

Power Finance & Risk

The weekly issue from **Power Intelligence**

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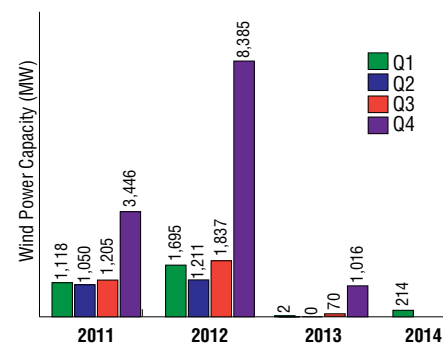
Wind Officials Push IRS, Treasury On PTC Guidance

Attorneys and wind developers have met with representatives of the U.S. **Department of Treasury** and the **Internal Revenue Service** to petition for further clarification on the safe harbors under the production tax credit as the wind industry faces looming operational deadlines and wary tax equity investors and lenders.

The select group met in Washington late last month to ask the two agencies to release further guidance on commencement of construction or physical work, say people at the meeting or those debriefed by the roughly dozen attendees. A project can be considered under construction by starting physical work of a significant nature or by meeting certain safe harbor requirements before Jan. 1, 2014. The call for additional clarity is around what activities satisfy those categories.

The wind industry wants the agencies to issue written guidance as soon as possible, as there is little time to line up the necessary financing to get projects into construction to
(continued on page 12)

U.S. Wind Power Capacity Installations, by Quarter



Source: American Wind Energy Association

CoBank Reconfigures Utility, PF Teams

CoBank has merged two power and energy-focused groups in recent months, a move that has reshaped its project finance bench.

The Greenwood Village, Colo.-based firm has created a single team that combines its coverage of the cooperative, utility and project finance spaces, says a person familiar with the moves. This power, energy and utilities group is headed by **Todd Telesz**, senior v.p.

Matthew Brill, formerly a relationship manager in the project finance and energy team, is now director of credit for the new group. CoBank is looking to bring on additional relationship managers.

Paul Hadley, a v.p. of origination, left the firm last week, say observers. He worked on CoBank's involvement in the
(continued on page 12)

Q&A: Kevin Walsh, GE Energy Financial Services – Part II



Kevin Walsh, director and group head of power and renewables at GE EFS, talks with Editor **Sara Rosner** about the growth of distributed generation and why photovoltaic solar is still best for achieving economies of scale. Since Walsh took his current post in 2006, GE EFS has invested an average of about \$1 billion per year.

PFR: Solar makes up the second largest area of investment for GE EFS after wind. I know GE EFS is involved in the Desert Sunlight project. What are your thoughts on large, utility-scale solar going forward?

I still think some of these large projects will get done. Desert
(continued on page 11)

Developers Chase Transmission Mandate

Sponsors are auditioning prospective financial advisors as the Alberta transmission call moves toward final bids.

See story, page 6

N.Y. Initiative Talks Securitization

The New York Green Bank wants asset-backed bonds to be central to public-private partnerships.

See story, page 8

Generation Sale DATABASE

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

See calendar, page 3

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THE BUZZ

Judging by the amount of solar financing activity there has been of late in Ontario, the whole Canadian province is liable to turn into one giant solar panel if the pace continues. This week it was **Canadian Solar's** turn to celebrate a successful financing. The company landed a C\$115.5 million (\$105.15 million) construction loan backing three projects (see story, page 5). **SunEdison**, **Northland Power** and **Sol Systems** are among others that have raised funds backing their activity in the province since the start of the year.

First Wind closed its Oakfield project financing this week, with **KeyBank** playing a prominent role as left lead (see story, page 5). In the southern part of the continent, pipeline company **Fermaca Enterprises** is also near the finalization of a bond refinancing on a natural gas pipeline in the north of Mexico (see story, page 8).

On the corporate side, **Liquefied Natural Gas Limited** has issued just under \$50 million in shares to see out its operations before it closes the debt financing on the Magnolia LNG export facility in Louisiana (see story, page 5).

State requirements are spurring activities out west. **Nevada Power Co.** is on track to purchase three gas-fired plants from **Southwest Generation** and **ArcLight Capital Partners** to meet state requirements about replacing coal-fired plants. The deal could be finalized by the end of the year (see story, page 7). In Colorado, **Black Hills Energy** has issued two requests for proposals for generation totaling just over 100 MW. The bulk of it will be for renewable as the utility looks to meet renewable generation targets set for 2020 (see story, page 10).

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.

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GENERATION AUCTION & SALE CALENDAR

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

A full listing of completed sales for the last 10 years is available at www.powerintelligence.com/AuctionSalesData.html

Seller	Assets	Location	Advisor	Status/Comment
AES Corp.	Stakes (DPL Energy Coal, Gas, Oil)	Various	Barclays	Indicative bids due early March; likely to overlap with Duke (PI, 2/24).
Acciona	Portfolio (Wind, Solar)	Various	Lazard	First rounds bids submitted (PI, 3/31).
Advanced Power Systems	Cricket Valley (1 GW CCGT)	Dutchess County, N.Y.	Whitehall & Co.	TIAA-CREF has taken a stake (PI, 4/28).
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	Sale relaunched after several PPAs were extended (PI, 3/17).
ArcLight Capital Partners	Peakers (2 GW Gas)	Various, Georgia	TBA	Carved peakers out of Southeast PowerGen to sell (PI, 3/24).
ArcLight Capital Partners	Stake (106.5 MW Cogen)	Orange, Texas	None	Rockland is buying its stake (PI, 3/31).
▶ ArcLight Capital Partners	Victoria (330 MW CCGT)	Victoria, Texas	UBS	Sale is near launch (PI, 4/7).
▶ ArcLight Capital Partners	Sun Peak (222 MW Gas)	Las Vegas, Nev.		Nevada Power is buying them (see story, page 7).
Atlantic Power Corp.	Fleet (2.1 GW)	Various	Goldman Sachs, Greenhill	Tapped two advisors to run strategic evaluation (see story, page 6).
BNB Renewable Energy	Mesquite (200 MW Wind)	Lamesa, Texas		Sumitomo bought the remainder of the project (PI, 5/5).
Calpine	Portfolio (3.5 GW Gas)	Various		LS Power is buying the fleet in the Southeast (PI, 4/28).
Corona Power	Stake (Sunbury, 900 MW Repowering)	Shamokin Dam, Pa.	Perella Weinberg	First round offers due April 14 (PI, 3/31).
Duke Energy	Portfolio (6.6 GW Coal, Gas, Oil)	Various	Citi, Morgan Stanley	Teasers hit the market (PI, 4/21).
Earth by Design	45-Mile (5 MW Hydro)	Jefferson County, Ore.		Apple bought it (PI, 4/28).
Entegra Power Group	550 MW Stake (2.2 GW Union Station CCGT)	Arkansas	Bank of America	Gearing up to sell the unit that has a tolling agreement (PI, 3/31).
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Fieldstone	Fieldstone is advising on equity hunt in tandem to debt raise with Goldman.
Invenergy	Parc des Moulins (135.7 MW Wind)	Kinnear's Mills, Quebec		La Caisse has bought a minority stake (PI, 5/5).
Maxim Power Corp.	CDECCA (62 MW Gas)	Hartford, Conn.	Credit Suisse	Deal with Rockland Capital terminated.
	Forked River (86 MW Gas)	Ocean River, N.J.		
	Pawtucket (64.6 MW Gas)	Pawtucket, R.I.		
	Pittsfield (170 MW Gas)	Pittsfield, Mass.		
	Basin Creek (53 MW Gas)	Butte, Mont.		
Ontario Teachers Pension Plan Board	Stake (Northern Star Generation)	Various	Citigroup	CalPERS, Harbert emerge as frontrunners (PI, 4/28).
Optim Energy	Portfolio (1.4 GW Coal, Gas)	Texas	Barclays	Mulling a sale via bankruptcy filing (PI, 3/10).
▶ Pattern Development	Panhandle 1 (218 MW Wind)	Carson County, Texas	None	Pattern Energy Group, tax equity investors are buying it (see story, page 6).
Power Resources Cooperative	Stake (605 MW Boardman Coal)	Boardman, Ore.		Portland General is upping its stake as retirement, refueling loom (PI, 4/28).
Project Resources Corp.	Rock Aetna (21 MW Wind)	Minnesota	Alyra Renewable Energy Finance	Looking for a buyer with access to turbines to qualify for PTC (PI, 1/13).
Ram Power Corp.	Geysers (26 MW Geothermal)	Sonoma County, Calif.	TBA	U.S. Geothermal has bought it (4/14).
▶ Southwest Generation	LV Cogen 1, 2 (274 MW Gas)	Las Vegas, Nev.		Nevada Power is buying them (see story, page 7).
▶ Strata Solar	Pair (32 MW Solar)	McNairy County, Tenn.		Dominion is buying the projects (see story, page 7).
Terra-Gen Power	Alta (947 MW Wind)	California	Citigroup, Morgan Stanley	Brookfield, Berkshire Hathaway Energy lead second round contenders (PI, 5/5).
TransAlta	Wailuku (10 MW Hydro)	Hawaii	TBA	MidAmerican Energy Holdings is buying TransAlta's stakes for \$193M (PI, 3/3).
	Fleet (327 MW Geothermal)	California		
	Fleet (867 MW Gas)	Various		
We Energies	Presque Isle (425 MW Coal)	Marquette, Wis.	None	No buyers submitted proposals in RFP (PI, 3/10).
Wind Capital Group	Osage (150 MW Wind)	Osage, Okla.		TradeWind Energy sealed its purchase (PI, 4/28).

▶ New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Managing Editor **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@iintelligence.com.

PROJECT FINANCE DEAL BOOK

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

A full listing of deals for the last several years is available at <http://www.powerintelligence.com/projectfinancedeal.html>

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Alterra, Fierro Axium	Jimmie Creek (62 MW Hydro)	British Columbia, Canada	TBA	TBA	TBA	TBA	Sponsor will likely tap LifeCos for the debt (PI, 5/5).
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor is shooting for pricing of L+175 bps (PI, 3/10).
▶ Canadian Solar	Various (30 MW Solar)	Ontario, Canada	National Bank of Canada	Construction	\$105M	TBA	Sponsor wraps deal with sole lender and arranger (see story, page 5).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU, Natixis, Rabo	TBA	TBA	TBA	Sponsor adds Natixis and Rabo as leads with BTMU (PI, 3/31).
Cheniere Energy	Sabine Pass Trains 3 & 4 (Trains)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Sponsor ups the original bank loan to \$4.4 billion and taps Korean entities for a further \$1.5 billion (PI, 6/3).
Competitive Power Ventures	St. Charles	Charles County, Md.	GE EFS	TBA	~\$600M	TBA	Sponsor is looking to tighten pricing following on from the Woodbridge deal (PI, 4/14).
Dalkia/Fengate	Merrit (40 MW Biomass)	Merrit, B.C.	BTMU	TBA	\$168M	TBA	Sponsor aims to wrap the financing early next year (PI, 12/2).
EDP Renewables North America	Headwaters (200 MW Wind)	Randolph County, Ind	TBA	Tax Equity	\$350-400	TBA	The sponsor is looking to secure both equity and tax equity investment (PI, 6/24).
Exmar NV	Floating Liquefaction Project	Colombia	TBA	B Loan	\$170M	TBA	Sponsor looking to land a B loan for the debt on the project (PI, 5/5).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	Goldman Sachs	TBA	TBA	TBA	The sponsor is close to lining up equity and will tap Goldman Sachs to launch a B loan (PI, 1/27).
▶ First Wind	Oakfield (147 MW Wind)	Aroostook County, Maine	KeyBank	Construction	\$369M	TBA	Sponsor wraps deal with debt and tax equity (see story, page 5).
Freeport LNG	Freeport (LNG Export Terminal)	Freeport, Texas	Credit Suisse, Macquarie	TBA	~\$4B	TBA	More than 20 lenders are eyeing the deal, with some offering tickets of \$600M (PI, 2/10).
Inverenergy	Nelson (584 MW Gas)	Rock Falls, Ill.	GE EFS	TBA	TBA	TBA	Sponsor is looking for a bank loan backing the merchant facility (PI, 9/2).
KSPC, Samsung	Kelar (517 MW Gas)	Chile	Natixis	TBA	TBA	TBA	The JV appoints Natixis as lead on the deal (PI, 1/13).
Lake Charles Exports	Lake Charles (LNG Export Facility)	Lake Charles, La.	TBA	TBA	TBA	TBA	Sponsor begins preliminary financing search for the potentially \$11B project (PI, 8/26).
▶ Magnolia LNG	Magnolia LNG (LNG Export Facility)	Lake Charles, La.	BNP, Macquarie	TBA	\$1.54B	TBA	Sponsor issues shares to bridge to closing of the debt (see story, page 5).
New Generation Power	NGP Texas (400 MW Wind)	Haskell County, Texas	TBA	Construction/ Term/Tax Equity	~\$700M	TBA	This is the sponsor's largest deal to date (PI, 4/14).
NTE Energy	Multiple Gas-fired	U.S.	Whitehall	TBA	TBA	TBA	Sponsor is looking to line up equity investors and then debt backing three projects in the U.S. (PI, 3/10).
Radback Energy	Oakley (586 MW Gas)	Contra Costa County, Calif.	BTMU	Term	\$990M	4-yr	Deal is temporarily put on hold following an appellate court decision (PI, 11/11).
Sempra U.S. Gas & Power	Energía Sierra Juárez (156 MW Wind)	Baja California, Mexico	BTMU	TBA	~\$250M	TBA	A club of banks and agencies are near close on the deal (PI, 3/24).
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	Morgan Stanley	TBA	\$450M	TBA	Sponsor taps Morgan Stanley to secure debt, tax equity and equity (PI, 8/26).
Tenaska	Imperial Solar Energy Center West (150 MW CPV)	Imperial County, Calif.	TBA	TBA	TBA	TBA	The company has started talking to banks as it looks to line up debt for the facility (PI, 9/23).
Transmission Developers	Champlain Hudson Transmission Line	New York State	RBC	TBA	~\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PI, 3/3).

▶ New or updated listing

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PROJECT FINANCE

Canadian Solar Lands Loan For Project Trio

Canadian Solar has landed a C\$115.5 million (\$105.15 million) construction loan backing 30 MW of solar projects in Ontario.

National Bank of Canada is the sole lender and arranger of the debt.

The funds will be used to construct the Sparkle Light project in Beaverton, the Good Light project in Kawartha Lakes and the Lunar Light project in Belleville, all in Ontario. The loans are expected to be repaid with the proceeds of the sale of the respective financed projects.

Concord Green Energy Inc. is slated to buy five projects from Canadian Solar once they are in commercial operation, following a C\$290 million (\$264.04 million) deal inked last August. A Canadian Solar official in San Francisco declined comment on whether these projects are part of that deal.

Each of the projects has a 20-year power purchase agreement with the **Ontario Power Authority** pursuant to its feed-in-tariff program. Sparkle Light and Good Light are in construction, while construction on Lunar Light will start in July.

Canadian Solar most recently landed a C\$50.5 million construction and term financing from **ManuLife Financial** (PI, 4/2).

Pricing details have not been released. Calls placed to Canadian Solar officials in Guelph, Ontario, and Concord Pacific Developments in Vancouver, B.C., were not returned by press time. National Bank of Canada officials could not be reached by press time.

Magnolia LNG Issues Shares As Bridge To Financial Close

Australian outfit **Liquefied Natural Gas Limited** has privately placed \$49.5 million in shares to existing institutional investors in Australia and the U.S. to fund the company's operations until it reaches financial close on the debt for its \$2.2 billion Magnolia LNG project.

The Perth, Australia-based company placed 90 million shares priced at \$0.55 each in two tranches. The company will use roughly \$30 million of the proceeds to finance the operations for the Magnolia project until it completes the debt raise in the summer of 2015. The remaining \$19.5 million will be used for working capital, including the identification of other LNG opportunities, note observers. The issuance received considerable demand, according to a deal watcher.

Fairview Capital Asset Management and **Carlyle Group** subsidiary **Claren Road Asset Management** were the U.S. institutional investors in the shares. **Foster Stockbroking** was sole lead manager for the deal in the U.S. and was supported by the company's U.S. advisor, New York-based **EAS Advisors**.

BNP Paribas is financial advisor for the \$1.57 billion in debt for the facility in Lake Charles, La. (PI, 12/6). The project will have a 70:30 debt-to-equity ratio. **Stonepeak Infrastructure Partners** contributed \$660 million in equity for a 50% stake in the project last year.

The company also filed the official permitting documentation with the U.S. **Federal Energy Regulatory Commission** late last week. The U.S. **Department of Energy** granted approval for Magnolia to deliver to countries that have free-trade agreements with the U.S. The project is still awaiting approval to export to non-FTA countries.

The facility will be capable of exporting 8 million tons of LNG per annum. Project company **Magnolia LNG** has preliminarily signed three, 20-year, 1.7 million ton per annum non-binding tolling agreements with **Brightshore Overseas**, **Gas Natural SDG** and **LNG Holdings Corp.** The contracts will take up capacity on three of the project's four trains. **SK Engineering and Construction Group** is the EPC contractor.

Full regulatory clearances and the commencement of construction are scheduled for 2015 with commercial operations slated for mid-2018. The **Kinder Morgan Louisiana Pipeline** will supply the project with natural gas. The pipeline crosses the property site.

BNP officials in New York could not be reached before press time. **Maurice Brand**, president at LNGL in Perth, Australia, was not immediately available for comment. **Trent Vichie**, senior managing director at Stonepeak, did not respond to inquiries by press time. Calls placed to Fairview and Claren Road were not returned by press time.

First Wind Closes Oakfield Wind Debt Package

Boston-based First Wind has closed a \$369 million financing package backing the 148 MW Oakfield wind project in Aroostook County, Maine. The financing package consisted of a \$237 million construction loan and \$132 million in tax equity contributions.

KeyBank served as the joint lead arranger and administrative agent on the construction loan. Four banks took tickets in the deal, including **Siemens Energy Financial Services**, says an observer. Pricing on the construction loan came in at LIBOR plus 225 basis points (PI, 3/18). KeyBank is reportedly one of the tax equity investors.

Oakfield is contracted to four Massachusetts utilities under a 15-year contract. The five-year merchant tail pushed pricing north of what the market is seeing for contracted wind projects, such as **Pattern Energy's** K2 project in Ontario which landed LIBOR + 175 bps, says a financier. The project is scheduled to begin operating by the end of 2015.

The company first started talking with lenders to line up the debt last year (PI, 10/17).

(continued on page 6)

PROJECT FINANCE

Details such as tenor on the loan and the identity of the other lenders or tax equity investors could not be immediately learned. First Wind officials did not respond to inquiries, while bank officials either declined comment or did not respond to inquiries.

Alberta Transmission Bidders Shop For Advisors

Shortlisted bidders in Alberta's request for proposals to develop and own the roughly 310-mile Fort McMurray transmission project in the province are in the market to hire financial advisors.

Bidders are in the process of shopping for Canadian advisors because bringing on an advisor with experience in the Canadian market can often boost a bid's chances of winning an RFP, says a banker. **Royal Bank of Canada, CIBC, BMO Capital Markets, Scotiabank and TD Securities** are reportedly in discussions with the bidders.

Shortlisted Alberta Transmission Joint Ventures

Joint Venture	Partners
Alberta Power Line	Canadian Utilities Limited, Quanta Capital Solutions
Athabasca Transmission	AltaLink, LP, AEP Transmission Holding Co.
NorSpan Partners, LP	EPCOR Utilities, LS Power Associates
TAMA Transmission LP	MidAmerican Energy Holdings Co., TransAlta
TransCanada/Elecnor	TransCanada Pipelines Limited, Elecnor S.A.

The consortiums consist of Canadian entities partnered with affiliates of U.S. companies **American Electric Power, LS Power, Berkshire Hathaway Energy** and **Quanta Services** as well as Spanish company **Elecnor**. Several of the five consortiums on the shortlist are expected to mandate advisors by the end of the quarter.

The line would run between the 1,212 MW coal-fired Genesee station in Genesee, Alberta to a new substation in Fort McMurray. It could cost more than \$1.5 billion (PFR, 1/22).

The Alberta Electric System

Operator expects to select a winning proposal by December or January, an AESO spokeswoman in Calgary says. The line is slated for operation in 2019 and will serve load growth fostered by development of the oil sands industry.

Bank and company officials and spokespeople either declined to comment or did not respond to inquiries by press time.

MERGERS & ACQUISITIONS

Atlantic Power Taps Goldman, Greenhill For Strategic Evaluation

Atlantic Power Corp. has retained **Goldman Sachs** and **Greenhill & Co.** to run a strategic evaluation.

Atlantic Power, which has seen its stock price fall from around \$11.60 to \$3.28 from January 2013 to date, will consider a range of options including an asset sale or joint venture as well as an outright sale, according to a company statement.

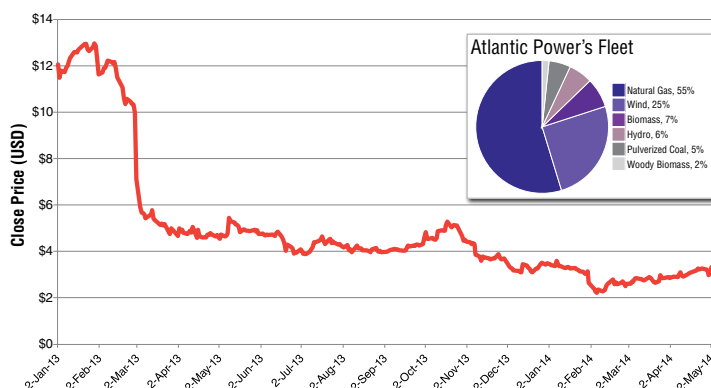
The Boston-based company refinanced its debt with a \$600 million term loan B in February, at which point, observers antici-

pated that it would be in the market with an auction later this year (PI, 2/7). Its assets are attractive to a variety of buyers, some of which have made unsolicited offers for the company in the last year hoping to get ahead of a sale process. It owns 2.1 GW in a 3 GW fleet of biomass, coal-fired, hydro, gas-fired and wind assets.

Atlantic Power sold non-core assets last year to pay down debt, including three cogeneration facilities in Florida to **Quantum Utility Generation** for \$136 million and was a co-owner in Gregory in Texas, which sold to **NRG Energy** (PI, 4/19/13).

A timeline for teasers could not be immediately learned. Spokespeople for Atlantic Power and advisors could not immediately comment.

Atlantic Power Corp. Share Prices



Source: Google Finance

Pattern Picks Up Bulk Of Panhandle 1

Pattern Energy Group is on track to buy a majority of the 218 MW Panhandle 1 wind project in Texas from **Pattern Development** for \$125 million.

Pattern Energy is buying 179 MW of the 218 MW project while tax equity investors **Citigroup Global Markets** and **GE Energy Financial Services** will buy the remainder. Pattern Energy's acquisition is expected to close after the project in Carson County, Texas, is online in June. The acquisition is being funded with available cash and credit facilities.

MERGERS & ACQUISITIONS

Citibank has a price hedge for about 77% of Panhandle 1 under a 13-year energy price hedge. The Citi affiliate has an A-/Baa2 credit-rating. The balance is sold at ERCOT's spot market prices.

San Francisco-based Pattern Energy previously acquired the second phase of the project, Panhandle 2. Both phases will be online this year with Panhandle 1 coming online in June and Panhandle 2 slated for operation in the fourth quarter. The two wind projects will total 400 MW.

Dominion Pockets Tenn. Solar Pair

Dominion Generation has bought two solar projects in southwest Tennessee from Strata Solar that are currently in late-stage development.

The pair of 16 MW projects, Mulberry Farm and Selmer Farm in McNairy County, Tenn., are expected to go into construction in the near future and be online by year-end. **The Tennessee Valley Authority** will purchase the output of the projects under a long-term power purchase agreement.

The projects bring Dominion Generation's solar portfolio to 212 MW Dominion's solar portfolio. It has 41 MW of solar assets in Connecticut, Georgia and Indiana with 139 MW at sites under construction in California. It expanded to the west coast under a recent deal with **Recurrent Energy** (PI, 4/3).

Dominion Generation is an unregulated subsidiary of Dominion.

How the projects are being financed could not be immediately learned. Spokespeople for the firms did not immediately respond to inquiries.

Nevada Power Circles Gas-Fired Trio To Replace Coal

Nevada Power Co. has agreed to buy three gas-fired facilities in Nevada for \$140.9 million as it looks to comply with a new state law regarding retiring and replacing coal-fired generation.

The utility is proposing to buy two gas-fired facilities, 50 MW LV Cogen I and 224 MW LV Cogen II, from **Southwest Generation** as well as the 222 MW Sun Peak simple cycle plant from **ArcLight Capital Partners**. Nevada Power will pay \$129.9 million for LV Cogen I and LV Cogen II and \$11 million for Sun Peak. The facilities are in, or near, Las Vegas.

The acquisitions would replace a portion of the generation from three units of the 650 MW Reid Gardner coal-fired facility in Moapa Valley, Nev., that Nevada Power wants to close to meet guidelines under the new state law. The company filed with the **Nevada Public Utilities Commission** last week to shut down the three units with a combined 298 MW of capacity by year-end.

Nevada Power currently has power purchase agreements with each of the gas-fired facilities that will be terminated upon

Nevada Power Co.'s Proposed Acquisitions

Asset	Offtake Status With Nevada Power	Current Owner
50 MW LV Cogen 1	None	Southwest Generation
224 MW LV Cogen 2	Short-term summer tolling agreement	Southwest Generation
222 MW Sun Peak cogeneration	100% through May 31, 2016	ArcLight Capital Partners

Source: U.S. Federal Energy Regulatory Commission

acquisition, according to filings with the U.S. **Federal Energy Regulatory Commission**. The acquisitions are expected to be complete on the same timetable as the proposed retirement following state regulatory approval of the plan.

The state enacted legislation in June that requires Nevada Power to retire or eliminate 800 MW of coal by the end of the decade on a staggered schedule with milestones in 2014, 2017 and 2019. The law, known as SB 123, also requires Nevada Power to either buy, build or contract 350 MW of renewables by 2020. The company will be looking for 550 MW of gas-fired generation as well.

Nevada Power is a subsidiary of **NV Energy**, which is being acquired by **Berkshire Hathaway Energy**, formerly known as **MidAmerican Energy Holdings**. Southwest Generation is based in Denver and has been trying to sell down parts of its portfolio to utilities in the Southwest (PI, 12/4).

A spokesman for Nevada Power was not immediately available to comment on what happens next with the filing or when the company would be in the market for the renewable assets.

STRATEGIES

Fermaca Readies Pipeline Refi Ahead Of Expansion

Natural gas pipeline owner **Fermaca Enterprises** is issuing \$527 million in 144A notes to refinance debt on the Tarahumara pipeline in Mexico's Chihuahua state before it adds a compression station to increase capacity.

The notes have a coupon of 6.375%, an issue price of 100 and mature on March 30, 2038. The purpose of the deal is to refinance the company's existing loans, which total \$518 million. There will be a six-month debt service reserve account to be funded with a combination of cash and a letter of credit. **Citigroup Global Markets** and **Deutsche Bank Securities** are the joint lead managers. **Fitch Ratings** and **Standard & Poor's** are slated to rate the notes BBB-,

(continued on page 8)

STRATEGIES

Fermaca Readies *(Continued from page 7)*

while **Moody's Investors Service** will give the notes a Baa2.

The Tarahumara pipeline has been online since July and connects to the U.S. via the **Kinder Morgan** gas pipeline network to Chihuahua City. The pipeline serves power plants and urban areas in Mexico. Over 90% of the total capacity is contracted under long-term, ship-or-pay agreements with BBB+ rated counterparties. The pipeline has a transportation services agreement with Mexico's **Comisión Federal de Electricidad** that matures in 2038, a few weeks after the debt matures.

Fermaca may also look to raise a further \$52.2 million in debt in the near future as it looks to expand the pipeline by adding a compression station in the next 18 months, according to company documents examined by ratings agencies. The addition of a compression station would add 250 mmcf to the current capacity, bringing the pipeline to a 1,100 mmcf capacity.

Fermaca is a Mexican company that started as a family business in 1960 and ventured into the natural gas transportation industry 19 years ago. The company is currently 87% owned and managed by **Partners Group**, a Switzerland-based private equity investor, and

13% by its management team.

Inquiries made with Fermaca officials in Mexico City were not returned by press time. Bank officials either declined comment or did not respond to inquiries.

N.Y. Green Bank To Bulk Out Securitization Bench

The **New York Green Bank**, a New York-state sponsored investment fund, is looking to add a team of securitization experts, **Alfred Griffin**, president of N.Y. Green Bank told attendees at the Sunshine Bond conference in New York.

Griffin met with representatives from several solar developers including **SunPower Corp.**, which is considered a top contender for the next solar asset-backed securitization. "We are looking for ideas from the private sector," Griffin said.

The Green Bank, which was established in late 2013 and opened its doors in February, is working with a \$1 billion fund earmarked for the renewable energy industry in New York. It has an initial bank capitalization of \$218 million and is a division of NYSEDA which wants to facilitate clean energy investments through public-private partnerships. It has hired **Nicholas Whitcombe**, formerly a senior investment officer with the U.S. **Department of Energy's** loan programs office, to be a senior team member.

11th ANNUAL DEALS & FIRMS OF THE YEAR AWARDS

The voting is now open for PFR's 11th annual awards, recognizing excellence in the power industry in 2013 across 16 categories. Winners will be determined by a poll of voters active in the sector.

To place your votes, please visit: www.surveymonkey.com/s/pfr2014awards

Winners will be unveiled later in the quarter. The awards are for:

Project Finance
Borrower Of The Year

Project Finance Bond
Arranger Of The Year

Best Seller Of
Power Assets

Best Non-Renewable
Asset M&A Advisor

Best Institutional
Investor In Power

Renewables Project Finance
Deal Of The Year

Best Buyer
Of Power Assets

Best Corporate
M&A Advisor

Best Project Finance Lender
For Non-Renewables Generation

Non-Renewables Project
Finance Deal Of The Year

M&A Asset Deal
Of The Year

Best Law Firm
For Asset M&A

Best Project Finance Lender
For Renewables Generation

Project Finance Law Firm
Of The Year

Best Renewable Asset
M&A Advisor

Best Tax
Equity Investor

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Power Intelligence

STRATEGIES

The state of New York may be among the early entrants to solar securitization given that investors are still unsure whether the assets have enough history to provide for an accurate risk assessment, attendees at the conference said. “We owe the market proof, and we don’t have that proof yet,” said **Lars Norell**, managing partner at **Altus Power America Management**, which invests in and manages solar projects.

SolarCity Corp. is so far the only firm to sell solar-backed bonds and brought its second deal to investors in April. Yield-starved investors, who have shown a strong preference for esoteric ABS, took down the \$70 million notes in a single day, and the 6.6-year notes were priced at 230 basis points over interpolated swaps — some 21 bps tighter than its previous issuance. On a yield basis, the deal will pay investors 4.6%.

But demand has not been especially deep, particularly in the secondary market. Expecting high demand for the SolarCity issuance, one hedge fund tried to offload around \$5 million of bonds from SolarCity’s 2013 deal one week before the April transaction. The offer did not trade, despite bids-wanted-in-competition, observers told *PFR* affiliate *GlobalCapital* at the time.

“The reason securitization isn’t happening in scale yet is because it’s still too new,” Norell said. “If there are public relations issues, we

have to sort them through. If there are equipment concerns, we have to educate people. Unfortunately, until then, we are going to pay out a premium.” The size of SolarCity’s \$70 million deal in April also fell short of investors’ expectations.

“How to balance securitization and tax equity remains a primary impediment to realizing scale in the market.”

A taxing issue

How to balance securitization and tax equity remains a primary impediment to realizing scale in the market. “Other types of securitization rely on warehousing through [bank] credit lines,” said **John Hitt**, partner at **Chapman and Cutler**. “Solar, however, has

used the tax equity credits, which creates some issues. We have to figure out how tax equity and securitization can co-exist,” said.

The industry, however, is optimistic there will be structural solutions to the financing questions, but the clock is ticking as pressure accrues over the winding down of the investment tax credit, said **Gerhard Hinse**, senior manager at SunPower. The ITC will fall from 30% to 10% in 2016.

The industry has lobbied for favorable legislation in Congress that
(Continued on page 10)

POWER TWEETS

The #Power Tweets feature tracks trends in power project finance and M&A in the Americas on **Twitter**. For more news and coverage, follow @power_intel on Twitter, as well as Managing Editor @HollyFletcher, Editor @SaraReports and Senior Reporter @NicStone.

@hollyfletcher: Bobby Hollis, frmr vp of renewables + origination @NVEnergy, joins Apple as sr renewable energy manager <http://ow.ly/wuuHd>

@EliasHinckley: US utilities facing serious #climate disruption challenges (from great piece by @Stphn_Lacey) <http://bit.ly/1qdyi2m> pic.twitter.com/Q0BkXCanL2

@greenlancer: Fossil fuels face \$30 trillion losses from climate, renewables : Renew Economy <http://ow.ly/wvdsd>

@CleanEnergyBC: RT @opower: How behavioural energy efficiency in Canada could save 1,792 GWh/year. <http://bit.ly/1orIHCM>

@EnergyFactCheck: FACT: In #Kansas, renewable energy makes up 15% of peak demand, but just 2% of revenue requirements for KS utilities. <http://bit.ly/1ihqkzE>



@sleurig: Know where your #water comes from & don't rely on contracts for service says @Calpine, learning need for contingency plans in TX & CA.

@Novogradac: Lamar Alexander: Wind-Power Tax Credits Need to Be Blown Away - <http://WSJ.com> <http://ow.ly/3kcB8C>

@ColumbiaUEnergy: Rogers: Regional Transmission Organizations now make transmission investment decisions. Now, distribution is a major focus. #cgeevents

@Ed_Crooks: Jim Rogers, ex-Duke CEO: There will be no new coal-fired plants built in the US over the next several decades. Gas is cleaner and cheaper

@ENERGY: A8 Long-term stability of deployment policies will help signal that the U.S. will remain a strong and stable market. #SolarChat

STRATEGIES

might give leeway and more access to federal tax credits, including possible amendments that would expand project eligibility for solar sites in construction, rather than the current law that only covers energy-producing sites.

"If the tax lapses, temporarily or permanently, it is important the ITC has a 'commence construction' clause," said **Tony Podesta** of lobby outfit **Podesta Group**, which is SolarCity's chief representation in Washington. "We will undoubtedly talk about this issue in the next congress, where we will likely see more Republicans in Congress. I think solar will continue to grow in support."

Black Hills Issues 102 MW RFP

Black Hills Energy-Colorado Electric has issued two requests for proposals for a total of 102 MW in southern Colorado. The RFP includes 42 MW from any source and 60 MW from renewable energy.

The bid package was made available on May 1, 2014. Bids will be due July 31, 2014. Pending review of the bids and other regulatory proceedings, a Colorado **Public Utilities Commission** decision on the company's proposed portfolios of generation resources is expected by the end of February 2015.

Black Hills Energy has tapped **Accion Group** as independent

auditor for the bidding process.

The all-sources RFP is intended to cover peak summer demands, while the renewable RFP is to aid Colorado in meeting its renewable portfolio standards.

The state has man-

dated that investor-owned utilities get 30% of their power by 2020.

The renewables RFP could garner a majority of solar projects as developers look to get power purchase agreements ahead of the expiration of the investment tax credit. The industry has seen several solar-only RFPs in 2014.

Black Hills Energy serves 94,000 electric customers in 21 southeastern Colorado communities. It is a subsidiary of **Black Hills Corp.**, based in Rapid City, S.D.

Calls placed to Black Hills Corp. officials were not returned by press time.

Recent Solar Requests For Proposals

Issuer	MW
FLS Energy	100
Georgia PSC	495
Xcel Energy	150
Duke Energy	300

Source: Power Intelligence

Power Intelligence

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Q&A: Kevin Walsh *(Continued from page 1)*

Sunlight is a very large project, one of the largest in the world at 550 MW. We still look at utility scale as anything over about 5 MW. More utility-scale projects will get done, but will they be at 550 MW? There's a big land-use issue for some of these big projects. You need the transmission interconnect to accommodate a project of that size.

One of the benefits of solar PV is that you can really achieve the economies that you're looking for without having massive scale. For example, the Desert Sunlight project is still under construction, but it's already generating more than 375 MW of power, or has the capability to do so, because it's modular. You can start plugging in the panels and generating electricity almost right away. Projects in the 20, 50, 100 MW range will continue to get built because you don't need the scale of 550 to achieve some of the economies that you're looking for.

PFR: What about financing these smaller, utility-scale projects? Do you see these being financed as standalones or in portfolios? Is that something we're going to see more of?

There's a desire to package these, just like we're seeing on the residential side. These get warehoused for a period and then they get put out to market for financing once they've been aggregated into a pool once there's not just a meaningful size, but some diversity.

I think that model has worked and will also work to some degree on the commercial and industrial side. We did a project a number of years ago with SunPower, where we pulled together five separate commercial and industrial projects into one financing. That's obviously a pretty small pool now that the commercial and industrial market has seen more growth. There's more opportunity for pooling and financing that way.

PFR: What is GE EFS' take on distributed generation in terms of development and financing?

We're traditionally a utility-scale investor and we'll continue to focus on that, but we are looking at these other opportunities. We've done the SunPower transaction but we're looking at other opportunities on the distributed side. We certainly recognize the growth that's occurring in that area and think it's of potential interest to us.

PFR: Are there any other areas or targets for growth that GE EFS that differs from its strategy in the past?

GE Energy Financial Services is a significant investor in energy writ large. We continue to invest in oil and gas reserve-based transactions and midstream assets. Those are not areas that I personally focus in, but that the business is interested in.

I'm responsible for the thermal side of our investing activity. We continue to have very strong interest in investing in that area and investing globally. Canada is of interest to us as well as Latin America. I mentioned India and Europe. In Japan, we're active right now pursuing some solar opportunities. We've seen Japan pivot to more renewables post-Fukushima. We're a global company and a global investor, so we'll look for the right risk-reward opportunities.

PFR: Can you elaborate a little bit more on GE EFS' strategy in financing and developing renewables in Latin America? Canada?

We're interested in both areas. Obviously, Latin America comprises many different countries so we'll pick our spots where we see the right risk-return profile. Mexico appears to be particularly interesting right now.

In Canada, we have successfully invested there. We've purchased a solar project there from First Solar. We have also invested in a wind farm there a few years ago and a hydro project. We like the business climate in Canada.

PFR: What types of projects hit the sweet spot for GE EFS in terms of equity investment or any kind of project participation?

We tend to be on the utility-scale side. We're looking to put, for our own account, \$50 million or more to work in a project. We certainly love it when a project is using GE equipment. We think it's the best equipment in the world. We don't only invest in projects with GE equipment, but we look for opportunities to do so, where we can.

It's really what the right risk-return equation is for us. We're looking to be a catalyst for growth, not just here at GE Capital, but also on the industrial side of GE where our equipment brethren make very good gas turbines and wind turbines and everything else that they make.

PFR: Do these projects necessarily need to be contracted?

Not always. Obviously, we tend to prefer contracted deals. There are degrees of contracted. For example, most of the wind deals that get done in Texas don't have 20-year contracts. They have 10-year or 12-year power hedge agreements with a financial counterparty. We have been participating in those projects.

PFR: What is GE EFS' appetite for tax equity?

We're doing tax equity selectively in connection with GE equipment. We have tax capacity but we obviously use it selectively. Generally it's going to be in support of a transaction that has GE equipment.

PFR: What are some of the challenges you foresee for financing and developing renewables in the Americas in the near-term?

The industry has done a fantastic job in the last four or five years in improving their technology, lowering the cost, becoming more reliable and efficient and grid friendly – all of the things you need to be a good customer to our utility customers. That needs to continue. The pace of innovation is critical to remain competitive.

On the capital side, as projects continue to perform and do well, I think the capital will be there. This is a yield-starved world and people are looking for long-term, safe investment and that's what these projects offer but they obviously need to perform.

Often times, the industry complains about the on-again, off-again government incentives scheme. Having some line-of-sight for reasonable future expectations of what's in place allows the industry to invest, not just dollars, but time and resources. Those are some of the challenges I think the industry has in front of it.

Go to www.powerintelligence.com for the first installment to read about Walsh's outlook for wind in the rest of this year and beyond.

Wind Officials Push *(Continued from page 1)*

meet the PTC operational deadline of Dec. 31, 2015.

At the top of the meeting agenda was whether master framework agreements—large orders of turbines that can be used in many projects—will count as commencement of construction or physical work and thus allow a project to qualify. Several developers and companies that have access to balance sheets, including **Pattern Energy Group LP**, **Invenenergy** and **NextEra Energy Resources**, signed agreements.

CURRENT PTC QUALIFICATIONS GUIDELINES UNDER IRS NOTICE 2013-29

- On-site and off-site work (performed either by the taxpayer or by another person under a binding written contract) may demonstrate that physical work of a significant nature has begun.
- For a wind facility, on-site physical work of a significant nature begins with excavation for the foundation, the setting of anchor bolts into the ground, or the pouring of the concrete pads of the foundation.
- Manufacturing off-site of a turbines and tower units also would qualify a facility.

The uncertainty about what approaches count as “in construction” under the safe harbor or physical work guidelines has many sponsors unable to seriously engage in the financing process. While many attorneys think that the turbine agreements, and other activities, will qualify a project there is still some doubt, which is unacceptable to tax equity investors. At this point, most attorneys are only willing to issue a “should level” opinion that government will provide credits to projects with these agreements, which does not bring tax equity investors to the table.

There could be up to 5 GW of wind projects that could qualify for the PTC although the likelier number is half of that, say a developer and banker, noting that some projects will be weeded out.

Industry officials expect the agencies will take a “favorable view” on activities in 2013 and not set a high bar for the safe harbor. Some attendees at the D.C. meeting are cautiously optimistic that the two agencies could come out with written guidance in early June—if they move expeditiously. “I don’t think people have the view it will accelerate before that,” says a renewable banker.

The Treasury is more open to issuing further clarification than the IRS, says one official, briefed by those at the meeting. The IRS view is that further clarification is futile, as it will doubtlessly leave some developers unsatisfied.

However, observers say that even guidance coming out in mid-summer could cast doubt on whether some projects in colder climates could get done. “Even if you get the best piece of [guidance] you can get, if it’s in four months, then it does very little good,” says one observer. “No one wants to think about what happens to deals that finish on 1/1/16.”

– Holly Fletcher

ALTERNATING CURRENT

Legoland Goes Green For Earth Day

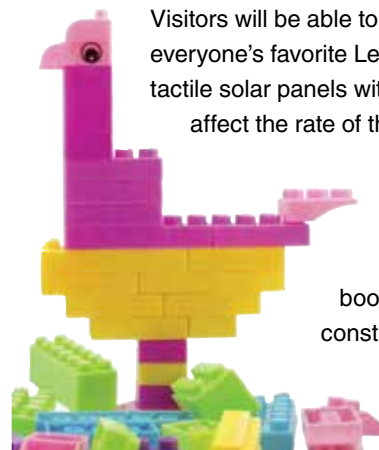
The sun really is always shining on Lego.

Legoland Florida became the first theme park in the U.S. to run completely on solar energy on Earth Day this year, when it partnered with **Tampa Electric** for the project.

While the landmark day was a one-off, it still points to a period of change for everyone’s favorite construction toy company. While us regular park goers struggle to get over the horrible news that Duplo Village is temporarily closed and the Lego factory undergoes refurbishment, we can take solace in the fact the park is looking to develop a more green friendly face. And we are not just talking about more green blocks.

The park’s Imagination Zone now runs entirely on solar energy. The company installed a 30 kW solar panel array atop the attraction’s building. There will also be a new display featuring an interactive, six-foot Lego Earth model, which will be placed inside the park in June, with the aim of providing information and education about solar technologies.

Visitors will be able to meddle with the bricks—everyone’s favorite Lego pastime—as it will use tactile solar panels with which park goers can affect the rate of the model’s rotation.



The theme park, which opened in 2011, is not only leading the pack in providing children with boosted egos following the construction of a monument or a Death Star, it is now also leading in its attempts to go green.

CoBank Reconfigures *(Continued from page 1)*

financing of \$585 million debt package backing **Competitive Power Ventures’** 700 MW Woodbridge facility in Woodbridge, N.J. **Brent Knight**, a relationship manager, moved to a new internal role in November.

The project finance and energy team was headed by **Brett Challenger**, who relocated within the bank in August to St. Louis, Mo. Telesz was formerly the head of the power and investor-owned utility team, which included coverage of cooperatives. Tk do you know what challenger’s new title is? If not, just add Details of Challenger’s latest position could not be learned.

Brill, Challenger, Hadley, Knight and Telesz either declined to comment or did not immediately respond to inquiries. A CoBank spokesman did not immediately respond to an inquiry.

– Holly Fletcher