

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● RESTRUCTURING

● PROJECT FINANCE

● PEOPLE & FIRMS

Restructuring Looms for N.Y. Gas-fired Plant

The owners of a gas-fired project in Upstate New York have hired a restructuring adviser to explore strategic options. [page 2](#)

Bankers Say Tightly-priced Wind Catcher Debt “Doable”

Project financiers reckon **Invenergy** may be able to price a loan for its massive wind project well inside 100 bps over Libor. [page 5](#)

“Magic” Johnson Infra Vehicle Taps Bank Talent

An joint venture between **Magic Johnson Enterprises** and **Loop Capital Markets** has hired a former **Credit Suisse** banker. [page 12](#)

Gas-fired Financings Ready to Go if Auction Price is Right

Shravan Bhat, Richard Metcalf

Sponsors have a slew of new-build gas-fired projects ready to finance in **PJM Interconnection**, but equity investors are waiting to see the results of capacity auctions and reform initiatives before cutting checks.

The results of the grid operator’s base residual auctions have become a key annual indicator of sentiment for both existing generation assets and new build projects in the region, and are expected to have a bearing on how many new combined-cycle projects reach financial close and on what terms.

Debt investors are ready to fund deals, but they too are awaiting clarity on PJM capacity prices to size leverage and assess the viability of projects, say deal watchers.

One of the most likely candidates for financing, according to bankers, is the 550 MW Harrison project in Harrison, W.Va., which **Caithness Energy** has teamed up with **Energy Solutions Consortium** to develop.

Caithness is not thought to have appointed a financial adviser for the capital raise, but has been pitching the project to equity investors itself. The project is a front runner in PJM in the race to secure equity, says a New York-based investment banker, who adds that interest is said to be coming from Japanese investors.

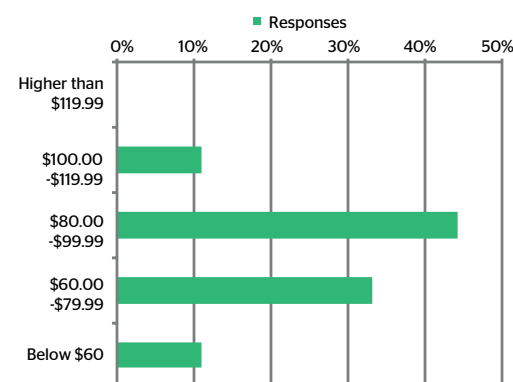
An executive at a developer-sponsor also sees most interest coming from Asia. “Their requirements are not that different to U.S. investors,” he says. “They like current yields and safe, well-hedged projects that are

low on the dispatch curve.”

New York-based Caithness is also said to be in the market for financing for the 1,650 MW Guernsey power station in Guernsey County in southeastern Ohio, which it is co-developing with **Apex Power Group**.

Also among the projects that could be financed after the auction results are revealed in May is an expansion of **Competitive Power Ventures’** 725 MW Woodbridge project (also known as CPV Shore) in Middlesex County, N.J., and its 1,250 MW Three Rivers project in Grundy County, Ill. [PAGE 6 »](#)

MAAC (\$86.04 in last year’s auction)



Most of the senior project finance bankers who have taken *PFR*’s survey think capacity will clear in MAAC in the same range as last year. The results for the other areas of PJM are on page 7.

Créd Ag Banker Heads from Paris to New York to Take Americas

Shravan Bhat

A Paris-based project finance banker at **Crédit Agricole** is set to move to the firm’s New York office to replace its long-time head of North American energy and infrastructure.

Eugene Kasozi will replace **James Guidera**, known as Jim, who is moving on internally to take up a business development role in the bank’s North American structured finance division.

Kasozi has been leading **Crédit Agricole**’s power project finance business in Europe, the Middle East and Africa for the past 10 years.

Guidera worked at **Crédit Lyonnais** when it was acquired by **Crédit Agricole** in 2003. He had started at **Lyonnais** as a senior transaction officer in 1992 and was promoted to group head in 1999. He has also held positions with **KOP bank** and **Bank of Boston**.

For more hiring news, see page 12.



● IN THIS ISSUE

PROJECT FINANCE

- 5 | Low Ask for Invenergy Debt Does Not Dissuade Bankers
- 5 | NextEra Seals Wells Fargo Tax Equity Commitment
- 5 | BAML Invests in Texas Wind Asset
- 6 | Bank Trio Leads LS Power Cogen Refi
- 7 | Banks Price Bond Raise for Southeast Pipeline
- 8 | PPA Pulse: NextEra Dominates
- 9 | Actis Prices Debt for Mexico Acquisition
- 9 | BBVA Arranges Iberdrola 'Green Loan'
- 10 | Lenders Revealed in Argentine Solar Deal
- 10 | Inkia Signs Dominican Republic Wind Financing

MERGERS & ACQUISITIONS

- 10 | Atlas Acquires Mexican Solar
- 11 | Hydro One Moves Closer to Sealing Avista Acquisition
- 11 | Algonquin Issues Equity
- 11 | CenterPoint Seals Vectren Acquisition Loan

STRATEGIES

- 12 | Dividend Solar Wraps ABS Issuance
- 12 | Grasshopper Solar Gets Portfolio Loan

PEOPLE & FIRMS

- 12 | "Magic" Johnson-backed Firm Hires V.P.s
- 12 | Starwood Hires Ex-Blackrock Official

DEPARTMENTS

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

● RESTRUCTURING

Sponsors Tap Restructuring Adviser for N.Y. CCGT

The owners of a combined-cycle gas-fired project in New York state have appointed a financial adviser ahead of a potential restructuring or sale.

The 635 MW Empire Generating project in Rensselaer has been struggling financially and will probably require more than the two equity cures allowed in any 12-month period under its credit agreement, according to a report published by **Moody's Investors Service** on April 23.

The facility's owners already injected \$3.4 million to cure a covenant breach in the third quarter of last year, according to a report published by **S&P Global Ratings** in February (PFR, 2/5).

The plant, which has been online since 2010, is owned by a consortium led by **Tyr Energy**. Tyr has a 50% stake in the project, while **Tokyo Gas Co.** and **Kansai Electric Power Co.** each own 25%.

Moody's downgraded the project's \$350 million term loan and revolving credit facility package from B3 to Caa2 on April 23,

bringing its rating in line with S&P's CCC assessment.

"The rating downgrade to Caa2 from B3 reflects the uncertainty surrounding the sponsors' plans for dealing with the project's capital structure which we believe is unsustainable," wrote **Jennifer Chang** and **A. J. Sabatelle**, analysts at Moody's.

"The rating action also considers the possibility of a second financial covenant default covering the last quarter of 2017 or the first quarter of 2018, amid expectations of continued weak financial performance in 2018," they add, noting that the sponsor is understood to have hired a restructuring adviser "to explore financial and strategic alternatives".

The identity of the financial adviser could not immediately be learned. A call to **Gary Venteicher**, ceo of Tyr in Overland Park, Kansas, was not returned by press time.

The Tyr-led consortium acquired the Empire project from **Energy Capital Partners** in 2016 (PFR, 10/18/16). ■

PFR Power Finance & Risk

EDITORIAL
Richard Metcalf
Editor
(212) 224-3259

Olivia Feld
Managing Editor

Fotios Tsarouhis
Reporter
(212) 224 3294

Shravan Bhat
Reporter
(212) 224 3260

Stuart Wise
Data Associate

Kieron Black
Sketch Artist

PRODUCTION
Gerald Hayes
Manager
Sam Medway
Associate

PUBLISHING
Laura Spencer
Senior Marketing
Manager

Adam Scott-Brown
Director of Fulfillment

Nina Bonny
Customer Service
Manager
(212) 224-3433

**SUBSCRIPTIONS/
ELECTRONIC LICENSES/
REPRINTS**
Jon Ljeckovic
Sales Executive
(212) 224 3043

CORPORATE
Andrew Rashbass
Chief Executive Officer

John Orchard
Managing Director,
Banking & Finance Group

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

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

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

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

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

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

GlobalCapital

TELL US WHAT YOU THINK!

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

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

GENERATION AUCTION & SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.

A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

Generation Sale DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Actis	Atlantic Energias Renovaveis (625 MW Wind)	Brazil		Chinese investors are among the bidders for the fully-contracted wind assets (PFR, 3/22).
ArcLight Capital Partners	Leeward Renewable Energy (1.7 GW Wind)	U.S.	BAML (seller), Wells Fargo (buyer)	Canadian pension fund manager OMERS is acquiring the portfolio (PFR, 3/26).
Ares-EIF, John Hancock Life Insurance Co	Berkshire (289 MW Gas)	Agawam, Mass.	Morgan Stanley	Tenaska has agreed to acquire the project, which has been online since 2000 (PFR, 4/2).
Ares-EIF, Starwood Energy	Hudson (660 MW Transmission)	New Jersey, New York	Goldman Sachs (seller)	The sponsors are selling their majority stake in the project, which was completed in June 2013 (PFR, 4/24).
Avista Corp.	Utility (4.8 GW Hydro and Gas)	Idaho, Montana, Oregon, Washington	BAML (target), Moelis & Co. (buyer)	The regulatory process for the acquisition by Hydro One is well underway (see story, page 11).
Comexhidro	Los Molinos (171 MW Wind)	Mexico		Thermion Energy has bought the project as part of the company's planned \$2 billion-equivalent investment in renewables (PFR, 4/2).
Conduit Capital Partners	Santa Catarina (22 MW Wind)	Monterrey, Nuevo León, Mexico		Conduit plans to launch a sale process for the contracted, operational asset this year (PFR, 1/8).
Conti Group	Conti Solar (500 MW Solar)	New Jersey		A fund managed by Ares-EIF is acquiring a majority stake in developer Conti Solar (PFR, 4/24)
Enbridge	Portfolio (~3 GW Wind, Solar, Hydro)	Canada, U.S.		Enbridge is looking to sell about half of its renewable assets (PFR, 1/8).
FirstEnergy Solutions	Bay Shore (152 MW Coal, Oil)	Lucas County, Ohio		Orca Acquisitions, a joint venture between ArcLight and Olympus Power, is acquiring the project (PFR, 3/26).
GD Solar	Portfolio (260 MW Solar)	Brazil		The firm is seeking equity investors for the portfolio (PRF, 1/22).
GenOn Energy	Hunterstown (810 MW Gas)	Gettysburg, Pa.	Credit Suisse (seller)	Platinum Equity is acquiring the asset with AOS Energy as consultant and co-investor. Morgan Stanley is arranging acquisition financing (PFR, 3/5).
GenOn Energy	Canal (1,112 MW Gas)	Massachusetts		Stonepeak Infrastructure Partners is acquiring two units at the project for \$320 million (PFR, 4/2).
Hudson Clean Energy Partners	Portfolio (210 MW Hydro)	U.S.	Evercore	Hudson is weighing a sale of its stake in Eagle Creek Renewable Energy, which owns 210 MW of hydro assets throughout the continental U.S. (PFR, 2/26).
Inverenergy	Ector County (330 MW Gas)	Ector County, Texas	Guggenheim (seller)	Inverenergy has put the peaker up for sale (PFR, 2/26).
Isolux Corsán	Cafayate (80 MW Wind)	Argentina		The sale to Canadian Solar, which closed on March 29, is part of a \$2.1 billion debt restructuring at Isolux (PFR, 4/9).
LS Power	Aurora (878 MW Gas)	Aurora, Ill.	Guggenheim	LS Power took bids for the two assets in the first quarter of this year (PFR, 3/22).
	Rockford (450 MW)	Rockford, Ill.		
	Seneca (508 MW Hydro)	Warren, Pa.	Barclays, PJ Solomon	LS Power is marketing the project four years after it abandoned an initial attempt sell it (PFR, 3/22).
Macquarie Infrastructure Corp.	Bayonne Energy Center (512 MW Gas)	Bayonne, N.J.		MIC is weighing a sale of the project, which powers parts of New York City (PFR, 2/26).
NextEra Energy Partners	Portfolio (396 MW Wind)	Ontario	Citi, CIBC	Canada Pension Plan Investment Board is buying the four wind and two solar projects for C\$741 million (PFR, 4/9).
NJR Clean Energy	Two Dot (9.72 MW Wind)	Two Dot, Mont.		NorthWestern Energy is acquiring the project, with which it has a power purchase agreement (PFR, 3/26).
Oak Leaf Energy Partners	Colorado CSG (25.2 MW Solar)	Colorado		Greenbacker Renewable Energy has acquired the portfolio (PFR, 4/16).
Onyx Renewable Partners	Portfolio (small-scale Solar)	U.S.	RBC, CohnReznick	Onyx has begun marketing the portfolio (PFR, 1/29).
OYA Solar	Portfolio (28 MW (DC) Solar)	Minnesota		NRG is buying projects, all of which are expected to be online this year (PFR, 4/2).
Rockland Capital	Michigan Power (125 MW Gas)	Ludington, Mich.		Osaka Gas has acquired the project (PFR, 4/16).
Rockland Capital	Victoria (290 MW Gas)	Victoria County, Texas	PJ Solomon	Rockland is selling the CCGT, which it acquired from ArcLight in 2016 (PFR, 3/12).
Southern Power	Portfolio (1,760 MW Solar)	U.S.	Citi	Southern Power has hired Citi to sell an up-to one-third stake in the portfolio (PFR, 11/6).
SunPower Corp.	Guajiro (101.4 MW Solar)	Hidalgo, Mexico		Atlas Renewable Energy acquired the contracted project on March 28 (see story, page 10).
Texas Municipal Power Agency	Gibbons Creek (450 MW Coal)	Grimes County, Texas		The plant is for sale again after an earlier attempt to offload it fell through (PFR, 11/20).

● New or updated listing

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

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

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
174 Power Global (Hanwha Q Cells)	Midway (178 MW Solar)	Pecos County, Texas	BAML	Tax Equity	\$100.5M		BAML has been revealed as the tax equity investor. Debt financing was signed in December (see story, page 5).
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS, CIT, Credit Agricole	Debt	TBA	TBA	Price talk on the debt is Libor+325 bps for the \$1.1 billion project (PFR, 4/24).
Ares-EIF	Channelview (856 MW Gas)	Houston, Texas	Morgan Stanley, Investec	Term Loan B	\$275M	7-yr	Price talk is 450 to 475 basis points over Libor with a 1% floor and an original issue discount of 99% (PFR, 4/9).
				Revolving Credit Facility	\$30M		
Ares-EIF	St. Joseph Energy Center (700 MW Gas)	St. Joseph County, Ind.	BNP Paribas	Term Loan B	\$407M	7-yr	The refi was priced at 350 basis points over Libor with an OID of 99.75% (see story, page 1).
				Revolving Credit Facility	\$40M	5-yr	
Blackstone	Frontera (500 MW Gas)	Mission, Texas	Morgan Stanley, MUFG	Term Loan B	\$675M	7-yr	Price talk is 450 basis points over Libor (PFR, 4/24).
				Revolving Credit Facility	\$35M	5-yr	
BMR Energy	Unnamed (50 MW Wind)	Honduras		Debt			Virgin acquired BMR from American Capital Energy and Infrastructure, a private equity firm, in 2016 (PFR, 4/9).
Capital Power	New Frontier (99 MW Wind)	McHenry County, N.D.	CohnReznick (adviser)	Tax Equity	TBA		Tax equity funding will come in when the project is completed in December 2018 (PFR, 4/24).
Central Puerto	Achiras (48 MW Wind)	Argentina	IDB Invest, C2F, IFC	Debt	\$50.7M	15-yr	The deal was announced in April (see story, page 10).
Cometa Energia (Actis)	Portfolio (2.3 GW Gas, Wind)	Mexico	Citi, JPM, Scotia	Bond	\$860M	17-yr (11-yr AWL)	The notes, priced at 6.375%, were issued to finance Actis's acquisition of the portfolio from InterGen (see story, page 9).
Enel Green Power	Portfolio (1 GW Solar)	Mexico	TBA	Debt	\$720M	TBA	The European Investment Bank has approved a \$150 million loan to the portfolio as part of a \$700 million limited-recourse financing that is due to close soon (PFR, 3/26).
Grasshopper Solar	Portfolio (125 MW to 130 MW Solar)	Ontario	Deutsche Bank	Aggregation/Term Loan	C\$270M	2+3-yr	The sponsor will draw down the debt as it adds to the portfolio and has already allocated more than C\$100 million (see story, page 12).
Iberdrola	Santiago, PIER, PIER II (391 MW)	Mexico	BBVA	Corporate Loan	\$400M	5-yr	Iberdrola says it will allocate the proceeds to refinance construction costs associated with the three-project portfolio (see story, page 9).
Inkia Energy	Agua Clara (50 MW Wind)	Dominican Republic	Citi	Debt	\$73.5M	4.5-yr	The deal closed on March 20 (see story, page 10).
Invenergy	Wind Catcher (2 GW Wind)	Oklahoma	TBA	Debt	\$2B	TBA	The sponsor is asking banks to price the two-year construction loan at L+87.5 bps (see story, page 5).
Jinko Solar	San Juan (80 MW Solar)	Argentina	IDB Invest, C2F	A Loan	\$20.75M	15-yr	The project has a 20-year power purchase agreement (see story, page 10).
			Bank of China, Cifi	B Loan	\$39.4M		
Leeward Renewables	Mendota Hills (50 MW Wind)	Lee County, Illinois	TBA	Tax Equity			Leeward is seeking tax equity to repower the project, increasing its capacity by 26 MW (PFR, 3/12)
Lightsource BP	Johnson Corner (20 MW Solar)	Stanton County, Kan.	TBA	Debt, Tax Equity	TBA		Lightsource has issued a teaser for the project and is seeking indications of interest for tax equity and debt by March 9 (PFR, 3/5).
Longview Power	Longview (700 MW Coal)	Maidsville, W.Va.	Houlihan Lokey (adviser)				Longview Power has hired Houlihan Lokey as it explores strategic options, including a potential refinancing of its senior secured debt (PFR, 4/9).
NextEra Energy Resources	Bluff Point, Cottonwood, Golden Hills North (256 MW Wind)	Indiana, Nebraska, California	Wells Fargo	Tax Equity	\$70M		Wells Fargo revealed the size of its portion of the deal on April 23 (see story, page 10).
			JP Morgan		TBA		
OCI Solar Power	Lamesa II (50 MW Solar)	Dawson County, Texas	TBA	Debt, Equity	TBA	TBA	San Antonio's municipally-owned utility, CPS Energy, signed a 25-year power purchase for the project in October 2015 (PFR, 3/19).
Platinum Equity, AOS Energy Partners	Hunterstown (810 MW Gas)	Pennsylvania	Morgan Stanley, Goldman Sachs	Term Loan B	\$375M	7-yr	Price talk is for term loan B to finance the acquisition from GenOn Energy is 450-475 basis points over Libor (PFR, 4/24).
				Revolving Credit Facility	\$40M	5-yr	
SunEast Development	Portfolio (700 MW Solar)	U.S.	Whitehall & Co.	TBA	\$33M	TBA	The utility-scale developer is raising capital as it seeks to transform its business model by owning projects (PFR, 2/20).
Taaleri Energia	Truscott-Gilliland East (277 MW Wind)	Knox County, Texas	NorthRenew Energy (adviser)	Debt, Tax Equity	\$350M		The Finnish developer is seeking debt and tax equity as it enters the U.S. market (PFR, 2/12).

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

Invenergy's Low Ask Price for Wind Catcher Debt "Doable", Say Bankers

Financiers believe that the thin construction loan pricing targeted by Invenergy for its 2 GW wind project in Oklahoma is achievable, but it will not be every lender's cup of tea.

The Chicago-based developer wants banks to provide the two-year construction loan for its Wind Catcher project at a margin of 87.5 basis points over Libor, senior project finance bankers tell *PFR*.

The tight pricing would be slightly mitigated by an 87.5 bp upfront fee under the terms being proposed by the company.

Invenergy has not yet selected lead lenders and pricing has not been circled, notes a person familiar with the process.

While bankers agree that pricing at that level is available in the extremely competitive bank



Invenergy is understood to have signaled that it wants pricing at 87.5 basis points over Libor as banks pitch financing proposals for Wind Catcher.

market, whether Invenergy will be able to pin it down for Wind Catcher depends on whether enough banks are willing to lend at that level.

"It's such a large deal," says one of the senior bankers. "You can find banks that are willing to do 87.5 basis points. The question is, can you find enough banks?"

"Return-wise, it's tight, but I think it's doable," he adds.

A spokesperson for Invenergy in Chicago declined to comment.

"You can find banks that are willing to do 87.5 basis points. The question is, can you find enough banks?"

Financiers say that Invenergy is looking for four banks to lend \$500 million each to finance the \$4.5 billion project, which will be built in Cimarron and Texas counties.

The \$2 billion loan will be repaid with the proceeds of the sale of the project to **Southwestern Electric Power Co.** and **Public Service Co. of Oklahoma**, which intend to acquire 70% and 30% each under the terms of the deal. The parties sought regulatory approval in January (*PFR*, 1/10). ■

Wells Reveals Size of Wind Tax Equity Deal

Wells Fargo has wrapped its \$70 million tax equity investment in a portfolio of three **Nextera Energy Resources** wind projects.

The portfolio, known as Pacific Plains, comprises the 120 MW Bluff Point project in Jay and Randolph counties, Ind., the 89.66 MW Cottonwood project in Webster County, Neb., and the 46 MW Golden Hills North project in Livermore, Calif.

Wells Fargo applied for federal authorization to invest in the wind trio alongside **JP Morgan** on Oct. 3 (*PFR*, 10/5). Whether JP Morgan went ahead with the tax equity deal could not imme-

diately be confirmed.

A spokesperson for Wells Fargo in Chicago declined to comment on the deal and a spokesperson for JP Morgan in New York did not respond to inquiries.

Bluff Point and Golden Hills North have 20-year power purchase agreements with **Appalachian Power Co.** and **Sonoma Clean Power Authority**, respectively (*PFR*, 9/23/16, 7/21/16).

Cottonwood's full output is contracted with various municipalities and a Nebraska public utility under five PPAs (*PFR*, 9/7). ■

BAML Revealed as Tax Equity Investor for Texas Solar Farm

Bank of America Merrill Lynch is the tax equity investor behind **174 Power Global's** 178 MW Midway solar project in Texas, according to recent filings with the **Public Utility Commission of Texas**.

The developer, a subsidiary of South Korea-based **Hanwha Q Cells**, signed a \$100.5 million tax equity bridge loan and \$89.5 million construction-plus-seven-year back-levered term loan for the project with **Crédit Agricole** and **BNP Paribas** on Dec. 22 (*PFR*, 2/22).

Representatives of BAML

attended the groundbreaking ceremony for the \$260 million project in Pecos County in January, suggesting that the bank had already been selected as tax equity investor by then.

Hanwha will supply the cells for the project, which has a 25-year power purchase agreement with **Austin Energy**. The project is due to be online by the end of the year.

Norton Rose Fulbright advised the lenders on the financing, while **DLA Piper** advised 174 Power. ■

● PROJECT FINANCE

Gas-fired Financings Ready to Go if Auction Price is Right

◀ FROM PAGE 1

J-Power, meanwhile, is preparing a brownfield CCGT project called Jackson Generation on the same site as its existing 1,300 MW simple-cycle Elwood project in Will County, Ill., which it co-owns with **John Hancock Life Insurance Co.** (PFR, 7/14).

Some projects have appeared to be on the cusp of launching deals for some time.

Last fall, **Indeck Energy** was targeting a first quarter close for its \$1 billion, 1 GW Niles Energy Centre project in Buffalo Grove, Ill., (PFR, 10/30) but this project is presumably now also on hold

until the PJM auction results are announced, and **Advanced Power's** \$1.1 billion 1,100 MW CCGT South Field project in Columbiana County, Ohio, is in a similar situation (PFR, 4/16).

Panda Power Funds went as far as mandating **Bank of America Merrill Lynch, BNP Paribas, Investec** and **NH Financial Group** as arrangers for its 990 MW Mattawoman project in Maryland last year, but rounding up the equity has been tough (PFR, 10/25).

SIZING DEALS

A lull in PJM quasi-merchant financing in the run up to the

capacity auction has become something of an annual ritual, as lenders calculate how much debt they think projects can support based on various potential outcomes.

"Debt is covered but [the auction] still affects sizing," the sponsor executive tells *PFR*. "If there is a 'bad' auction, debt sizing would fall."

Last year, Indeck was aiming to raise half of the capital for its Niles project in the debt market, more or less in line with the most recent comparable transactions. In prior years, developers could raise 60% or 65% of a project's capital requirements in the form of debt.

AUCTION PREDICTIONS

Senior project finance bankers mostly expect the outcome of **PJM Interconnection's** next capacity auction to be flat to last year or lower, according to a survey conducted by *PFR*.

PFR asked 36 bankers, mostly heads or co-heads of North America project finance, to predict the clearing price across five zones. So far, nine have responded.

The financiers especially picked EMAAC and Comed—zones that fared relatively well in last year's auction (PFR, 5/24/17)—as areas where capacity prices would decline.

Capacity cleared in EMAAC at \$187.87/MW-day in last year's auction, and while almost half of the bankers that have responded to the survey said capacity there would clear in the same range this year, slightly more predicted that it would be lower, including three bankers who expect the price to dip below \$160/MW-day.

In Comed, last year's clearing price was similar, at \$188.12/MW-day, and again, nearly half of the bankers who responded predicted that it would remain roughly flat this year. However, four bankers forecast a decline, including two who said the number would come in under \$160/MW-day. One banker thought capacity in Comed would be a little higher.

Most respondents also thought prices would remain flat or decline slightly in MAAC, DEOK and the rest of the RTO.

The sponsor executive *PFR* spoke to said he expects a similar outcome to last year, while the investment banker said prices could be in the "low \$80s, assuming **First Energy** doesn't bid in".

The window for this year's auction, for delivery **PAGE 7 »**

Three Banks Lead on Louisiana Gas-fired Project Refi

A private equity firm has refinanced a cogeneration plant in Louisiana with a trio of banks leading the deal.

CoBank, ING and **MUFG** were the bookrunners on the \$365 million transaction, which refinanced **LS Power's** mostly-contracted 501 MW Carville project in St. Gabriel. The deal closed on April 18.

Associated Bank, Bank of Montreal, Industrial and Commercial Bank of China, NordLB and **SunTrust Robinson Humphrey** also participated as co-lead arrangers.

The debt package comprises a \$265 million 10-year term loan, \$75 million seven-year letter credit and \$25 million seven-year revolving credit facility, all priced at 175 basis points over Libor.

LS Power had hired **RBC Capital Markets** to sell the Carville project last August (PFR, 8/10), but no transaction materialized.

The sponsor has owned the

project since 2014, when it acquired it from Calpine Corp., along with five other gas-fired assets, in a \$1.57 billion deal (PFR, 4/21/14).

LS Power hired **BNP Paribas** and **MUFG** to float a \$400 million financing for the Carville project and the 795 MW Decatur facility in Decatur, Ala., said to be priced at 175 basis points over Libor, soon after the acquisition (PFR, 7/15/14). Further details regarding the debt that was refinanced could not immediately be established.

Officials at MUFG in New York declined to comment. Officials at LS Power, also in New York, did not immediately respond to an inquiry.

ENTERGY CONTRACTS

Most of the Carville project's output is contracted with subsidiaries of **Entergy** through June 2032.

Entergy Texas buys 485 MW under a 10-year agreement signed in May 2011 and sells half

of the capacity on to **Entergy Louisiana**.

When that agreement expires, another 10-year agreement for the same amount of capacity kicks in with Entergy Louisiana. The agreement with Entergy Louisiana was executed in November 2016, according to a regulatory filing with the U.S. **Securities and Exchange Commission**. The contract has received regulatory approval and will begin in June 2022.

The PPA pricing was not disclosed, but retail power prices in Louisiana are among the highest in the U.S., "particularly in the residential sector, where six in 10 households use electricity for home heating and almost all households have air conditioning," according to the U.S. **Energy Information Administration**. Gas-fired assets make up some 60% of the state's net generation, almost twice the national average. ■

PROJECT FINANCE ●

« FROM PAGE 6

year 2021/2022, is slated to close on May 16, and the results are due to be announced on May 23, according to PJM's calendar.

SUBSIDY QUESTION

The sponsor executive also said that equity investors are factoring “out-of-market” subsidies into their calculations, describing an “uneven playing field” in PJM.

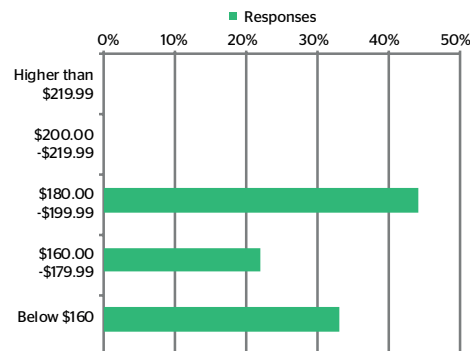
“As an investor, you have to see if this market is actually competitive or whether it is worth getting an out-of-market subsidy yourself,” he told *PFR*, “Look at the subsidy for the Mystic Station in New England. Those uneconomic assets that aren't retiring put downward pressure on everybody.”

He was referring to **ISO-New England's** request to the U.S. **Federal Energy Regulatory Commission**, earlier this month, for permission to charge ratepayers to keep two units of **Exelon Generation's** 2,000 MW Mystic Generating Station in Massachusetts online.

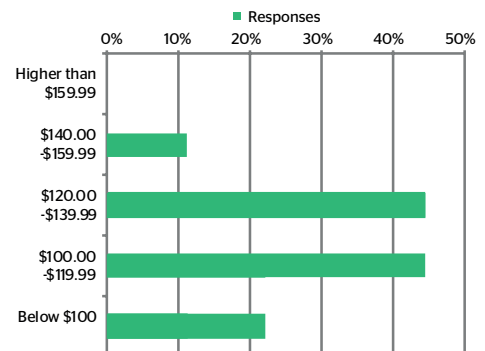
The developer also referred to states' renewable portfolio standards, Massachusetts offshore wind solicitations, fuel security standards in New England, national security standards associated with onsite storage mandated by the **U.S. Department of Energy** and zero emissions credits as having an impact on the market.

PJM, for its part, has repeatedly called for price formation reforms, most recently in March after a cold snap forced the grid operator to pay hundreds of millions of dollars in so-called “uplift” charges (*PFR*, 3/1). ■

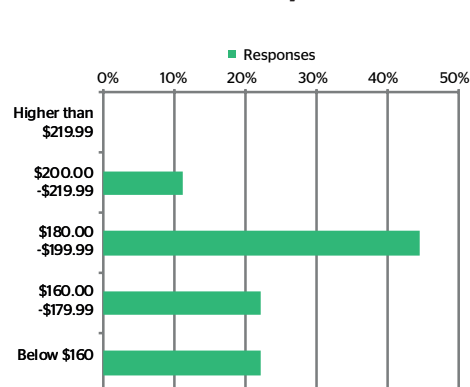
EMAAC (\$187.87 in last year's auction)



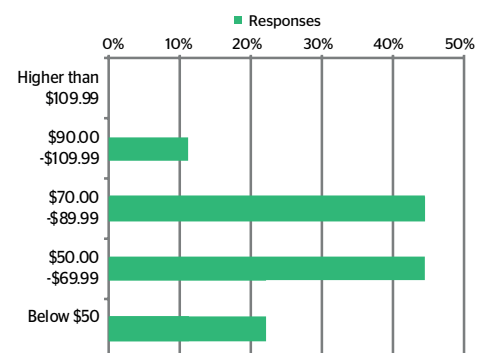
DEOK (\$130.00 in last year's auction)



Comed (\$188.12 in last year's auction)



Rest of RTO (\$76.53 in last year's auction)



Senior project finance bankers mostly believe capacity prices will remain flat or dip slightly across all areas of PJM Interconnection in this year's auction.

If you believe you should have been invited to participate in the PJM capacity auction survey but have not yet received an invitation, please e-mail the editor at richard.metcalfe@powerfinancerisk.com.

The survey will remain open until the results of the PJM auction are announced in May and respondents may change their answers during this time.

Sponsors Finance Southeast Gas Pipeline with Triple-tranche Bond Offering

The owners of a U.S. gas pipeline have issued a \$1.5 billion three-part senior unsecured bond to finance the project.

Barclays, Citi, Mizuho and **MUFG** were the bookrunners on the 144a/Reg S offering for the Sabal Trail Transmission project, which was priced on April 26 after an investor call on April 24.

Pricing on all three tranches landed comfortably inside initial price talk.

The shortest portion, a \$500 mil-

lion 10-year tranche, came in at 125 basis points over Treasuries, 20 bps inside the 145 bps initial talk, a \$600 million 20-year tranche was priced at 150 bps, versus IPTs of 165 bps, and a \$400 million 30-year note was printed at 165 bps, in from 180 bps.

The notes were rated by Baa1 and BBB+ by **Moody's Investors Service** and **Fitch Ratings**. The transaction is due to settle on April 30.

Spectra Energy Partners, NextEra Energy and **Duke Energy**

are the sponsors behind the \$3.2 billion 517-mile project, which interconnects with the **Transcontinental Gas Pipe Line Company** (Transco) in Alabama, runs through Georgia and delivers gas to Florida.

Sabal Trail will use the proceeds of the bond offering to pay the sponsors a distribution and to reimburse them for their funding of the pipeline's construction and development costs.

The project received U.S. **Fed-**

eral Energy Regulatory Commission approval in February 2016 and has been online since July 2017.

Only 65% of Sabal Trail's contracts are currently generating revenue but contracts with later start dates will increase volume commitments to 84% of the pipeline's capacity in 2020 and 88% in 2023. The project's firm capacity contracts have a weighted average life of about 25 years.

NextEra and Duke have an additional interest in seeing the project succeed since two of the pipeline's anchor shippers are NextEra and Duke-owned utility subsidiaries in Florida. ■

● PPA PULSE

NextEra Leads Contract-signing Charge

NextEra Energy Resources has announced power purchase agreements totaling more than 600 MW so far this year—more than any other developer—most recently with a group of liberal arts colleges in New England.

Many more contracts have been signed but not announced, according to parent company **NextEra Energy's** latest investor presentation. The company “had one of its best quarters for new renewables origination,” adding 1,001 MW to its backlog, according to the slideshow.

The sponsor's huge project backlog helps to explain why it was able to hold its annual lender meeting in Florida while **Platts'** flagship power markets conference was taking place on the side of the country in Las Vegas (PFR, 4/11).

Here is a round-up of PPAs reported in the past week:

SMART GRID

Five liberal arts colleges in New England have formed a partnership to purchase 75 MW from a NextEra solar project in Maine.

The members of the **New England College Renewable Partnership**—**Amherst College** and **Hampshire College** in Amherst, Mass.; **Bowdoin College** in Brunswick, Maine; **Smith College** in Northampton, Mass.; and **Williams College** in Williamstown, Mass.—will pay a fixed price over 20-years under the terms of the deal.

Competitive Energy Services, based in Portland, Maine, advised the colleges.

NextEra is developing the nearly \$100 million Farmington project at Sandy River Farms in Farmington, Maine, having acquired it from **Ranger Solar** and **MAP Royalty** last year. It is expected to be online by the end of 2019 and will be the largest solar array in the state.

RETAIL THERAPY

Walmart has signed a pair of power purchase agreements for 300 MW of wind power in South Dakota.

Under one of the PPAs, the company will buy 150 MW from **Geronimo Energy's** 200 MW Crocker wind project in Clark County,

while the other contract is for 150 MW from **Engie's** 250 MW Triple H wind farm in Hughes and Hyde Counties, S.D.

The Triple H wind project was developed by **Infinity Renewables**, which Engie acquired in February (PFR, 2/21).

POWER RANGER

Indiana's **Wabash Valley Power** has signed a 30-year power purchase agreement with **Ranger Power**, in an apparent carbon copy of a deal announced in March.

Like the first deal, the latest one is for a 99 MW solar project in Illinois. The name and precise location of the project have not been disclosed and a spokesperson for Ranger Power declined to provide the details.

In March, Ranger and Wabash signed a 30-year PPA for output of the 99 MW Prairie State solar project in Perry County (PFR, 3/5).

The two Ranger projects would more than triple the amount of solar capacity installed in Illinois.

GOLD WIND

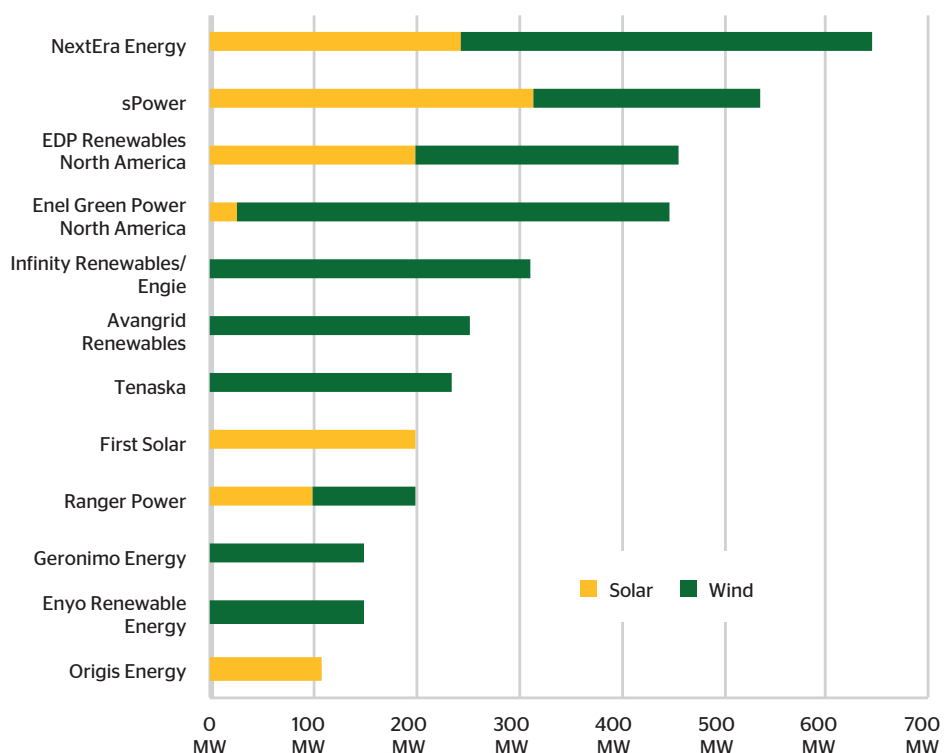
Goldcorp's Argentinian subsidiary **Oroplata** has entered into a 10-year power purchase agreement with **Genneia** for a recently expanded wind farm in the country.

The mining firm will buy 24 MW from the recently expanded 101.8 Rawson wind project in the province of Chubut, in Patagonia, starting in May, under the terms of the contract. The 24 MW expansion of the project was completed in January.

Genneia intends to build a further 40 MW of projects to be bid into the non-utility wholesale market, which is known in Argentina as the renewable energy term market (Mater).

The deal with Oroplata is the power producer's second Mater PPA, the first being a 20-year deal signed with cement and concrete manufacturer **Loma Negra** in September 2016. The Loma Negra contract came into effect in January. ■

Top 10 U.S. Sponsors PPAs Announced Year to Date (by Capacity)



Source: PFR Data

LATIN AMERICA PROJECT FINANCE ●

Actis Prices Debt for Mexico Acquisition

Private equity firm Actis has priced a senior secured bond to finance its \$1.256 billion purchase of **InterGen's** generation assets in Mexico.

The London-based emerging markets investor tapped **Citi**, **JP Morgan** and **ScotiaBank** to run the \$860 million debt raise, using the 144a format.

Scotia was also Actis' financial adviser on the acquisition, which Actis is financing through a recently formed subsidiary called **Cometa Energia**.

The 17-year notes, rated Baa3 and BBB by **Moody's Investors Service** and **Fitch Ratings**, have been priced at 6.375%. The amortizing bonds have a weighted average life of 11 years, matching the weighted average life of the portfolio's offtake contracts.

The proceeds will be used to fund the acquisition, repay InterGen Mexico's outstanding project debt and pay transaction fees and expenses.

Representatives of Actis in New York and

London did not respond to inquiries.

InterGen's almost 2.3 GW Mexican portfolio comprises six operational gas-fired combined-cycle facilities totaling 2.2 GW, a 50% stake in the 155 MW Sierra Juárez wind project in Tecate, three gas compression stations and a 40 mile gas pipeline. (PFR, 1/8).

“This is a landmark transaction that further cements our commitment to the Mexican power sector”

The majority of cash-flows come from long-term contracts with **Comision Federal de Electricidad (CFE)**, **San Diego Gas & Electric**, **Pemex**, **Praxair** and **Goldcorp**.

Approximately 45% of Cometa's consolidated revenues in 2017 came from CFE and 20% from GoldCorp. The company has an

approximately 10% share of the Mexican independent power producer market, according to Fitch.

“Cometa will benefit from a solid market position in the energy market becoming the fourth largest independent power producer, a diversified portfolio of 10 energy assets, stable and visible cash generation capacity stemming from long term US-dollar denominated contracts and Mexico's attractive electricity market which is expected to grow 3% on average in the long term,” wrote Moody's analysts in an April 11 report.

InterGen hired **Bank of America Merrill Lynch** and **Barclays** to run the sales process for its Mexican assets last year as part of its efforts to reduce its debt burden ahead of upcoming maturity dates (PFR, 5/24/17).

“This is a landmark transaction that further cements our commitment to the Mexican power sector,” said **Michael Harrington**, partner in the energy business at Actis in a press release, about the acquisition. ■

BBVA's Green Loan Arrives in Mexico with Iberdrola Wind Trio Deal

Iberdrola has financed a trio of Mexican wind projects with a \$400 million syndicated green loan arranged by **Banco Bilbao Vizcaya Argentaria**, marking the arrival of the novel debt product championed by the Spanish bank in a new country.

BBVA's Mexican subsidiary **BBVA Bancomer** was the global coordinator and green agent in the 10 bank syndicate, while BBVA was also administrative agent for the facility.

The bank made a push to establish its green loan product last year, starting with a bilateral corporate-level deal with its compatriot Iberdrola in February, followed by project finance loans including one for Italy's Terna for a transmission line in Uruguay (PFR, 7/19).

As with BBVA's previous green

loans, the latest transaction for Iberdrola's Mexican wind portfolio was certified “green” by **Vigeo Eiris**, a third-party sustainability research firm based in Paris.

The loan has a five-year tenor with the option to extend it for another two years. This maturity structure is popular with European syndicated loan borrowers, and matches that of a €5.3 billion green loan that Iberdrola and BBVA signed in January.

Iberdrola said that the January deal was the largest sustainable finance transaction ever and that it allowed the company to lock in its most favorable terms on a bank facility for more than 10 years.

Green loans have not taken on as quickly as their bond counterparts, in part because there has not been the same level of standardized documentation for

loans until recently. The **Government of Mexico**, oil major **Pemex** and regional Mexican state-linked issuers have all issued green bonds.

Iberdrola has five operational wind projects in Mexico totaling 366 MW and has announced two more totaling 325 MW (see table).

Iberdrola is looking to have

more than 11 GW of installed capacity in Mexico by the end of 2022, which would generate more than 20% of the country's forecast demand. By the end of 2019, Iberdrola plans to have 1 GW of renewable capacity in the country. The company had 5.8 GW of installed capacity at the beginning of last year. ■

Iberdrola's Mexico Wind Portfolio

Project	Capacity	Location	Status
La Ventosa	102 MW	Oaxaca	Operational
La Venta III	102 MW	Oaxaca	Operational
Bii Nee Stipa	26 MW	Oaxaca	Operational
Pier II	66 MW	Puebla	Operational
Dos Arbolitos	70 MW	Oaxaca	Operational
Pier	105 MW	Guanajuato	Announced
Pier II expansion	220 MW	Puebla	Announced
Total	691 MW		

● LATIN AMERICA PROJECT FINANCE

Sponsor Nets Argentine Wind Project Loans

IDB Invest, the **Canadian Climate Fund for the Private Sector in the Americas** (C2F) and the **International Finance Corp.** have provided \$50.7 million in financing to **Central Puerto's** 48

MW Achiras wind project.

The financing comprises a \$20 million IDB Invest loan, \$10 million from C2F and \$20.7 million from the IFC, and has a maturity of up to 15 years.

FAST FACT

\$39.4 million

Size of 'B' loan provided to Jinko Solar's San Juan project by Bank of China and Cifi

SAN JUAN SOLAR LENDERS

Meanwhile, the lenders that provided a \$39.4 million 'B' loan to **Jinko Solar** for its 80 MW San Juan solar project in Argentina have been revealed as **Bank of China** and the **Corporación Interamericana para el Financiamiento de Infraestructura** (Cifi), a middle-market infrastructure investor owned by a group of commercial and multilateral institutions and investment funds.

Conceived by Spain's **Bankia** in 2001, Cifi has committed in excess of \$1.5 billion to more than 600 infrastructure projects. The institution relocated its headquarters from Washington, D.C., to Panama City in 2016.

Bank of China and Cifi joined IDB Invest and C2F in providing \$60.15 million of financing with tenors of up to 15 years (PFR 4/19). The San Juan project has a 20-year power purchase agreement. ■

Inkia Signs Financing for D.R. Wind Project

Inkia Energy has secured financing for its 50 MW Agua Clara wind project in the Dominican Republic.

Citibank provided debt for the \$100 million project, according to a press release from law firm **Milbank, Tweed, Hadley & McCloy**, which advised the bank. **Squire Patton Boggs** advised Inkia.

The \$73.5 million loan has a 4.5-year tenor and closed on March 20.

The 50 MW project, located in the province of Monte Cristi, is the first of four

planned phases that are expected to add up to 200 MW when complete. Inkia owns the project through local subsidiary **IC Power DR Operations**.

I Squared Capital's ISQ Global Infrastructure Fund II acquired Inkia from **IC Power** for \$1.2 billion late last year (PFR, 11/27).

The bulk of Inkia's generation capacity is in Peru, where the company's headquarters are located, in Lima.

Moody's Investors Service rated Inkia's

senior secured notes Ba3 in December of last year, around the time that the company reopened its existing 5.875% bonds maturing in 2027 to raise a further \$150 million, bringing the size of the series up to \$600 million (PFR, 12/14). **Credit Suisse** and **Deutsche Bank** were the leads on the tap.

Willem Vantwembeke, who took over from **Javier Garcia** as Inkia's ceo after the acquisition, was unavailable for comment. Garcia has taken a managing director role at ISQ Global Infrastructure Fund II. ■

● LATIN AMERICA MERGERS & ACQUISITIONS

Atlas Acquires Mexican Solar Project from SunPower

Atlas Renewable Energy has acquired a 101.4 MW solar project in Mexico from **SunPower Corp.**

The Guajiro project, which Atlas purchased on March 28, is located in the municipality of Nopala de Villagran in Hidalgo state and is due to be online before the end of June.

SunPower obtained a long-term power purchase agreement for the project with Mexico's state-owned utility, **Comisión**

Federal de Electricidad, in 2016 (PFR, 6/8/16, 3/30/16).

Mexico City-based law firms **Mijares, Angoitia, Cortés y Fuentes** and **Galicía Abogados** advised Atlas and SunPower, respectively, on the deal.

Atlas Renewable Energy was the name given to **SunEdison's** Latin American business when London-based emerging markets-focused investor **Actis** acquired it in 2017 (PFR, 3/1/17).

The Guajiro project is Atlas's

first contracted or operational project in Mexico. The Santiago, Chile-based company also has three contracted projects under development in Brazil totaling 300 MW, two operational projects in Chile totaling 179.5 MW and two in Uruguay totaling 75 MW.

Across all of its energy sector investments worldwide, Actis owns more than 18 GW of generation.

The firm's other assets in

Latin America include Mexico-focused **Zuma Energía** and Chile-centric **Aela Energía**, and it is due to close the acquisition of a portfolio of Mexican generation assets from **InterGen** through a new portfolio company called **Cometa Energía** soon (PFR, 1/8).

Meanwhile, Actis is seeking to exit its investment in Brazilian wind developer **Atlantico Energias Renováveis** through a sale process (PFR, 3/13). ■

MERGERS & ACQUISITIONS ●

Hydro One's Avista Purchase Marches On

Canada's Hydro One is moving closer to sealing its acquisition of Washington state-based **Avista Corp.**

The deal received antitrust clearance in the U.S. under the Hart-Scott-Rodino Act earlier this month and the companies have filed for regulatory approval with the **Washington Utilities and Transportation Commission** and the **Idaho Public Utilities Commission** in recent weeks.

Hydro One agreed to acquire the Spokane-based utility, which owns generation assets in

Idaho, Montana, Oregon and Washington state, for C\$6.7 billion (\$5.3 billion) last July.

Avista's generation portfolio comprises eight hydro projects totaling over 1 GW and seven gas-fired assets in excess of 800 MW.

The company also owns 2,750 miles of transmission and 19,000 miles of distribution lines, as well as 7,700 miles of natural gas pipelines.

Avista's shareholders approved the deal on Nov. 21, with the U.S. **Federal Energy Regulatory Commission** signing off on Jan. 16.

Approval of state regulators in all five states

where Avista owns generation, as well as of the **Federal Communications Commission** and the **Committee on Foreign Investment in the United States**, is required before the acquisition can close. The deal is expected to wrap in the second half of this year.

Moelis & Co. is Hydro One's financial adviser and **Bank of America Merrill Lynch** is advising Avista.

Bracewell and **Kirkland & Ellis** are acting as legal advisers to buyer and target, respectively. ■

Algonquin Eschews Banks for Equity Raise Backing Yieldco Purchase

Algonquin Power & Utilities Corp. opted to place \$445 million of stock with institutional investors by itself, rather than tapping investment banks as underwriters and agents, to fund its acquisition of **Atlantica Yield** shares from **Abengoa**.

The company issued approximately 37.5 million common shares at \$11.85 each, with the

bulk of the proceeds going toward its \$345 million purchase of Abengoa's remaining 16.47% equity stake in the yield company.

Algonquin will use the remaining \$100 million to pay down debt.

The Oakville, Ontario-based utility holding company probably chose to self-place the deal to save on costs, says an equity analyst. "They haven't really done that

in the past, but other companies have," he says, noting that underwriter discounts and fees can add up to about 7% of the value of a transaction.

Algonquin's purchase of Abengoa's remaining stake in Atlantica, which does not require the approval of either company's shareholders, is slated for a third quarter closing (PFR, 4/18).

Algonquin acquired an initial 25% stake in the yieldco for approximately \$607 million in a deal that closed in March (PFR, 11/2).

Moody's Investors Service has placed the yieldco's B2 senior unsecured credit rating on review for upgrade in light of the deal and a right of first offer agreement that was also executed in March. ■

CenterPoint Seals Bridge Loan for Vectren Acquisition

Houston-based **CenterPoint Energy** has signed a \$5 billion bridge loan to finance its acquisition of **Vectren Corp.**

CenterPoint is paying \$72 a share for Vectren, resulting in an enterprise value for the combined company of \$27 billion.

Goldman Sachs and **Morgan Stanley** are providing the \$5 billion, 364-day senior unsecured bridge facility, according to an April 21 filing with the U.S. **Securities and Exchange Commission**.

The margin on the loan ranges from 100 to 200 basis points over Libor, depending on the company's credit rating, and is subject to an increase of 25 bps for every 90 day period that elapses after the merger closes.

The company intends to repay the bridge loan with the proceeds of one or more capital markets transactions, potentially including the issuance of debt and equity.

DISPROPORTIONATE USE OF DEBT'

Credit analysts have taken a dim view of CenterPoint's initial plan, which is for \$3.5 billion of the long-term acquisition financing to be debt.

S&P Global Ratings, for instance, placed the company's A- rating on CreditWatch Negative, noting that it expects "that [CenterPoint's] financial measures will deteriorate from financing, including a disproportionate use of debt, to acquire Vectren," in a report on April 24.

"Vectren's low risk regulated gas and electric operations (80% of net income in 2017) in Indiana and Ohio will enhance [CenterPoint's] diversification and business risk profile," wrote analysts at **Fitch Ratings** as they revised the outlook on company's BBB rating down from positive to stable the same day. "However, the meaningful increase in leverage, relatively

complex corporate structure and exposure to Vectren's power generation and non-utility operations, limit any upward migration of [CenterPoint's] ratings at this time."

A little later, **Moody's Investors Service** changed the outlook on its Baa1 rating for the company down from stable to negative, which it said "primarily reflects the financing decisions associated with the acquisition."

Goldman Sachs advised CenterPoint Energy on the acquisition while **Bank of America Merrill Lynch** advised Vectren.

CenterPoint Energy will establish the position of chief business officer for Vectren's electric business, who will report to CenterPoint president and ceo **Scott Prochazka** and will spearhead southwestern Indiana's electric grid modernization and generation transition initiatives according to an announcement on April 23. ■

● PEOPLE & FIRMS

Banker Heads to “Magic” Johnson’s Infra Firm

A banker who recently left **Credit Suisse**’s power and utilities team has joined an infrastructure venture backed by businessman and former Los Angeles Lakers point guard **Earvin “Magic” Johnson, Jr.**

Eric Lane, who joined **Credit Suisse** as a vice president in 2014 and was most recently a director focusing on mergers and acquisitions, left the Swiss bank for **MJE-Loop Capital Partners**, which does business as **JLC Infrastructure**, this month.

Magic Johnson Enterprises and **Loop Capital Markets** launched JLC as a joint venture in 2015.

Lane previously worked at

Loop, joining as an associate in 2009 and becoming a vice president in 2013 before moving to Credit Suisse the following year.

He is not the only recent recruit at JLC—the firm has also

hired **Vincenzo Zarrillo**, a former associate director in **DNB Markets**’ energy group, as a vice president. Lane and Zarrillo are both based in New York.

JLC lists four executives in its

filings with the U.S. **Securities and Exchange Commission**, including Johnson, who serves as chair and ceo of Magic Johnson Enterprises, and **Eric Holoman**, who is its president. ■

Ex-Blackrock Official Joins Starwood

Starwood Energy Group Global has hired **Phil Pletka**, formerly a senior member of BlackRock’s energy and power private equity team, as a managing director.

Before joining BlackRock, Pletka had worked as a director at **Quantum Energy Partners** and a vice president in **JP Morgan**’s natural resources

investment banking team.

While at JP Morgan, from 2005 to 2010, Pletka worked closely with Starwood Energy ceo **Himanshu Saxena** on several transactions, according to a statement issued by Starwood.

In conjunction with the hiring of Pletka, the private equity firm has also promoted **Alex Daberko** to managing director. Deberko

joined Starwood from **Merrill Lynch** at the end of 2007.

Both Pletka and Daberko are based in Greenwich, Conn., and report to Saxena.

Starwood is in the process of selling its stake in the 660 MW Hudson transmission line in New Jersey and New York in process being run by **Goldman Sachs** (PFR, 4/16). ■

● STRATEGIES

Dividend Solar Wraps Second ABS Offering

Residential solar lender Dividend Solar has closed its second solar securitization.

Credit Suisse was sole structuring agent and bookrunner on the \$104.66 million issuance, with **Citi** acting as co-manager.

The loan-backed deal comprised a \$25.34 million Class A tranche, a \$66.4 million B tranche, a \$6.6 million C tranche and a \$6.324 million D tranche, which **Kroll Bond Rating Agency** rated AA, A, BBB and BB, respectively.

Deloitte conducted an independent accounting review of the loan portfolio.

The loans backing the deal have a weighted average balance of \$27,368, slightly larger than the \$23,195 weighted average balance of the loans in Dividend’s maiden solar securitization, which was

priced in September (PFR, 10/2).

The loans in the new deal have an average life of 19.7 years, while the weighted average FICO score of the borrowers is 747, lower than the 753 weighted average score of the loans backing the first deal.

Borrowers in California, Texas, Florida, Arizona and Utah had been expected to make up over 65% of the total loan pool for the latest transaction (PFR, 4/12).

Dividend’s 2017 deal was priced to yield 4.084% for the Class A notes and 5.308% for the Class B notes, while the Class C tranche was priced to yield 7.103%.

Sustainalytics, an Amsterdam-based firm the carries out environmental, social and governance research, designated the deal a green bond under the **International Capital Market Association**’s standards. ■

Canadian Developer Inks Solar Portfolio Loan

Canada’s **Grasshopper Solar** has signed a C\$270 million (\$160 million) aggregation-to-term loan with **Deutsche Bank** for a portfolio of residential, commercial and industrial-scale projects.

Grasshopper can draw on the loan as an aggregation facility for the first two years, until the funds are fully deployed, after which the facility will convert to a three-year term loan, for a combined tenor of five years.

The financing was structured under a separate investment vehicle with no recourse to the Toronto-based parent company.

The debt is secured against the portfolio, which comprises under-construction and operational solar assets.

More than C\$100 million of the funds are already allocated

to operational assets. Grasshopper intends to add to the portfolio with projects it develops itself and acquires with contracts under **Ontario Power Authority**’s 20-year feed-in tariff.

Founded in 2007, Grasshopper has C\$500 million (\$388 million) in assets under operation and at various stages of development in Canada, the U.S. and Japan, according to its website.

The deal with Deutsche continues a trend of financial institutions backing levered portfolios of small-scale solar developers. Alternative investment fund manager **CarVal Investors** announced it would invest up to \$250 million in **Clean Capital**’s latest solar portfolio investment vehicle earlier this month (PFR, 4/9). ■