

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

● MERGERS & ACQUISITIONS

● PEOPLE & FIRMS

Pricing Flexes for Nautilus Loan

Pricing on **The Carlyle Group's** term loan B backing the 1,767 MW portfolio company flexed upward. Page 5

NRG Drops Down Solar Assets

NRG Energy has transferred eight solar projects, including three acquired from **SunEdison** last year, to **NRG Yield**. Page 7

Seasoned Investment Banker Arrives at Marathon

Leonardo Hernandez, based in **Marathon Capital's** New York office, is focusing on Latin America. Page 8

Yieldco Sweep: Want to Buy a Yieldco? Take Your Pick

Richard Metcalf

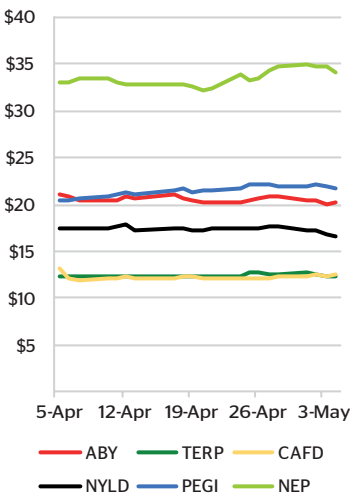
Investors that missed out on the chance to acquire **SunEdison's** two yield companies still have options, as stakes in two other publicly-listed renewables roll-ups have come up for sale this year and another could be put on the block before long.

Spain's **Abengoa** has hired **Lazard**, **Santander** and **Caixa-bank** to advise it on the sale of its 41% stake in its yieldco, **Atlantica Yield**, *Reuters* reported on April 4, citing a source close to the company.

Meanwhile, **First Solar** and **SunPower** are both conducting a strategic review into their jointly-owned yieldco, **8point3 Energy Partners** (PFR, 4/7). **Bank of America Merrill Lynch** is advising First Solar, while SunPower has hired **Goldman Sachs**, say deal watchers.

And **NRG Energy** is also likely under pressure from activist shareholders to sell its stake in

Yieldco Stocks, 4/5 to 5/4



Source: Nasdaq

NRG Yield, **Moody's Investors Service** said in February (PFR, 2/23).

While some of the sale processes have arisen from sponsor restructurings and bankruptcies, deal watchers also note that low yieldco valuations in the public equity market mean that the idea of taking them PAGE 7 »

Exelon Eyes Texas Portfolio Sale, Shelves Mystic Process

Fotios Tsarouhis

Exelon Corp. is offloading a distressed portfolio of gas-fired projects in Texas after putting a separate sale of a nearly 2 GW dual-fuel project in Massachusetts on hold.

The sale of **ExGen Texas**, which owns 3.5 GW of operational gas-fired assets and is adding 2 GW more, comes

weeks after Exelon hired New York-based **PJT Partners** to lead restructuring negotiations with the subsidiary's creditors as part of an attempt to stave off a default (PFR, 3/9).

Exelon has "come to terms with the lenders to pursue an orderly sale of the assets," senior executive v.p. and cfo **Jonathan Thayer** said on the company's first quarter earnings call. PAGE 8 »

Goldwind Bags Tax Equity, Looks to Wrap Purchase

Fotios Tsarouhis

Goldwind Americas has sealed a tax equity investment for a hedged U.S. wind project in Texas that it bought last year, as it nears an agreement to buy another from the same developer.

Berkshire Hathaway Energy and **Citi** are participating in the company's debut tax equity deal, which will finance the 160 MW Rattlesnake wind project in McCulloch County, Texas. PAGE 5 »

Calpine to Build, Sell Louisiana Project

Fotios Tsarouhis

Entergy Louisiana has agreed to acquire a gas-fired project in its home state from **Calpine Corp.**, which will finance and build the plant over the next four years.

The build-and-sale agreement for a 360 MW peaker called Washington Parish Energy Center was announced in an earnings statement on April 28. The deal is expected to close in the second half of 2017. PAGE 5 »



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● PROJECT FINANCE

NextDecade Selects Banks for LNG Financing

NextDecade has tapped **Société Générale** and **Macquarie Capital** as joint financial advisers on a debt and equity raise for its Rio Grande LNG export project at the Port of Brownsville, near Brownsville, Texas, and the associated 137-mile Rio Bravo Pipeline.

The project, which is awaiting permitting, will include up to six liquefaction trains, each with a nominal output capacity of 4.5 million tons per annum (mtpa).

NextDecade has been authorized to export up to 27 mtpa for a 30-year period by the **U.S. Department of Energy** and filed an application for the LNG facility with the **U.S. Federal Energy Regulatory Commission** in May.

The size of the financing and the expected debt-to-equity ratio could not immediately be learned. Representatives of NextDecade in The Woodlands, Texas, and Société Générale and Macquarie in New York were not immediately available for comment.

BLANK CHECK BUY-OUT

NextDecade is in the process of going public via a merger with **Harmony Merger Corp.** The transaction, which will result in NextDecade's listing on **Nasdaq**, is expected to close late in the second quarter of 2017.



Source: Fotolia

Harmony Merger Corp. is a so-called 'blank check' company that raised \$100 million in an initial public offering in 2015 with the intention of acquiring a private company. Harmony's management team is led by **Eric Rosenfeld**.

Société Générale has a history of leading and participating in LNG deals, having been an arranger on every LNG project financing in North America, and on 45 worldwide, according to a statement issued by NextDecade on May 2.

Macquarie Capital also brings international LNG experience to the deal. The Australian bank advised **Freeport LNG** on an approximately \$11 billion capital raise backing the expansion of its Quintana Island facility in 2012 (PFR, 12/1/14, PFR, 9/21/12) and **Liquefied Natural Gas Limited** on a more-than-\$1.5 billion debt raise for its Magnolia LNG facility in Lake Charles, La., in 2013 (PFR, 12/6/13). ■

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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
Abengoa	Atlantica Yield (1,742 MW Solar, Wind, Gas, 1,099 miles Transmission, 41% stake)	U.S., Mexico, Chile, Brazil, Peru, Uruguay, South Africa, Spain	Lazard, Santander, Caixabank	Abengoa launched a sale process for the yieldco earlier this year (see story, page 1).
Apex Clean Energy	Portfolio (12 GW, mostly Wind)	U.S.	CohnReznick Capial	The company is looking to sell itself to a strategic investor (PFR, 5/1).
Brookfield Renewable Partners	Price (189 MW Wind), Comber (166 MW Wind), Gosfield (51 MW Wind)	Sault Ste. Marie, Lakeshore, and Kingsville, Ontario	Scotiabank, TD Securities (seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
BTG Pactual Infraestructura II, Pátria Investimentos, GMR Group	Latin America Power (114 MW Hydro, Wind)	Chile, Peru	BTG Pactual, Morgan Stanley	Several bidders have been shortlisted in the sale of the company, which also owns an 803.9 MW development pipeline that includes its first solar asset (PFR, 2/13).
Calpine Corp.	Washington Parish (360 MW Gas)	Washington Parish, La.		Entergy Louisiana has agreed to acquire the project, which Calpine will finance and construct (see story, page 1).
Dynergy	Unknown (Gas)	New England		Dynergy plans to launch a sale of the two assets later this year (PFR, 5/1).
	Unknown (Gas)	PJM Interconnection		
	Dighton (164 MW Gas)	Dighton, Mass.	Barclays	Dynergy expects to line up a buyer for the assets before the end of June (PFR, 5/1).
	Milford (149 MW Gas)	Milford, Mass.		
	Portfolio (2.7 GW Gas, Oil)	California		Dynergy continues to entertain offers for the portfolio (PFR, 5/1).
Energy Future Holdings	Oncor Electric Delivery Co. (Transmission Utility)	Texas		NextEra Energy will seek a rehearing after the Texas PUC blocked its acquisition of the utility company (PFR, 5/1).
Exelon Corp.	ExGen Texas (3,476 MW Gas)	Texas	PJT Partners	Exelon plans to sell the distressed Texas portfolio (see story, page 1).
	Mystic (1,998 MW Gas, Oil)	Charlestown, Mass.	JP Morgan	Exelon is putting the sale of two units at the project on hold (see story, page 1).
Eversource	Portfolio (1.2 GW Coal, Hydro, Oil)	New Hampshire	JP Morgan	JP Morgan has distributed teasers in preparation for a two-stage auction for the portfolio (PFR, 3/6).
First Solar, SunPower	8Point3 Energy Partners (432 MW Solar)	U.S.	BAML, Goldman Sachs	Bank of America Merrill Lynch is advising First Solar and Goldman Sachs is advising SunPower (see story, page 1).
Mercuria	Danskammer (500 MW Dual-fuel)	Hudson Valley, N.Y.	Guggenheim Partners	The first round of a two-stage auction is underway (PFR, 10/3).
NextEra Energy Resources	Golden West (250 MW Wind)	El Paso County, Colo.		The sponsor is selling the project to its yieldco, NextEra Energy Partners, which will finance the deal with existing debt (PFR, 5/1).
NRG Energy	Portfolio (530 MW Solar, 50%), Agua Caliente (290 MW, 16%)	Utah, Arizona		NRG has dropped the projects down into yieldco NRG Yield (see story, page 7).
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	First round bids for the 2.5 GW portfolio were due in November (PFR, 10/31).
RES Americas	Rattlesnake II (160 MW Wind)	McCulloch County, Texas		Goldwind Americas is acquiring the project, which is adjacent to its 160 MW Rattlesnake project (see story, page 1).
Rockland Capital	Elgin Energy Center (484 MW Gas)	Elgin, Ill.	Barclays	The Carlyle Group is buying the three facilities (PFR, 4/3).
	Rocky Road (349 MW Gas)	East Dundee, Ill.		
	Tilton (180 MW Gas)	Tilton, Ill.		Rockland is still seeking a buyer for the project (PFR, 4/3).
	Eagle Point Power Generating (238 MW Gas)	Westville, N.J.		
Riverstone Holdings, SunEdison	Imperial Solar Energy Center West (150 MW, 40%)	El Centro, Calif.		Tensaka is acquiring the companies' 40% shareholding in the project, bringing its ownership to 100% (see story, page 8).
SolarCity	Portfolio (277 MW Solar)	U.S.		Dutch pension fund manager PGGM is acquiring a portfolio of SolarCity assets (see story, page 6).
Terra Firma	EverPower Wind (752.25 MW Wind)	U.S.	Barclays, KeyBanc	Terra Firma is marketing the U.S. wind shop, whose assets also include an up-to-1,759 MW development pipeline (PFR, 3/6).
Veresen	Portfolio (2,470 miles Pipelines)	Canada, U.S.	Scotiabank (seller), CIBC World Markets (Buyer)	Pembina is acquiring Veresen (see story, page 6).
York Capital Management Global Advisors	Idaho (54.6 MW DC Solar)	Ada County, Idaho	Whitehall & Co.	York Capital has mandated Whitehall to sell the project (PFR, 4/3).

● New or updated listing

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

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

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Acciona Energía Chile	Portfolio (438 MW Solar, Wind)	Chile	BBVA	Green Loan	€100M	TBA	It is the second 'green loan' provided by BBVA. The first was given to Iberdrola (PFR, 5/1).
Acciona Energía México, Tuto Energía	Puerto Libertad (270 MW Solar)	Sonora, Mexico	Istituto de Credito Oficial, TBA	Debt	\$250M	18-yr	Two Mexican development banks, Spanish development bank Instituto de Credito Oficial and a European commercial bank are lining up a loan for the project (PFR, 5/1).
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS	Debt	TBA	TBA	GE EFS is left lead on the debt raise. Other joint lead arrangers will be selected later this year (PFR, 5/1).
American Power Ventures	Renaissance (1 GW Gas)	Greene County, Pa.	Fieldstone (adviser)	Debt, Equity	\$900M		The sponsor has mandated boutique investment bank Fieldstone Private Capital Group to raise debt and equity for the project (PFR, 4/17).
ArcLight Capital Partners	Eastern Power, Eastern Covert Midco (5 GW Gas)	Illinois, New York, Ohio	Morgan Stanley	Term Loan B	\$1.647B	6-yr	ArcLight is reducing the size of its term loan B and extending the loan's maturity by two years (PFR, 3/27).
Atlantic Power Corp.	Portfolio (1.5 GW)	Canada, U.S.	Goldman Sachs (lead), Bank of America Merrill Lynch, RBC, MUFG, Wells Fargo Securities	Term Loan B	\$615M	TBA	Atlantic is working on repricing its term loan B (PFR, 4/3).
Calpine Corp.	Washington Parish (360 MW Gas)	Washington Parish, La.	TBA	Construction Loan	TBA	TBA	Calpine plans to finance the project with debt that will be repaid upon sale of the project to Entergy Louisiana (see story, page 1).
Canadian Solar	IS-42 (73 MW Solar)	Bladen and Cumberland counties, N.C.	Prudential	Debt	\$92M	TBA	CohnReznick Capital advised the sponsor on the financing of the project, which has a 10-year PPA (PFR, 5/1).
			US Bank	Tax Equity			
The Carlyle Group	Nautilus Power (formerly Essential Power, 1,767 MW Gas, Hydro, Oil)	U.S.	Morgan Stanley	Term Loan B	\$575M	7-yr	Pricing flexed from Libor+400-425 bps to 450 bps. The loan was priced on April 28 (see story, page 5).
				Revolving Credit Facility	\$75M	5-yr	
First Solar	Switch Station (179 MW Solar)	Clark County, Nev.	JP Morgan	Tax Equity	TBA		JP Morgan is investing tax equity in the project, which First Solar plans to sell to a third-party (PFR, 4/24).
Goldwind Americas	Rattlesnake (160 MW Wind)	McCulloch County, Texas	Berkshire Hathaway, Citi	Tax Equity	\$130M- \$140M		The deal is expected to close once the project is online next year (see story, page 1).
Harbert Management Corp.	Calhoun (688 MW Gas)	Eastaboga, Ala.	CoBank, MUFG, Santander	Term Loan	\$250M	4-yr	The refinancing closed on March 24 (PFR, 4/24).
				Letter of Credit Facility	\$40M	4-yr	
				Revolving Credit Facility	\$20M	4-yr	
Iberdrola	Topolobampo III (766 MW Gas)	Sinaloa state, Mexico	TBA	TBA	TBA	TBA	Iberdrola is close to mandating banks to finance the project's construction (PFR, 4/3).
Longroad Energy Holdings	Portfolio (3 GW Solar)	U.S.	TBA	Debt			The sponsor plans to seek debt financing this year for the first of a portfolio of projects it acquired from 7X Energy (PFR, 1/23).
NextDecade	Rio Grande (LNG 27 mtpa), Rio Bravo (137-mile Pipeline)	Brownsville, Texas	Macquarie Capital, Société Générale	Debt, Equity	TBA	TBA	NextDecade has mandated financial advisers for the LNG export project (see story, page 2).
NRG Energy	Carlsbad (632 MW Gas)	Carlsbad, Calif.	Crédit Agricole, MUFG	Term Loan	\$219M	C+10	Price talk on the fully-amortizing bank tranche is Libor+167.5 bps. Bids on the institutional tranche were said to be due on April 20 (PFR, 4/24).
				Project Bond	\$379M	C+20	
Panda Power Funds	Mattawoman (850 MW Gas)	Prince George's County, Pa.	BNP Paribas, ICBC, Investec	Loan	\$600M- 650M	TBA	Panda has mandated three banks to raise debt for the project (PFR, 2/6).
	Temple I (758 MW Gas)	Temple, Texas	Ducera Partners	Restructuring			Temple I has filed for Chapter 11 protection (PFR, 4/24).
	Temple II (758 MW Gas)	Temple, Texas					Temple II is said to have breached its debt service coverage covenant (PFR, 4/17).
Quantum Utility Generation	Moundville (643 MW Gas)	Marshall County, W.Va.		Debt	TBA		Quantum could launch a debt financing for the project this year (PFR, 2/6).
			BNP Paribas	Equity			
Sunrun	Portfolio (Resi Solar)	U.S.	ING, SunTrust	Debt	\$200M	7-yr	ING and SunTrust are syndicating the loan (PFR, 4/10).
Swift Current Energy	HillTopper (175 MW-200 MW Solar)	Logan County, Ill.		Debt, Tax Equity	TBA		The sponsor plans to finance the project with debt and tax equity (PFR, 2/13).
Vanguard, TCW, GoldenTree Asset Management, Aegon, GE Capital, other former creditors	Homer City (1,884 MW Coal)	Indiana County, Pa.	Morgan Stanley	Exit loan	\$150M	6-yr	Pricing flexed up to Libor +1,100 bps with an OID of 93 (PFR, 4/24).

New or updated listing

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To report updates or provide additional information on the status of financings, please call Managing Editor Olivia Feld at (212) 224-3260 or e-mail olivia.feld@powerfinancerisk.com

PROJECT FINANCE ●

Goldwind Scores Tax Equity for One Project, Nears Purchase of Second

◀ FROM PAGE 1

ty, Texas.

The deal, which is slated to be between \$130 million and \$140 million in size, was signed on April 27. The total cost of the project is pegged at \$250 million.

Goldwind is financing the construction of the project on its balance sheet, says **David Halligan**, ceo of **Goldwind Americas** in Chicago. The facility is expected to be online next year and will sell its output into **ERCOT**.

The length of the project's hedge contract and the identity of the hedge counterparty could not immediately be learned.

Representatives of BHE in Des

Moines, Iowa, and Citi in New York did not respond to inquiries by press time.

Meanwhile, Goldwind is in late-stage negotiations with **RES Americas** to acquire the 160 MW Rattlesnake II project, Halligan tells *PFR*.

The Rattlesnake II project is adjacent to Rattlesnake, which Goldwind acquired from RES last year (*PFR*, 5/17).

Goldwind will seek tax equity investors for Rattlesnake II closer to the facility's commercial operation date, which is slated for late 2018 or early 2019.

Goldwind Americas, a U.S. subsidiary of Chinese turbine manufacturer **Goldwind**, owns a 151.5 MW operational wind portfolio in the U.S., which includes projects in Illinois, Iowa, Massachusetts, Minnesota, Montana, New York and Vermont. Goldwind also owns two wind facilities in Panama totaling 270 MW, and a 33 MW wind project in Chile. ■

FAST FACT

320 MW

Combined capacity of the Rattlesnake projects.

Pricing Flexes for Carlyle's Nautilus Power

Pricing on the term loan B backing **The Carlyle Group's** Nautilus Power portfolio, previously known as Essential Power, flexed up before the deal was priced on April 28.

The \$575 million seven-year term loan B was priced at 450 basis points over Libor, compared with price talk of 400 bps to 425 bps earlier in the week.

Morgan Stanley was lead left on the deal (*PFR*, 4/18). **Cody Gunsch**, v.p. in leveraged and acquisition finance at the bank in New York, declined to comment. A call to **Matt O'Connor**, m.d. and co-head of **Carlyle Power Partners**, was not returned by press time.

The term loan B has a 1% Libor floor and was sold at an original issue discount of 99%. It is part of a \$650 million debt package that also includes a \$75 million revolving credit facility.

Carlyle carried out the refi-

nancing to increase the debt-to-equity ratio of the 1,767 MW mostly gas-fired portfolio from 60:40 to 70:30 and to pay itself a \$79 million distribution, according to a rating report published by **Moody's Investors Service** on April 17.

Moody's has given the new term loan B a rating of B1, the same as the old debt, while **S&P Global Ratings** has rated the new loan B+, which represents a one-notch downgrade.

The \$489 million Essential Power term loan that is being refinanced was originally priced at 325 bps in 2013 and sold at par, with **Barclays** acting as bookrunner (*PFR*, 4/18/13).

Carlyle bought the portfolio, which includes gas-fired, oil-fired and hydro generation, from **IFM Investors** in June (*PFR*, 2/2/16). Morgan Stanley advised IFM on the sale process. ■

MERGERS & ACQUISITIONS ●

Calpine to Build, Sell Louisiana Project

◀ FROM PAGE 1

to close in 2021, once the project is online.

"We plan to fund the project with a construction loan that will be repaid upon receipt of sale proceeds," said Calpine in a filing with the U.S. **Securities and Exchange Commission**, adding that it intends to begin construction in 2019.

The purchase price could not immediately be established. Calpine said only that it would include "a fair market return" in the SEC filing.

The transaction requires the approval of the **Louisiana Public Service Commission**.

Meanwhile, Calpine has called off its planned construction of a 418 MW peaker

in Texas, according to the earnings report.

Calpine had planned to retire four gas-fired peakers in California upon the expiration of their contracts in 2018, but was informed by **California ISO** that two of the facilities are required to maintain grid reliability. The independent power producer is in the process of negotiating a compensation package for providing the required generation.

The Houston-based company plans to reduce its corporate debt by \$1 billion this year, and has a longer-term goal of retiring \$2.7 billion of debt by 2019 (*PFR*, 2/13).

The IPP's sale of the 590 MW Osprey Energy Center to **Duke Florida** for \$166 million

closed on schedule in January. That deal was agreed to in December 2014 (*PFR*, 1/5, *PFR*, 2/23/15).

But another of Calpine's attempts at divesting assets hit a snag this year, when the sale of the 520 MW South Point Energy Center in Bullhead City, Ariz., to two subsidiaries of **Berkshire Hathaway Energy**-owned **NV Energy** was blocked by the **Public Utilities Commission of Nevada** (*PFR*, 3/8). ■

FAST FACT

\$2.7 billion

Amount of debt Calpine intends to retire by 2019.

● MERGERS & ACQUISITIONS

Buyer Swoops In for Veresen as it Jettisons Generation

Pembina Pipeline Corp. has agreed to acquire **Veresen**, the Calgary, Alberta-based company that is in the process of selling its remaining generation assets as it focuses on its gas pipeline business.

The deal values **Toronto Stock Exchange**-listed Veresen at C\$9.7 billion (\$7.1 billion), including the company's debt, which Pembina will assume as part of the transaction.

Pembina, which is also based in Calgary, Alberta, and listed on the Toronto Stock Exchange, intends to pay Veresen's shareholders with a combination of stock and cash.

The offer is equivalent to C\$18.65 (\$13.64) a share, representing a 22.5% premium over the closing price on April 28.

The boards of both companies have approved the deal, which is expected to close before the end of the year.

CIBC World Markets is advising Pembina on the transaction. **Scotiabank** is advising Veresen.

Pembina intends to draw on an

existing C\$2.5 billion (\$1.83 billion) loan to finance the cash portion of the acquisition, and expects the permanent financing to take the form of "internally generated cash flows", medium term bonds and preferred shares.

Further details of the long-term financing plans, such as a timeline for the offerings or the size of any bond or preferred share deals, could not immediately be learned. Spokespeople for Pembina and Veresen in Calgary did not immediately respond to inquiries.

REPOSITIONING

The announcement comes after Veresen struck a string of deals to offload its entire generation portfolio in the U.S. and Canada as part of its strategy to focus on mid- and upstream energy assets.

Once its pending generation asset sales are complete, Veresen's portfolio of operating assets will comprise:

- the 967-mile long Alliance Pipeline System, which transports gas from Alberta, British Columbia and North Dakota to markets

in the Midwestern U.S.,

- the 823-mile Alberta Ethane Gathering System and

- the 680-mile Ruby Pipeline, which runs westward from Wyoming to Oregon.

The company sold its last remaining U.S. asset, the 33 MW Glen Park hydro project in upstate New York, to **I Squared Capital** platform **Cube Hydro** last year (PFR, 6/14, PFR, 5/24).

It then agreed to sell its Canadian generation assets to three buyers earlier this year, following a competitive auction run by **TD Securities** (PFR, 2/21).

The first of the sales to close was that of the 84 MW East Windsor Cogeneration project in Windsor, Ontario, a 50% stake in the 393 MW gas-fired York Energy Center near Newmarket, Ontario, and two 5 MW waste heat projects in western Canada to **Capital Power Corp.** The sale closed last month.

The two other divestitures are expected to close later this year.

BluEarth Renewables, a developer and independent power producer that is also based in Calgary,

has agreed to buy Veresen's majority stakes in several wind and hydro assets. The portfolio comprises:

- a 90% stake in the 33 MW St. Columban wind project in Huron County, Ontario,

- a 75% stake in the 20 MW Grand Valley 1 & 2 wind project in Grand Valley, Ontario,

- a 75% stake in the 40 MW Grand Valley 3 wind project in Dufferin County, Ontario,

- a 99% stake in the 11 MW Furry Creek hydro project in the Squamish-Lillooet Regional District,

- 100% of the 22 MW Clowhom hydro project, northeast of Sechelt, and

- 100% of the 20 MW Dasque Middle hydro project southwest of Terrace.

Meanwhile, an unidentified buyer is in the process of acquiring Veresen's 20 MW London Cogeneration Facility in London, Ontario, a 72 MW gas-fired facility located in London, Ontario, and a 100 MW gas-fired facility in Charlottetown, Prince Edward Island, as well as three waste heat facilities totaling 40 MW in western Canada. ■

SolarCity Seals Dutch Pension Fund Equity

A Dutch pension fund manager has agreed to acquire a portfolio of distributed solar assets from **SolarCity**.

PGGM, which is headquartered in Zeist, a town near Utrecht in the Netherlands, is reportedly paying about €200 million (\$218 million) for the stake in the 277 MW portfolio, which comprises more than 38,000 systems spread across 21 states.

It is the latest in a series of transactions announced by

SolarCity over the past year to monetize the company's small-scale solar projects by selling an equity stake to an institutional investor.

Last year, the residential, commercial and industrial-scale solar developer closed three such deals, each of which was levered up with debt which was also provided by institutional investors (PFR, 12/23).

Whether the portfolio being acquired by PGGM would feature

a similar structure, with tax equity and back-levered debt, could not immediately be learned. A spokesperson for PGGM in Zeist, was not immediately able to comment and a spokesperson for SolarCity in San Mateo, Calif., did not respond to inquiries.

Pensioenfondszorg en Welzijn and **Bpf Schlders** are among the clients whose funds PGGM is investing in the portfolio, according to an e-mailed statement from PGGM, which notes that the distributed solar assets fit "well within a rapidly growing portfolio of private investments with a significant

sustainability component."

The pensions fund manager has previously invested in onshore and offshore wind projects, district heating systems and smart meters, but the SolarCity transaction represents its first deal in what it calls the "sustainable, decentralised power generation market."

John Hancock, Soros Fund Management and **Sammons Renewable Energy** were the equity investors in SolarCity's previous levered cash equity deals.

SolarCity was acquired by **Tesla** (then **Tesla Motors**) in November. ■

MERGERS & ACQUISITIONS: YELDCOS ●

Yieldco Sweep: Want to Buy a Yieldco? Take Your Pick

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private could make sense on its own merits.

“What you’re seeing, perhaps, is that private capital may be cheaper than public capital as it applies to the yieldco space,” says an officer at an infrastructure-focused investment management firm. “That’s an inversion from where we were two years ago.”

PRIVATE PREMIUM

First Solar, which says it wants to be able to recycle capital faster than drop downs into 8point3 allow in the current market environment, could sell its shares in the yieldco at a large premium over the public market price, according to a research note by analysts at UBS.

Comparing the yieldco to **TerraForm Power**, which **SunEdison** is in the process of selling to **Brookfield Asset Management**, the analysts calculated that First Solar could expect to sell its shares in publicly-listed 8point3 for between 65% and 72% more than its share price on April 24.

“While FSLR has not formally announced sale of shares, we would expect the company to do so in the next several months,” wrote the UBS analysts, referring to First Solar by its stock ticker symbol.

Brookfield agreed to pay \$11.46 a share for a 51% stake in TerraForm Power in March,

implying that the SunEdison yieldco is worth about \$1.7 billion (PFR, 3/7).

That is 11.8 times its cash available for distribution (CAFD) run rate for 2018 and 11.3 times its CAFD run rate for 2019, note the analysts, led by **Julien Dumoulin-Smith**, executive director for power, utilities and renewable equities at the Swiss investment bank.

A bid for the 8point3 stake at a similar multiple would be in the range of \$4.29 to \$4.46 a share, a 65% to 72% premium over the yieldco’s share price on April 24, note the analysts, although they caution that other factors might mean the seller receives lower bids.

“Complications with SPWR co-ownership could lead to a less attractive valuation,” write the analysts, using SunPower’s stock ticker symbol.

“I would caution that comparisons need to be very cognizant of cost reduction potentials between the companies,” adds Dumoulin-Smith via e-mail. “Cost reductions in the yieldco space, just as with the [independent power producer] space, [are] a considerable driver of differences” across companies.

A deal watcher familiar with the sale of TerraForm Power to Brookfield is more skeptical, noting that Brookfield had already built up a stake in the yieldco at the market price prior to entering into negotiations with SunEdison to acquire its controlling interest.

“There’s also a need to account for what else they [Brookfield] got or had asked for in terms of asset management fees and stepping into an [incentive distribution right] there,” he adds. “It’s not really apples to apples.”

POTENTIAL BUYERS

AES Corp. and **D.E. Shaw** were said to be interested in acquiring TerraForm Power from SunEdison before Brookfield agreed to buy it, and deal watchers say they may be taking a look at the other yieldcos that are up for grabs.

“D.E. Shaw is an interesting player,” says a renewables-focused private equity fund manager at an international asset management firm in New York, adding: “There are a lot of players out there. I would not be surprised to see a more financial player, a Brookfield-esque vehicle coming in and picking up these assets.”

Spokespeople for First Solar in Tempe, Ariz., SunPower in San Jose, Calif., Goldman Sachs in New York, CaixaBank in Barcelona and Santander in Madrid declined to comment. An official at Atlantica Yield in London referred inquiries about the sale process to Abengoa and a spokesperson for Abengoa in Madrid did not respond by press time. Officials at BAML and Lazard in New York also did not respond to requests for comment. ■

NRG Drops Down Ex-SunEdison Assets

NRG Energy is lining up further drop downs after recently transferring its interests in eight solar projects—including seven in Utah that it acquired from **SunEdison** last year—to its yield company.

NRG Yield paid \$130 million in cash for the roughly 311 MW solar portfolio and assumed approximately \$463 million of non-recourse debt. The transaction closed on March 27.

Princeton, N.J. NRG and its yieldco revealed the drop downs in earnings reports on May 2.

NRG has also given its yieldco a

right-of-first-offer for its remaining 25% interest in **NRG Wind TE Holdco**, a holding company that owns an 814 MW wind portfolio. NRG Yield acquired a 75% stake in the portfolio in November 2015.

EX-SUNEDISON PROJECTS

The Utah solar portfolio dropped down into NRG Yield in March comprises 50% interests in the Iron Springs, Enterprise, Escalante I, II and III and Granite Mountain East projects, which are 80 MW each in size, as well as a 50% interest in the 50 MW Granite Moun-

tain West facility (PFR, 2/26).

NRG Energy acquired the stakes in September as part of SunEdison’s Chapter 11 bankruptcy proceedings (PFR, 9/13).

The Utah portfolio stake represents 265 MW of generation. The remaining 50% is owned by **Dominion Resources**.

AGUA CALIENTE

In addition to the Utah portfolio, NRG has also dropped down a 16% stake in Agua Caliente, a 290 MW solar project in Yuma County, Ariz.

The Agua Caliente project was

developed by **First Solar**, which financed the project with \$1.8 billion in debt and equity, including a \$967 million loan provided by the **Federal Financing Bank**. NRG acquired the whole project for \$800 million in 2011 through a subsidiary, **NRG Solar** (PFR, 8/9/11).

The Utah assets have 20-year contracts with **Berkshire Hathaway Energy** subsidiary **Pacific Corp.**, while Agua Caliente sells its output to **Pacific Gas & Electric** under a 25-year power purchase agreement.

Spokespeople for NRG and NRG Yield in Princeton, were not immediately available for comment. ■

● MERGERS & ACQUISITIONS

Exelon Eyes Texas Portfolio Sale, Shelves Mystic Process

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ings call on May 3.

ExGen Texas owes \$650 million under a \$675 million term loan B it took out in 2014. **Bank of America Merrill Lynch** was the sole arranger (PFR, 9/16/14).

Thayer cited a downturn in **ERCOT** as one of the drivers of the subsidiary's problems.

ExGen Texas owns 3,476 MW of gas-fired assets across the Lone Star State, including two combined-cycle projects—the 738 MW Wolf Hollow project in

Granbury and the 510 MW Colorado Bend facility in Wharton.

The other operational assets are the 1,265 MW Handley boiler in Ft. Worth, the 808 MW Mountain Creek boiler in Dallas and the 156 MW La Porte simple-cycle unit in La Porte.

Exelon is in the process of building 1 GW expansions at Wolf Hollow and Colorado Bend.

MYSTIC SALE HITS SNAG

Meanwhile, Exelon is tabling its

sale of two of the three units at its 1,998 MW Mystic Generating Station in Charlestown, Mass., Thayer said on the same call.

JP Morgan was advising Exelon on the Mystic sales process, which was launched last year (PFR, 10/19).

The 703 MW Mystic 8 and 711 MW Mystic 9 units make up the majority of the project's capacity. Whether Exelon is still selling the 576 MW Mystic 7 unit could not immediately be established. Officials at Exelon were unavailable for comment and spokespeople for JP Morgan in New York did not respond to inquiries by press time. ■

SunEdison and Riverstone to Offload California Solar Stake

Silver Ridge Power, a joint venture owned by **Riverstone Holdings** and SunEdison, is selling its nearly 40% stake in a California solar project.

The 150 MW project, called Imperial Solar Energy Center West, will be wholly owned by Tenaska following the sale, which is described in a filing with the U.S. **Federal Energy Regulatory Commission**.

SunEdison obtained its interest in the project in 2014 through its acquisition of a 50% stake in Silver Ridge Power from **AES Corp.** (PFR, 6/18/14).

SunEdison owns its share of the J.V. through a subsidiary called **Silver Ridge Power Holdings**, which filed for Chapter 11 bankruptcy protection along with its parent last year (PFR, 4/21/16, PFR, 4/15/15).

The Imperial Solar Energy Center West, which is located in the city of El Centro in Imperial County, has been online since last year and sells its full output to **San Diego Gas & Electric** under a 25-year power purchase agreement.

Tenaska financed the project with a construction-plus-seven-year term loan provided by 15 lenders in 2014 (PFR, 6/19/14).

Representatives of Riverstone Holdings in New York, SunEdison in Belmont, Calif., and Tenaska in Omaha, Neb., did not respond to inquiries by press time. ■

● ALTERNATING CURRENT



Buzzing Solar Project Generates Sweet Return

EDF EN Canada's investment in a 23 MW (DC) solar project in Ontario has begun to pay a tasty dividend, in the form of honey.

David Sala, an asset manager at the EDF subsidiary, worked with local stakeholders to have beehives installed in the vicinity of the Arnprior Solar Park project last summer, and 70 jars of honey had been produced by the end of the year.

The company plans to add more hives this year, and honey generation is slated to increase to 350 jars.

EDF does not have an off-taker lined up for the honey. Instead, it will give it away as gifts to employees, partners and project stakeholders, according to its quarterly newsletter. ■

● PEOPLE & FIRMS

Marathon Adds Investment Banker in New York

A financier whose career has included stints at several investment banks has joined **Marathon Capital's** New York office.

The banker, **Leonardo Hernandez**, held positions at **Credit Suisse**, **BBVA**, **UBS** and, most recently, **Pi Capital International**, before joining Marathon as a director two weeks ago.

In his new role, Hernandez is focusing on growing Marathon's

business across Latin America, including in Mexico, Chile, Brazil, Argentina, Colombia and Peru.

"We are increasing our efforts to source deals in LatAm," says Hernandez, adding that the firm is working on several mandates in the region.

In 2015, Marathon advised **Mexico Power Group** on an equity raise for its 130 MW La Bufa wind project in Zacatecas,

Mexico. The project, which has a 20-year power purchase agreement with **Volkswagen de Mexico**, won *PFR's* award for renewable project finance deal of 2015.

Hernandez is not the only recent addition to Chicago-headquartered Marathon's New York team. **Scott Chabin**, who has particular expertise in biomass projects and distressed situations, also joined the firm in April after leaving **Carl Marks Advisors** (PFR, 4/24).

From 2006 to 2011, Hernandez

worked as a v.p. at Credit Suisse in New York, where he handled mergers, acquisitions and financings in North and South America, according to his **LinkedIn** profile.

He then spent two years at **BBVA**, where he was a v.p., before moving on again to **UBS** in 2013.

At UBS, Hernandez was an executive director until 2016, when he left and joined Pi Capital International, an investment bank whose main offices are in New York and Seoul, South Korea, as an m.d. ■