for projects in Chile (*PI*, 4/5).

For PFR's take on the conference and the rest of the market, see page 2.

Bicent Enters Bankruptcy; Lenders Circle Plants

Bicent Holdings, the parent company of **Bicent Power**, has filed for bankruptcy in the U.S. **Bankruptcy Court District of Delaware**, starting a process in which lenders are expected to takeover two power plants. The Easton, Md.-based company filed last Monday.

Bicent, an affiliate of **Paul Prager's Beowulf Energy**, owns the 120 MW Hardin coal-fired plant near Billings, Mont., and the 48 MW San Joaquin gas-fired plant in Lathrop, Calif.

First lien debt holders comprise **Strategic Value Partners**, **GSO Capital**, the credit unit of **Blackstone**, and **Barclays Capital**. The creditors retained Paramus, N.J.-based **RPA Advisors** in January (*PI*, 1/31). Strategic Value Partners and GSO are leading the creditor group, says an industry official.

Bicent, breached a covenant on its revolver and letter of

(continued on page 12)

REFF Latin America & Caribbean

Read what bankers and executives had to say about the roles of development banks, solar and foreign developers in the region at the event April 24-25 in Miami.

See stories, page 8

Project Finance Deal Book

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

See Deal Book, page 4

Generation Sale DATABASE

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

See calendar, page 3

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THE BUZZ

One of the early hot spots—pun unintended—for solar in Latin America is in and around Antofagasta, Chile, which is a critical mining area. The overlap of mining and solar isn't incidental: mining companies are seeking generation for their power-intensive activities. Some of these companies are peddling offtake agreements in auctions inline with Chile's renewables portfolio standard, which requires at least 10% of the country's generation derive from non-thermal sources.

Despite government drivers spurring solar in some countries, it's not quite a deluge yet. Most projects in Latin America have tended to be small—at or under 20 MW—and the risks may vary from comparable projects in the U.S. In parts of Mexico, for instance, the intensity of the sun can be strongest late in the afternoon, a factor that may dictate the type of technology chosen, some attendees of last week's Renewable Energy Finance Forum Latin America and Caribbean said. Another risk may be dust in desert regions.

In M&A, Senior Reporter **Holly Fletcher** continues her coverage on the bankruptcy beat: **Bicent Power** became the latest independent power producer to enter itself into Chapter 11 this week. The **Beowulf Energy**-backed shop filed in the U.S. **Bankruptcy Court District of Delaware**, with **Moelis & Co.** as its advisor. The company is the latest of four power companies currently navigating the bankruptcy courts. **Solar Trust of America**, **Energy Investors Funds** and **Cogentrix Energy's** Northampton waste coal-fired plant and **Stark Investments** Batesville combined cycle plant round out the quartet.

In other M&A news, a group of investors is looking to strike on buyer appetite for Texas generation assets, selling its 507 MW Bosque gas-fired plant in Laguna, Texas. The owners include hedge funds **Luminus Management** and **CarVal Investors** as well as **Fortress Investment Group**.

TELL US WHAT YOU THINK!

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

Feel free to contact **Sara Rosner**, managing editor, at (212) 224-3165 or srosner@iintelligence.com.

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GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comments
AES	Cayuga (306 MW Coal) Somerset (675 MW Coal) Red Oak (766 MW CCGT) Ironwood (720 MW CCGT)	Lansing, N.Y. Barker, N.Y. Sayreville, N.J. South Lebanon, Pa.	Barclays Capital Citigroup Citigroup	Creditors near takeover of Cayuga and Somerset; no challenging bids (PI, 3/26). PPL Generation is buying Ironwood for \$87M plus cash; ECP is buying Red Oak (PI, 3/5).
Alcoa	Calderwood (140.4 MW Hydro) Cheoah (118 MW Hydro) Chilhowee (52.2 MW Hydro) Santeetlah (40.4 MW Hydro)	Little Tennessee River, Tenn. Little Tennessee River, N.C. Little Tennessee River, Tenn. Cheoah River, N.C.	JPMorgan	Indicative bids due in early April (PI, 4/2).
► Bicent Power	Hardin (120 MW Coal) San Joaquin (48 MW San Joaquin Gas)	Billings, Mont. Lathrop, Calif.	Moelis & Co.	Creditors are circling the plants in a pre-pack bankruptcy (see story, page 1).
Capital Power	Miller Creek (33 MW Hydro) Brown Lake (7.2 MW Hydro)	British Columbia British Columbia	CIBC	The owners has 60.56% equity stakes in the projects (PI, 4/9).
Cascade Investments	Altura (600 MW Cogen) Twin Oaks (305 MW lignite-fired) Cedar Bayou 4 (275 MW natural gas-fired)	Channelview, Texas Bremond, Texas Chambers County, Texas	TBA	Cascade has been listening to sell-side pitches (PI, 3/19)
Constellation Energy Group	Rio Bravo Fresno (24 MW Biomass) Rio Bravo Rocklin (24 MW Biomass) Chinese Station (22 MW Biomass)	Fresno, Calif. Lincoln, Calif. Jamestown, Calif.	No advisor	The company has reached out to prospective buyers as it considers selling its stakes (PI, 1/9).
Conti Group, Grupo Arranz Acinas	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went out in late July (PI, 8/1).
Edison Mission Group	Homer City (1.884 GW Coal)	Homer City, Pa.	Barclays Capital	Looking to exit the facility as its lessee (PI, 3/12).
Element Power	Bobcat Bluff (150 MW Wind)	Wichita Falls, Texas	TBA	enXco is buying the project with aims to bring it online by year end (PI, 4/2).
Exelon	Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal)	Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md.	Citigroup, Goldman Sachs	Initial bids are due in early May (PI, 4/23).
First Solar	Moore (20 MW Solar PV) Sombra (20 MW Solar PV)	St. Clair, Ontario St. Clair, Ontario	N/A	NextEra Energy Canada has bought the plants (PI, 3/19).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) N/A (Wind) N/A (Wind)	Pocahontas County, Iowa Blair County, Pa.	JPMorgan	Algonquin Power & Utilities buys a controlling interest in the four projects.
GDF Suez Energy North America	Hot Spring (746 MW CCGT)	Malvern, Ark.	UBS	Arkansas Electric Co-Op Corp. has agreed to buy the Hot Spring; set to file with regulators (PI, 2/20).
Iberdrola Renewables	Klamath (636 MW CoGen)	Klamath Falls, Ore.	Royal Bank of Canada	Teasers went out in late March (PI, 4/16).
LS Power	Blythe (507 MW CCGT)	Blythe, Calif.	Credit Suisse	LS is looking to flip the plant it bought in a portfolio in the fall (PI, 4/16).
► Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Hope to sell the plant by early summer (see story, page 7).
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (PI, 3/5).
Obsidian Finance Group	Lakeview (2 MW Solar PV)	Lakeview, Ore.	TBA	PacifiCorp is buying the project; RBS to be lessor (PI, 4/2).
Penn Wind	Mahanoy (17.5 MW Wind)	Northumberland County, Pa.		EverPower bought the project (PI, 4/16).
► Perennial Power	Mid-Georgia (300 MW CoGen)	Kathleen, Ga.	Fieldstone	In exclusivity with a buyer; Ga. Power still maintains first right of refusal (see story, page 7).
Rockland Capital	25% stake in Eagle Point (225 MW Gas)	Westville, N.J.		Rockland is flipping a stake to Noble Americas Gas & Power Corp. (PI, 4/16).
Solar Trust of America	Blythe (1 GW Solar PV) Palen (500 MW Solar PV) Amargosa (500 MW Solar PV) Ridgecrest (250 MW Solar PV)	Blythe, Calif. Desert Center, Calif. Amargosa, Nev. Ridgecrest, Calif.		Hedge fund lends DIP financing; creditors to retain an advisor (PI, 4/23).
Stark Investments	Batesville (837 MW CCGT)	Mississippi	TBA	Tenaska has exited an agreement to buy the plant, which is now in bankruptcy.
Tenaska	High Desert (800 MW CCGT) Rio Nogales (800 MW CCGT)	Victorville, Calif. Seguin, Texas	Barclays, Citi	CPS Energy is buying Rio Nogales for about \$521 million (PI, 3/19).
Terra-Gen Power	Alta VI (150 MW Wind)	Tehachapi, Calif.		EverPower is buying the project; KeyBank advised EverPower (PI, 4/16).
U.S. Power Generating Co.	Gowanus Barges 1 (160 MW Oil) Gowanus Barges 4 (160 MW Oil)	Brooklyn, N.Y.	Tier One Capital Management	First round bids for the two barges are expected in February (PI, 1/9).

► New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes, contact Senior Reporter **Holly Fletcher** at (212) 224 3293 or e-mail hlfletcher@iintelligence.com.

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Solar	Imperial Valley (709 MW Solar PV)	Plaster City, Calif.	TBA	TBA	\$1.3B	TBA	Sponsor culls through lenders bids (PI, 3/19).
BP, Sempra	Mehoopany (141 MW Wind)	Wyoming County, Penn.	BTMU, CoBank, Mizuho	TBA	\$200M	18-yr	Pricing, tenor emerge (PI, 4/16).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound,	Barclays	TBA	TBA	TBA	Financing to be re-ignited (PI, 4/16).
Cardinal Gas Storage	Cadeville (16.5 bcf Gas Storage)	Monroe, La.	CIT, RBC, SunTrust	TBA	\$100M	TBA	CIT joins financing; pricing revealed (PI, 4/9).
Cheniere Energy	Unidentified (Export LNH Facility)	Sabine Pass, La.	TBA	TBA	\$3.2B	7-yr	Sponsor is hunting more debt \$1 billion more debt for phase one (PI, 3/19).
Dalkia Canada, Fengate Capital	Ft. St. James (33 MW Biomass)	Ft. St. James, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
	Merritt (33 MW Biomass)	Merritt, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
Diamond Generating Corp.	Mariposa (200 MW Gas)	Alameda County, Calif.	TBA	TBA	\$150M	10+-yr	Sponsor to seek bids March 23 (PI, 3/12).
Duke Energy	Cimarron II and Ironwood (131 and 168 MW Wind, respectively)	Gray and Ford counties, Kan., respectively	BTMU, SMBC	TBA	\$250M	TBA	Sponsor taps leads (PI, 4/16).
Edison Mission Energy	Various (120 MW Wind Portfolio)	Nebraska	BBVA, Key Bank	TBA	\$113.5M	TBA	Deal wraps (PI, 4/23).
Finavera Wind Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (PI, 4/2).
First Wind	Bull Hill (34 MW Wind)	Hancock County, Maine	Union Bank	Construction	\$70M	TBA	Deal wraps (See story, page 5).
				LOC	\$6M	TBA	
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	MetLife to provide tax equity (PI, 3/5).
Green Valley Energy	N/A (35 MW Biomass)	Santa Barbara, Honduras	TBA	TBA	\$65M	10 to 15-yr	Sponsor is working with consultant Green Finance Group (see story, page 8).
Inkia Energy	Unidentified (500 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC	TBA	\$600M	12-yr	A dozen lenders expected to make commitments (see story, page 8).
Invenergy	California Ridge (214 MW Wind)	Vermillion and Champaign, Ill.	Santander	TBA	TBA	C+ 10-yr	Sponsor taps Santander to lead deal (PI, 4/2).
North Star Solar	Unidentified (60 MW PV)	Fresno County, Calif.	TBA	TBA	\$150M	TBA	Sponsor to hunt project equity, debt (PI, 4/2).
Pattern Energy	El Arrayan (115 MW Wind)	Santiago, Chile	TBA	Term	\$220M	C+ 15-yr	Sponsor to land a tenor of construction plus 15 years (PI, 3/19).
	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	TBA	TBA	C+ 7-yr	Sponsor seeking lender proposals (PI, 3/26).
Potentia Solar	Various (Solar PV)	Ontario	TBA	TBA	\$75M	TBA	Sponsor scouts financing for 125 solar DG projects (PI, 4/2).
Solarpack	Various (22 MW Solar PV)	Tacna and Moquega, Peru	TBA	TBA	\$120M	20-yr	Sponsor is talking to lenders for funds for two projects (see story, page 10).
Tenaska Solar Ventures	Imperial Solar Energy Center West (130-150 MW Solar)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Sponsor may look to finance project in Q4 (PI, 4/16).
Terra-Gen Power	Alta (300 MW Wind)	Tehachapi, Calif.	MUFG, RBS	TBA	\$660M	C+ 7-yr	Associated, BMO, Key Bank and SMBC join deal (PI, 4/16).
Wind Capital Group	Unidentified (150 MW Wind)	Osage County, Okla.	TBS	TBA	\$160M	TBA	Financing pushed off until 2013 (PI, 4/23).

New or updated listing

To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iintelligence.com. A full listing of deals for the last several years is available at <http://www.powerintelligence.com/ProjectFinanceDeal.html>.

PROJECT FINANCE

First Wind Lands Maine Deal

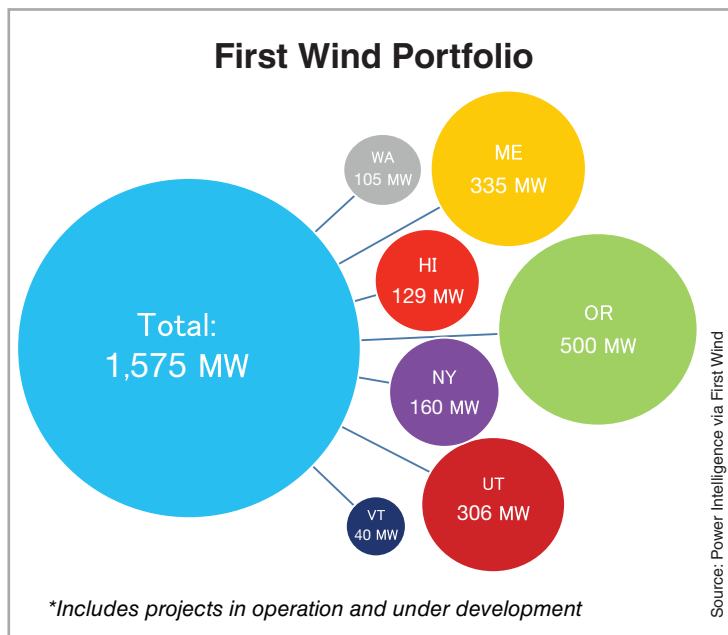
First Wind has wrapped a \$76 million non-recourse financing backing its 34 MW Bull Hill wind project in Hancock County, Maine. **Union Bank**, the **Mitsubishi UFJ Financial Group** affiliate, is the sole lender.

The deal consists of a \$70 million construction loan and \$6 million in letters of credit. Pricing is LIBOR plus 250 basis points. When Bull Hill becomes operational, a Union Bank affiliate will provide tax equity via a sale-leaseback, says a deal watcher, who didn't elaborate. First Wind expects the project to be operational by year-end.

Kenji Ogawa, Union Bank senior v.p. of leasing and asset finance in Los Angeles, and **Steve Schauer**, First Wind treasurer and senior v.p. of finance in Boston, worked on the deal. Terms of the sale-leaseback couldn't be learned. A bank official in Los Angeles declined to comment, while a First Wind spokesman in Boston didn't return a call.

NSTAR is the offtaker for Bull Hill. The project will use 19 **Vestas** 1.8 MW wind turbines.

The Bull Hill financing is First Wind's second 2012 deal. Union Bank, **BayernLB**, **Rabobank** and **Siemens Financial Services** led a \$236 million deal supporting First Wind's 69 MW Kawaihoa



wind project in Oahu, Hawaii (PI, 3/26). The Kawaihoa deal wrapped last month.



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Boston Boutique Taps Private Placement For Army Solar

Bostonia Partners, a boutique investment bank in Boston, has privately placed \$17.5 million in bonds to finance its 4.465 MW solar project in New Mexico that has a contract with the U.S. **Army Corps of Engineers**. A single life insurance company bought the entire 25-year tranche, says **Sean Robertson** associate director at Bostonia, declining to name it. The project is on the White Sands Missile Range, a 3,200 square mile military base in south central New Mexico that is home to a missile and rocket launch test site.

An affiliate of Bostonia will own the project and use tax incentives under the U.S. **Department of Treasury's** Sect. 1603 cash grant program, Robertson says, adding the firm was interested in taking advantage of the incentives available to renewables. This is the shop's first transaction that allows Bostonia to be the owner of an asset, he says.

The transaction includes a series of contracts with the military, including a variation of a power purchase agreement. The 25-year energy savings performance contract, which gives federal agencies the authority to access private capital in order to finance energy efficiency or power initiatives, was turned into the revenue stream to make the bond payments, says Robertson. Another contract, the renewable energy services agreement, is essentially the offtake agreement with the Army Corps.

Siemens Government Technologies, a unit of **Siemens**

that works with federal clients, is constructing the project, which is scheduled to be online in December. Bostonia Partners got the mandate to originate and place the debt through

relationships it has with energy service companies. SGT was selected by the Army Corps to design, construct and maintain the project and Bostonia was brought in to finance it. Bostonia wound up as the developer and owner because it was the best way to structure the financing.

Bostonia Partners is the investment banking arm of **Bostonia Group**, which provides equity and fixed income products to institutional investors. Details such as tenor and pricing on the bonds could not be immediately learned. The energy liaison at White Sands was not immediately available for comment.



Project groundbreaking at White Sands

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MERGERS & ACQUISITIONS

Perennial Circles Sales Agreement For Ga. CoGen

Perennial Power is in exclusive talks with an unidentified buyer for its cogeneration facility in Kathleen, Ga.

The Sumitomo Corp. affiliate is expected to finalize a purchase and sale agreement for the 300 MW Mid-Georgia facility will be in early May, says a deal watcher.

Fieldstone Private Capital Group is running the sale; final bids were due in early March (PI, 2/28).

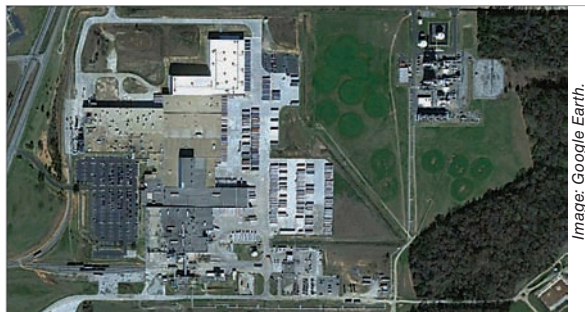
Once a contract is signed, **Georgia Power**, the offtaker, will have 90 days to decide whether to act on its right of first refusal. The **Southern Co.** subsidiary has the first refusal under a power contract that matures in 2028. Georgia Power was planning to evaluate whether it would make sense to buy the

facility rather than have a contract (PI, 12/5). The plant also sells steam to potato chip manufacturer **Frito-Lay** for an adjacent food processing plant. The facility will have \$60.1 million in outstanding debt at year-end.

Infrastructure players took a look at the facility although it's unlikely that one is the buyer, says a banker in New York. Upon due diligence several infrastructure and pension fund players were uncomfortable making a bid, he

noted, declining to elaborate.

Officials for Perennial and Fieldstone could not immediately comment.



Frito-Lay plant, left, and Mid-Georgia plant, upper right.

Image: Google Earth.

Investors Puts Bosque Up For Sale

A trio of investors that owns the 507 MW Bosque gas-fired plant in Laguna Park, Texas, is putting the asset on the market.

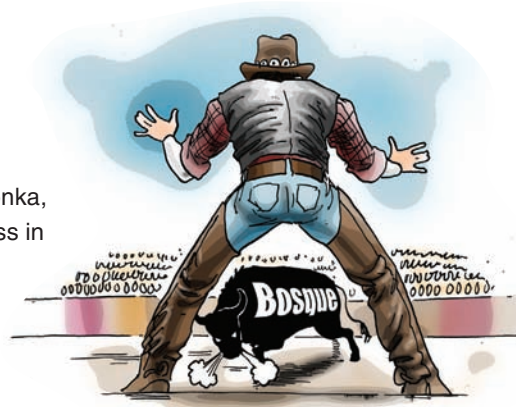
Hedge funds **Luminus Management** and **CarVal Investors** are owners alongside **Fortress Investment Group**. The owners are working with **Bank of America** on the sale of Bosque Power, says a deal watcher. The sale is targeted to be wrapped by early summer.

The current owners took control of Bosque from private equity shop **Arcapita** and **Fulcrum Power Services** in 2010 when the facility was in bankruptcy. Arcapita and Fulcrum bought the plant from **LS Power** in January 2008 and Luminus, CarVal and Fortress participated in a financing backing that acquisition (PI, 1/18/08). Whether there are any minority owners of Bosque could not be immediately learned.

Luminus is an affiliate of LS Power and is based in New York.

The date that teasers went

out and whether Bosque has any offtake contracts could be learned. Spokeswomen at CarVal in Minnetonka, Minn., and Fortress in New York, did not immediately reply to inquiries. A Luminus official and Bank of America spokesman did not respond to messages.



Santander Unit Inks Solana Stake

Banco Santander subsidiary **Capital Riesgo Global** has taken a \$125 million equity stake in **Abengoa's** 250-280 MW Solana concentrating solar project near Gila Bend, Ariz.

Abengoa and the bank were in discussions for Santander to buy the entire stake of a holding company that owns 112.5 MW of the project (PI, 11/21). Under those plans, Seville, Spain-based Abengoa would have the option to repurchase the Santander stake when the project becomes operational or within three years of the completion of the initial deal. Abengoa expects Solana to be operational by summer 2013.

The 112.5 MW stake acquisition closed April 19, according to the U.S. **Federal Energy Regulatory Commission**. A Santander

official in New York and spokeswoman for Abengoa in San Francisco declined to discuss the transaction. An Abengoa official in San Francisco didn't return a call seeking comment.

Solana previously snagged a loan guarantee from the U.S. **Department of Energy**, under the agency's now-expired Sect. 1705 program. Affixed to that guarantee was a roughly \$1.45 billion loan from the **Federal Financing Bank**, a deal that wrapped in December 2010 (PI, 1/5/11). The Solana loan guarantee was the DOE's first to back a project that combines concentrating solar technology and on-site storage.

The **Arizona Public Service Company** has a 30-year offtake agreement for Solana.

CONFERENCE COVERAGE

Renewable Energy Finance Forum Latin America & Caribbean

Financiers and executives convened at the **Miami Marriott Biscayne Bay** April 24-25 for **Euromoney Energy Event's** 2nd Annual Renewable Energy Finance Forum Latin America & Caribbean. The role of regional development banks, solar projects across the region and hydro in Peru created some of the most buzz at the event. Senior Reporter **Brian Eckhouse** filed the following stories.



Miami Marriott
Biscayne Bay

Developers Plot *(Continued from page 1)*

the California border in Baja California, will use concentrator photovoltaic (CPV) equipment produced by manufacturer **SolFocus** of San Jose, Calif.

The **Asian Pacific Development Corp.**, a for-profit company based in Fort Lauderdale, Fla., brought the disparate parties together and remains an equity backer of the project. APDC chose Grupo Musa for its financial might and real estate record in Mexico, Synergy for its experience in renewables (though in waste-to-energy technology) and SolFocus for its equipment, explains **Randy Avon**, ceo in Fort Lauderdale.

SolMex is far along in financings backing the first 200 MW of Tecate. **FINEXIM**, an international financing corporation that arranges trade deals primarily in Latin America and Asia, will allocate \$720 million in debt for those first four phases. That corporation offered SolMex the prospect of cheap debt and a higher debt threshold than the boilerplate 70% debt-to-equity ratio typical of project financing. The financing will be priced under 5% and has a tenor of 25 years, Avon says. SolMex is aiming to wrap a roughly \$170 million financing supporting the first 50 MW phase by July.

For financings supporting the final five phases of Tecate, the margins offered by commercial banks likely will determine whether SolMex opts for bank debt or bonds, Piell says. "We may stay in the bond financing world," he adds. "Rates will dictate what we do." The sponsors or their partners have relationships with **BBVA**, **BNP Paribas**, and **Merrill Lynch**. **FINEXIM**, which has offices in Miami, Sao Paulo and Beijing, among others, may play a role in future

financings, says **Nancy Hartsoch**, SolFocus v.p. of marketing and business development.

Local banks **Banco de México**, **Banobras** and **Nacional Financiera de México** are obvious candidates to finance solar projects in Mexico, says a financier focusing on Latin America, pointing to the lenders' heavy roles backing wind there. "If you pull in those banks or those types of banks for a deal of this size, you wouldn't need much more from others," the financier adds.

As for equity, Piell anticipates that SolMex will raise, in increments, roughly \$100 million to complement the existing partners' commitments. SolMex also plans to roll income that will be generated from the first two phases of Tecate into equity for future phases, he says.

Hartsoch, in Miami this week, briefed attendees of **Euromoney Energy Events'** Renewable Energy Finance Forum – Latin America & Caribbean on the project and the manufacturer's technology. Construction on phase one of Tecate will begin this year, with project operations expected in late 2013. Another 100 MW of Tecate is anticipated to be online in 2014, with 150 MW planned for 2015 and 2016, according to Hartsoch.

Grupo Musa itself will offtake roughly 30 MW of phase one of Tecate, Hartsoch says. She declined to identify other potential offtakers.

Marcos Sarabia Rodelo, Grupo Musa director of special projects in Tijuana, and **William Beilman**, **FINEXIM** managing director in Miami, didn't return calls by press time. Bank officials or spokespeople declined to comment or couldn't be reached. —**Brian Eckhouse**

Inkia Circles Peruvian Hydro Commitments

Inkia Energy is close to sealing commitments from 12 lenders participating in a roughly \$600 million financing backing its \$900 million, 500 MW hydro project in Peru, **Pablo Eguiluz**, project finance manager, said on the sidelines of the conference. Financial close is expected by June, a deal watcher told *PI*.

Banco de Crédito del Peru has committed to the financing, joining **BBVA**, **Crédit Agricole**, **HSBC**, **Scotiabank**, **Société Générale** and **Sumitomo Mitsui Banking Corp.** The identity of the other lenders in the deal couldn't be learned.

As is common in hydro projects, Inkia's plant in Cerro del

Aguila has some tunneling risk. But Lima-based Inkia will share that risk with the project's engineering, procurement and construction contractor.

The financing will include a contingency of 10-15% of the EPC costs, Eguiluz said on a panel. The identity of the EPC contractor couldn't be learned.

The financing is priced above LIBOR plus 300 basis points (PI, 3/15). It has a 12-year tenor. Inkia has reportedly secured offtake agreements for 400 MW of the project's generation. The rest of the capacity will be sold into merchant markets.

CONFERENCE COVERAGE

BNDES To Continue Dominating LatAm Renewables



Maria Gabriela de
Rocha Oliveira

Banco Nacional de Desenvolvimento Econômico e Social will remain the dominant renewables investor in Latin America and the Caribbean in 2012, boosted by local content rules and a pipeline of wind projects being developed from a 2009 tender.

Brazil accounted for roughly 80% of 2011 renewables investment in Latin America and the Caribbean, backed by the might of

BNDES, said **Maria Gabriela de Rocha Oliveira, Bloomberg New Energy Finance** head of Latin American research and analysis. The country had \$8.23 billion in clean energy investment in 2011, according to officials at the conference.

BNDES lent \$4.3 billion in 27 clean energy deals last year, snagging second place globally among lenders, according to Bloomberg. Only the U.S. **Federal Financing Bank** lent more money—\$10.14 billion—but that market share figure is set to drop this year, bankers in New York have said. The FFB's numbers were boosted from extending credit to several projects that qualified

under the U.S. **Department of Energy's** Sect. 1705 loan guarantee program, which expired Sept. 30 (PI, 1/30).

BNDES' rules and prolonged market dominance ensure its continued prominence in the region. The bank requires that projects benefiting from its cheap credit feature at least 60% of content produced in Brazil. Both factors have crowded out some potential project investors, including outside manufacturers with a glut of already-built turbines. The bank is also getting a boost from some of the 71 wind projects that garnered contracts from **Agência Nacional de Energia Elétrica's** debut tender for wind projects in Brazil in 2009.

Other financing alternatives, such as Brazil's institutional investor market for project bonds, remain under-developed. While this underdevelopment is in part due to BNDES' central role in the country's project financing (PI, 11/18), it also points to the continuing need for the bank's participation in project finance.

FAST FACT

➤ The bank is also getting a boost from some of the 71 wind projects that garnered contracts from Brazil's debut tender for wind projects in 2009.

Foreign Developers, Manufacturers Eye LatAm

A coterie of overseas sponsors and manufacturers are targeting project pipelines in Latin America, driven in part by renewable

FAST FACT

➤ Chile will see a slew of new solar projects accelerated by the country's renewable energy standard, which mandates at least 10% of its generation derive from renewables sources by 2020.

portfolio standards and new auctions for power purchase agreements, said attendees.

Brazil has at least one planned power auction for 2012, which may be conducted by August, said **Maria Gabriela de Rocha Oliveira, Bloomberg New Energy Finance** head of Latin America research and analysis in Sao Paulo, on the

conference sidelines. One of these auctions, where sponsors bidding the lowest generation pricing garner PPAs, would be for new generation that would be operational in five years. Most resources will qualify except solar, she said.

Panama, Peru and Uruguay also have, or are preparing, auctions. These auctions have proven competitive, and contracted power prices have fallen as a result. "Auctions tend to be a race to the bottom," said **Fernando Ferreyra, Pattern Energy** senior developer in San Francisco.

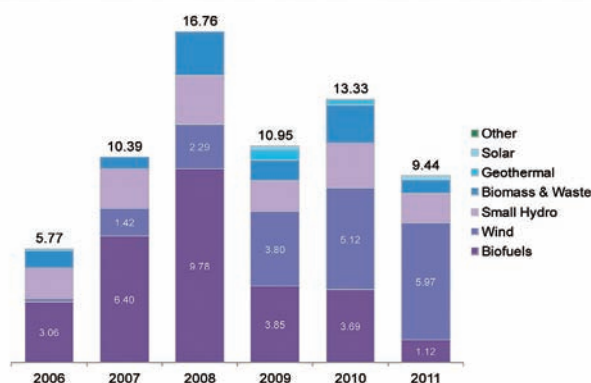
Chile will see a slew of new solar projects accelerated by the country's renewable energy standard, which mandates at least 10% of its generation derive from renewables sources by 2020. A local push is underway to boost the RPS to 20% by 2020.

Growth in Chile's power-thirsty mining sector is also a renewables driver. **ACCIONA, AES Gener** and **Element Power** are

among the sponsors developing solar projects in the country (PI, 4/5). The Antofagasta desert of Chile will be home to much of the country's future solar generation, developers and bankers told PI.

Another factor driving outsiders' push into Latin America: the perception that the countries there are untapped compared to their counterparts in North America and Europe. Utility-scale solar photovoltaic projects, for instance, only arrived in the region in the last few years—and most generate less than 20 MW each. Yet, solar in Latin America has the potential to produce at higher capacities than in North America and Europe, especially in Mexico and other sun-drenched countries, panelists said.

LATIN AMERICA NEW FINANCIAL INVESTMENT IN CLEAN ENERGY BY SECTOR, 2006 – 2011 (\$BN)



Source: Bloomberg New Energy Finance

CONFERENCE COVERAGE

Development Banks Filling LatAm Financing Holes

Development and local banks are filling gaps in the Latin American renewables market as the landscape shifts from a corporate and equity financings to project level debt, said panelists at the event.

Michael Eckhart, Citigroup global head of environmental finance and sustainability, characterized this phase as temporary. “To get debt, you need a five-year track record,” he said. “Debt looks backward. ‘Show me the data, show me the track record.’ It needs repayment.”

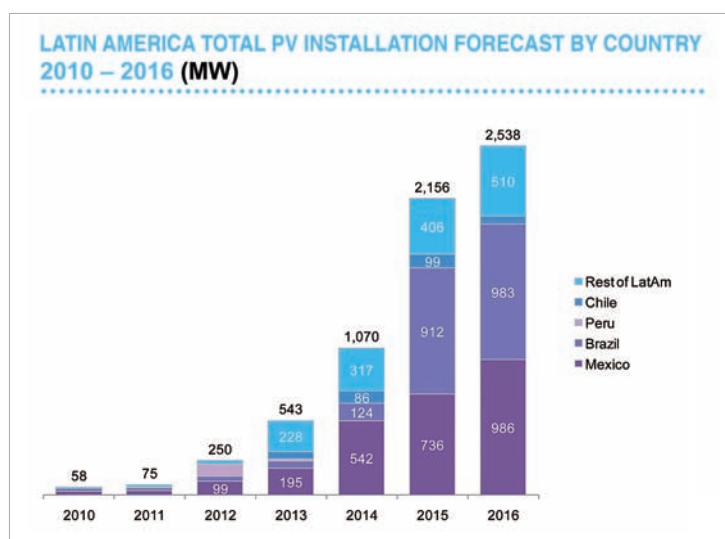
Development banks, including **Banco Nacional de Desenvolvimento Econômico e Social** and the **Inter-American**

Development Bank, have identified this hole. They also have the ability to deal with market risks, Eckhart noted. “We like to take risk in the investments we do,” said **Jose Ramón Gómez**, IDB senior regional energy specialist in Washington, D.C. “We like to remove barriers.”

The IDB has stepped up renewables lending in Latin America. It granted \$736 million in renewables financings in the region last year, up from \$663 million from 2000-2010 combined (PI, 4/5).

The bank plans to approve another \$700 million in Latin American renewables financing this year.

Spanish Sponsor Targets Peru Solar Debt



Vizcaya, Spain-based **Solarpack** is talking to European and Japanese lenders about securing roughly \$120 million in debt to back two solar photovoltaic projects in Peru.

“We’ve talked to basically everyone,” said **Jose Galindez**, president, on the sidelines of the Renewable Energy Finance Forum-Latin America and Caribbean in Miami. **Banco Santander** and **Barclays Capital** are relationship lenders (PI, 4/5).

The sponsor may finance the projects in one deal or two, says Galindez, who is based in Vizcaya, Spain and Lafayette, Calif. He anticipates financial close by year-end. Solarpack is targeting 20-year debt and market pricing, he said, declining to elaborate. Most recent Latin American project financings have been priced at or above LIBOR plus 250 basis points, bankers say.

Solarpack is developing 22 MW of projects in Tacna and Moquegua, Peru. The sponsor anticipates the projects, both of which are contracted, to be operational in December.

Reporter’s Notebook

• Flashbacks? **Salvador Escobedo**, founding partner of Latin American solar management firm **SOLAM**, on the need for strong, transparent competition in the region: “The conquest of Latin America happened 500 years ago.”

• **Carlos St. James**, president of the **Latin American and Caribbean Council on Renewable Energy**, noted that the research and development in the region is meager—and mostly in biofuels. “We’re not inventing the turbines of the future in Latin America,” he said.

• Throughout the Tuesday sessions, attendees were a little slow to return to the conference ballroom after refreshment breaks and lunch. So **Roger Stark**, a partner at **Ballard Spahr** in Washington, D.C., attempted to lure the bankers and executives with the prospect of money. “If someone wants to start a rumor that there’s a winning lottery ticket for the last person who comes in here—or perhaps, maybe, the

first person?” said Stark, who moderated a session on wind’s growth in Latin America.

• An afternoon reception Tuesday featured chocolate mousse and wheat ciabatta sandwiches with mozzarella, tomato and pesto spread. The evening reception was held on the outdoor plaza at Miami’s **Marriott Biscayne Bay**, overlooking the boat-dotted inlet, islands and low bridges.



Biscayne Bay

• “Citigroup won’t lend money to a project in Nicaragua because it’s risky. But they’ll give a \$500,000 mortgage to a person in a mobile home making \$10,000 a year,” **Hezy Ram**, former ceo of **Ram Power**, said on a panel Wednesday afternoon. He then attributed the economic crisis in part to this mentality, garnering thunderous laughter and applause.

CONFERENCE COVERAGE

Fla. Shop Plots Honduras Biomass

Renewables sponsor **Green Valley Energy** of Bonita Springs, Fla., is targeting a roughly \$65 million financing backing its maiden project, a \$100 million, 35 MW biomass project in Santa Barbara, Honduras. Financial close is targeted for the first quarter of 2013.

Green Valley has secured roughly \$3 million in equity commitments from outside parties for the project and plans to match that, said **Mark Raudenbush**, president, in an interview with *PI* on the sidelines of the conference. Raudenbush's company has retained consultant **Green Finance Group**, which has offices in the U.K., U.S. and Sweden, as the financial advisor on the project.

Green Valley will likely seek 10-15-year debt from the **Inter-American Development Bank**, the **International Finance Corp.** and the Brazilian export credit agency, given the project will use some Brazilian technology. "There's no doubt that investors... look at political risk. The international development banks are very

sophisticated in dealing with those risks," says **Marc Owensby**, the principal in Potomac, Md., who is heading up the consulting for Green Finance Group.

Raudenbush expects to launch a road show this summer in the U.S. and the U.K. to raise additional project equity, likely from private equity companies. He declined to identify the PE firm that has already committed to the project as well as other potential investors.

A textile manufacturing site and **Empresa Nacional de Energia Electrica**, the Honduran state-owned utility, are the expected project offtakers. The project will use king grass, which Green Valley will grow on a 5,500-acre plantation that will house the plant.

AREVA subsidiary **AREVA Koblitz** of Brazil is the engineering, procurement and construction contractor, Raudenbush said. Green Valley plans to initiate construction in the second quarter of year; it is targeting commercial operations for early 2015.

NEWS IN BRIEF

News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but *PFR* does not guarantee its completeness or accuracy.



- **Pacific Gas & Electric** and **Terra-Gen** have canceled a contract for a proposed geothermal project in Dixie, Nev. PG&E was set to buy power from Terra-Gen's 53 MW Coyote Canyon project under a 20-year power purchase agreement (*Bloomberg*, 4/26).
- The California **Public Utilities Commission** has approved the proposed Shiloh IV wind project in Solano County, Calif. **enXco** will now begin construction on the 102.5 MW asset (*MarketWatch*, 4/25).
- **NRG Energy**, **MidAmerican Solar** and **First Solar** have installed the first 100 MW of the Agua Caliente project in Yuma County, Ariz. The companies plan to install 290 MW of generating capacity by 2014 (*MarketWatch*, 4/25).
- **MidAmerican Energy** subsidiary **PacifiCorp** plans to spend \$1 billion on upgrading its coal-fired assets. The company will upgrade its coal-fired fleet to comply with federal air quality standards, and will also retire several plants in response to low gas prices and decreased power demand (*Reuters*, 4/25).
- Virginia legislators originally in opposition to a proposed \$6 billion coal-fired plant have changed their votes. Two lawmakers in Surry County have switched sides to support the construction of **Old Dominion Power's** 1,500 MW Cypress Creek power station (*Pilot Online*, 4/25).
- Nevada-based **Ormat Technologies** has secured a \$61.2 million contract to provide engineering and construction services for a planned geothermal project in North America. The project will go online in 2013 (*Yahoo! Finance*, 4/25).
- Regulators in Maine have set terms for the first long-term power purchase agreement for tidal power in the U.S. Regulators have instructed three Maine utilities to talk with **Ocean Renewable Power Co.** to put tidal energy onto the power grid by the summer (*The Washington Post*, 4/24).
- Development of the mammoth Genesis solar facility in the Mojave Desert has run into problems after Native American artifacts were discovered at the site of the project. The **Colorado River Tribes** are looking to halt development, claiming the \$1 billion solar project is being built on sacred ground (*The Los Angeles Times*, 4/24).
- The Oklahoma **Public Service Co.** has agreed to retire two units of its coal-fired facility in Oologah. The company reached an agreement with the U.S. **Environmental Protection Agency** to retire one unit by 2017 and the second unit by 2025 (*News OK*, 4/24).
- **American Electric Power** CEO **Nicholas Akins** has announced that AEP will derive just 50% of its power from coal sources by 2020. The company plans to retire 51 GW of coal-fired generation and will increase renewable generation to comply with new federal emissions standards (*The State Journal*, 4/24).
- New emissions standards issued by the U.S. **Environmental Protection Agency** are causing a large increase in spending for two Kentucky utilities. **Kentucky Utilities Co.** and **Louisville Gas & Electric Co.** are projecting billions of dollars worth of spending to comply with the standards (*Yahoo! Finance*, 4/23).

Bicent Enters *(Continued from page 1)*

credit when it missed a term loan payment scheduled for March 30. The company's first lien debt consists of a \$330 million term loan B, a \$30 million revolver, \$120 million LOC as well as an additional \$10 million facility. There is about \$165 million outstanding on the first lien debt and \$128.5 million outstanding on the second lien. Barclays is the largest unsecured creditor, with \$65.5 million in mezzanine debt.

Bicent has asked the court to approve a \$57 million in debtor in possession financing, according to court documents. The DIP financing is slated to include a \$25 million secured super priority term loan and \$32 million synthetic letter of credit. Barclays Capital is administrative agent. SVP and GSO are providing the DIP financing, says a deal watcher.

Investment bank **Moelis & Co.** is advising Bicent along with Wilmington-based law firm **Young Conaway Stargatt & Taylor**, which is also advising **Solar Trust of America** in its bankruptcy proceedings.

Spokespeople or officials at the banks, creditors and advisors either declined to comment or could not be immediately reached. **Christopher Ryan**, cfo of Bicent in New York, could not be reached.

—**Holly Fletcher**

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ALTERNATING CURRENT

A Power Brake

Philly Commuter Rail Taps Brakes For Generation



All aboard! The **Southeastern Pennsylvania Transportation Authority**, or SEPTA, is piloting a project that



Thinkstock/iStockphoto

captures kinetic energy from the braking of moving trains along the Market-Frankford line in Philadelphia. The energy is then being stored in a battery that holds 800 kW for later use or sale to PJM.

Viridity Energy, the company developing the project, has installed equipment on the city's Blue Line—which had an average 180,000 passengers on weekdays in 2009. The system collects the

energy that is created when conductors use the brakes coming in to the station. The energy is channeled into the battery and then SEPTA will have the option to either route the power back to into the train grid or sell it into PJM, says a Viridity spokeswoman in Philadelphia.

The system is in testing mode so power is not being sold into the regional market. The battery can store the power indefinitely. Once the pilot project is online, SEPTA will use software to determine whether it's better, economically, to feed power back to the trains or to sell into PJM depending on the price of power, the Viridity spokeswoman says. Power sales are expected to start within a month.

The amount of kinetic energy captured varies depending on the train's speed, number of passengers and the number of cars. So far tests indicate that roughly 4 kWh can be captured and stored from each braking event.

The project received \$950,000 in grants from Pennsylvania and the U.S. **Department of Energy**. The vendors, including Viridity, battery technology company **Saft America** and power system integrator **Envitech Energy**, also provided financing and expect to be repaid through project revenue within a year and a half. The spokeswoman could not immediately comment on the total cost of the development.

A SEPTA spokesman in Philadelphia could not comment before press time.

QUOTE OF THE WEEK

"We like to take risk in the investments we do. We like to remove barriers."—**Jose Ramón Gómez**, **Inter-American Development Bank** senior regional energy specialist in Washington, D.C., on the bank's desire to fill non-recourse financing holes in developing countries (see story, page 10).