

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● RESI SOLAR ROUND-UP

● MERGERS & ACQUISITIONS

● PEOPLE & FIRMS

Vivint Adds Tax Equity—California Rooftop Rule

As details emerge on Vivint's latest tax equity raise, California takes a step toward mandatory rooftop solar. Pages 2 and 12

Ares-EIF to Offload Operational Gas-fired Plant

A consortium of investors is on the verge of signing an agreement with Ares-EIF to buy a gas-fired plant in New England. Page 10

Energy Capital Partners Hires Oaktree Alumnus

Energy Capital Partners has brought in a former **Oaktree Capital Management** principal to run fundraising and investor relations. Page 12

Developer Wraps Financing for North Carolina Solar Project

Shravan Bhat

A developer reached financial close on May 4, on a 50 MW solar project in North Carolina, sealing tax equity and back-levered bank loans, *PFR* has learned.

Cypress Creek Renewables tapped **NordLB** (coordinating lead arranger) and **Santander** to provide approximately \$40 million of debt for the Innovative Solar 54 project, which is under construction in Lenoir County.

The back-levered mini-perm has a [PAGE 6 >](#)

CalPERS-backed Fund to Acquire Georgia Gas-fired Plant

Fotios Tsarouhis

The Carlyle Group and **GE Energy Financial Services** plan to sell a gas-fired project in Washington County, Ga., to a fund managed by **Harbert Management Corp.**—just as soon as they formally gain ownership of the plant themselves.

Southeast PowerGen, a vehicle owned 75.05% by Carlyle and 24.95% by GE EFS, is in the process of taking ownership of the Washington facility, which has a 615.5 MW summer rating, by unwinding a sale-leaseback agreement with the **Devel-** [PAGE 8 >](#)

Project Debt Touted for Canal Peaker Units New and Old

Richard Metcalf

Lead arrangers are syndicating two separate project finance bank loans to finance the two existing units of the Canal Generating Plant in Massachusetts and a third unit that is under construction.

Natixis is leading on the roughly \$200 million loan for the under-construction project, Canal 3, which is a 333 MW dual-fuel simple-cycle peaker developed by **NRG Energy** at the site of the Canal plant in Sandwich.

Price talk on the construction-plus-seven-year loan is said to be 275 basis points over Libor, tighter than other recent deals backing merchant or quasi-merchant projects supported by capacity market contracts. A project finance banker attributed the low pricing to “market compression”.

A spokesperson for NRG in Princeton declined to comment on the financing and a spokesperson for Natixis in New York did not immediately respond to a request for comment.

Stonepeak Infrastructure Part-

ners, through **Stonepeak Kestrel Holdings II**, entered into a purchase and sale agreement with NRG for the Canal 3 project in March, at the same time the private equity firm agreed to buy the two older Canal units from NRG's bankrupt subsidiary, **GenOn Energy** (*PFR*, 3/23).

GenOn pre-paid its parent company \$15 million in December for an option to acquire the Canal 3 project, of which NRG is expected to reimburse \$13.5 million when the sale to Stonepeak closes.

Final notice to proceed was issued for Canal 3 in January and the project is expected to begin commercial operations by summer 2019. NRG will continue to manage and develop the project until then.

“The final purchase price for the Canal 3 sale will be determined based on a formula including capital reimbursement, return on capital and a development fee,” reads NRG's 10-Q filing for the first quarter of the year, which was filed on May 3. “The Canal 3 sale is expected to [PAGE 6 >](#)



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● PROJECT FINANCE

Vivint Raises Tax Equity with Two Banks

Residential solar installer **Vivint** signed \$101 million of tax equity commitments in April that the company says will fund 64 MW of installations, as the pool of capital that is available for small-scale solar grows deeper.

SunTrust Robinson Humphrey and **RBC Capital Markets** are providing half of the tax equity each, *PFR* understands.

Rob Kain, vice president of finance, treasury and investor relations at Vivint, declined to comment on the identities of the company's tax equity investors.

Vivint secured tax equity commitments totaling \$200 million from three unnamed investors in 2016 (*PFR*, 11/10/16), and a further \$100 million from repeat investors in June 2017 (*PFR*, 6/5/17).

Before sealing the most recent commitments last month, the company had enough tax equity left to fund about 29 MW of installations, according to a May 8 filing with the U.S. **Securities and Exchange Commission**.

The company expects to install between 45 MW and 48 MW this quarter at an average cost of \$3.05/W to \$3.13/W.

Atlanta-based SunTrust is building up its project finance team across tax equity and loans. **Robert Capps**, who joined the bank in 2015 as managing director, is understood to be overseeing the bank's tax equity efforts from Charlotte, N.C.

SunTrust was also one of the lenders in a \$313 million five-year term loan raised by Vivint to refinance a 307 MW portfolio in August 2016 (*PFR*, 8/5/16). **Investec** led the deal along with co-bookrunners **ING Capital** and **Silicon Valley Bank**.

DEBT DEALS

Vivint finances rooftop solar projects with a combination of tax equity and debt. Its latest term debt transaction was a \$204 million institutional term loan, arranged by **Bank of America Merrill Lynch**, to refinance a 214 MW portfolio in 2017 (*PFR*, 1/11/17).

The 18-year, fully-amortizing term loan is rated BBB by **Kroll Bond Rating Agency** and bears interest at a fixed rate of 6.04%.

Vivint used the proceeds to repay a portion of its \$375 million aggregation facility, provided by BAML, which matures in September 2020.

The interest rate on the aggregation loan is 325 basis points over Libor, stepping up to 375 bp after the availability period ends (*PFR*, 3/15/17).

Vivint had \$200 million available in undrawn capacity under the aggregation loan as of March 31.

DEEPENING MARKET

As competition in other areas of project finance has intensified in recent months

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PFR Power Finance & Risk

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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 Energías Renovaveis (625 MW Wind)	Brazil		Chinese investors are among the bidders for the fully-contracted wind assets (PFR, 3/22).
Ares-EIF	Brooklyn Navy Yard (286 MW Gas)	New York	Goldman Sachs (seller), Barclays (buyer)	Axium Infrastructure is acquiring the cogeneration project, which is fully contracted (PFR, 5/7).
● Ares-EIF, White Rock Holding Associates	Kleen Energy Systems (620 MW Gas)	Middletown, Conn.	Morgan Stanley	Ares-EIF is said to be in late-stage discussions with a consortium of investors regarding a sale (see story, page 10).
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).
● Carlyle, GE EFS	Washington (615.5 MW Gas)	Washington County, Ga.		Gulf Pacific Power, a fund managed by Harbert Management Corp. and backed principally by CalPERS, plans to acquire the plant (see story, page 1).
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).
● Enbridge	Portfolio (1.7 GW Wind, Solar)	Canada, U.S.	CIBC	CPPIB is buying a 49% stake in the portfolio for C\$1.75 billion (\$1.36 billion) (see story, page 8).
● Enbridge	Midcoast Operating (Midstream Gas)	U.S.	Citi	ArcLight Capital Partners is buying the business for \$1.12 billion (see story, page 8).
● FuelCell Energy	Tulare Waste Water Treatment Facility (2.8 MW Fuel Cell)	Tulare, Calif.		NRG Yield paid the developer \$11 million for the project, which has a PPA with the City of Tulare (see story, page 8).
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)	Sandwich, Mass.	Credit Suisse (seller)	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).
● IEnova (Semptra Energy)	Termoeléctrica de Mexicali (625 MW Gas)	Baja California, Mexico		The company intends to sell the facility by the end of the year (see story, page 7).
Invenergy	Ector County (330 MW Gas)	Ector County, Texas	Guggenheim (seller)	Invenergy has put the peaker up for sale (PFR, 2/26).
Invenergy	Nelson (584 MW Gas)	Rock Falls, Ill.	Credit Suisse	A buyer has been selected following a multiple-stage auction process (PFR, 5/7).
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).
● NRG Energy	Buckthorn (154 MW Solar)	Pecos County, Calif.		NRG Yield paid the company \$42 million for the project in a deal that closed on March 30 (see story, page 8).
NRG Energy	Carlsbad (527 MW Gas)	San Diego County, Calif.		NRG Yield plans to acquire the contracted project when it is operational later this year (see story, page 8).
● NRG Energy	Canal 3 (333 MW Gas)	Sandwich, Mass.		Stonepeak Infrastructure Partners has agreed to acquire the under-construction asset once project finance is in place (see story, page 1).
Onyx Renewable Partners	Portfolio (Small-scale Solar)	U.S.	RBC, CohnReznick	Onyx has begun marketing the portfolio (PFR, 1/29).
Peabody Energy	Navajo Generating (2,250 MW Coal)	Arizona	Lazard	Middle River Power, an Avenue Capital Partners portfolio company, has expressed interest in acquiring the project (PFR, 5/7).
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).
Siemens FS, other former creditors	Temple I (758 MW Gas)	Texas	Houlihan Lokey	A creditor group that took control of the CCGT plant earlier this year has begun to explore strategic options that could result in a sale (PFR, 5/7).
Southern Power	Portfolio (1,760 MW Solar)	U.S.	Citi	A buyer is said to have been selected following an auction process (PFR, 5/7).
SunPower Corp.	Guajiro (101.4 MW Solar)	Hidalgo, Mexico		Atlas Renewable Energy acquired the contracted project on March 28 (PFR, 4/30).
● SunPower Corp.	Portfolio (2 GW Solar)	Mexico		The company plans to sell its development-stage projects in Mexico in the second or third quarter of 2018 (see story, page 7).
Tenaska, Prudential	Imperial (280 MW Solar)	Imperial Valley, Calif.		Capital Dynamics is buying Prudential's 32% stake in Imperial South and Tenaska's 25% stake in Imperial West (PFR, 5/7).

● 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
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 bp 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	Final pricing reverse flexed to 425 bp over Libor with a 1% floor and an original issue discount of 99.5% (PFR, 5/7).
				Revolving Credit Facility	\$30M		
Blackstone	Frontera (500 MW Gas)	Mission, Texas	Morgan Stanley, MUFG	Term Loan B	\$675M	7-yr	Price talk is 450 bp over Libor (PFR, 4/24).
				Revolving Credit Facility	\$35M	5-yr	
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 (PFR, 4/30).
Cypress Creek	IS 54 (50 MW Solar)	Lenoir County, N.C.	NordLB (coordinating lead), Santander	Back-levered Debt	\$40M	5-yr	The developer reached financial close on the project on May 4. Pricing on the mini-perm is said to be L+200 bp (see story, page 1).
			TBA	Tax Equity	TBA		
Deepwater Wind	Block Island (30 MW Wind)	Block Island, R.I.	SocGen, KeyBank, HSBC, SMBC, CoBank, La Caixa	Debt	TBA	8-yr	Deepwater was able to tighten the pricing, extend the maturity of the senior secured loan by about a year and increase its size (PFR, 5/7).
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 (PFR, 4/30).
Inkia Energy	Agua Clara (50 MW Wind)	Dominican Republic	Citi	Debt	\$73.5M	4.5-yr	The deal closed on March 20 (PFR, 4/30).
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 bp (PFR, 4/30).
Invenergy	Pine River (161.3 MW Wind)	Michigan	Rabobank, NordLB, SMBC	Construction Finance	\$210M	1-yr	The project will be transferred to DTE Energy after construction is completed this December (PFR, 5/7).
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).
NRG Energy	Canal 3 (333 MW Gas)	Sandwich, Mass.	Natixis	Debt	\$200M	C+7-yr	NRG Energy is putting project finance in place as a condition of a sale of the project to Stonepeak Infrastructure Partners. Price talk is L+275 bp (see story, page 1).
Onyx Renewables	Portfolio (80 MW)	U.S.	CIT	Debt	\$79M		The deal will finance solar installations in six states (see story, page 6).
Ormat Technologies	Platanares (35 MW Geothermal)	Honduras	OPIC	Debt	\$124.7	14-yr	The loan is expected to bear interest at between 6.75% and 7.25% (see story, page 7).
Platinum Equity, AOS Energy Partners	Hunterstown (810 MW Gas)	Pennsylvania	Morgan Stanley, Goldman Sachs	Term Loan B	\$400M	7-yr	Pricing reverse flexed to 425 bp over Libor with a 1% Libor floor and a 99.5% original issue discount (PFR, 5/7).
				Revolving Credit Facility	\$40M	5-yr	
Sammons Renewable Energy	Midway Wind (162.9 MW)	San Patricio County, Texas	Citi, BHE Renewables	Tax Equity	TBA		The project has an 11-year hedge with Citi (see story, page 5).
			Citi, Siemens FS	Construction Loan	TBA		
Spectra Energy, NextEra Energy, Duke Energy	Sabal Trail Transmission (Gas Pipeline)	Southeastern U.S.	Barclays, Citi, Mizuho, MUFG	Bond	\$500M	10-yr	Pricing on all three tranches landed comfortably inside initial price talk for the \$3.2 billion 517-mile project (PFR, 4/30).
					\$600M	20-yr	
					\$400M	30-yr	
Stonepeak Infrastructure Partners	Canal 1 & 2 (1,112 MW Gas)	Sandwich, Mass.	MUFG	Debt	\$325M	7-yr	The deal will finance the acquisition of the 50-year old peakers from GenOn Energy. Price talk is said to be L+300 bp (see story, page 1).
Sunlight Financial	Portfolio (Residential Solar Loans)	U.S.	Hudson Clean Energy Partners	Lending Commitment	\$225M		The deal, wrapped in April, includes a \$180 million senior finance facility from Global Atlantic Financial Group (see story, page 5).
Sunrun	Hera Portfolio (Solar)	U.S.	Investec	Aggregation/ Term Loan	\$600M	5-yr	The senior 'A' tranche of the Hera deal was priced at 250 bp over Libor, unchanged from the previous refinancing (PFR, 5/7).
	Neptune Portfolio (Solar)		SunTrust	Delayed-draw Term Loan	\$202M	8-yr	
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).
Vivint	Portfolio (Residential Solar)	U.S.	RBC, SunTrust	Tax Equity	\$101M		The resi solar developer closed the tax equity fund in April (see story, page 2).

New or updated listing

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To report updates or provide additional information on the status of financings, please call Shrawan Bhat at (212) 224-3260 or e-mail shrawan.bhat@powerfinancerisk.com

Details Emerge on Texas Wind Financing

Sammons Renewable Energy has revealed details of the construction debt, tax equity and off-take arrangement for its 162.9 MW Midway Wind project in San Patricio County, Texas.

Citi and **BHE Renewables** are providing the tax equity, while Citi and **Siemens Financial Services** are the construction lenders. The total project cost and capital structure was not disclosed.

Citi also provided an 11-year power price hedge covering a certain percentage of the project's output, while the remainder will be sold merchant in **ERCOT**. Wind projects generally hedge 80% of revenues at the P50 level in such deals.

SRE's financial advisor, **Franklin Park Investments**, helped the Dallas-based subsidiary of **Sammons Enterprises** acquire the project from its original developer, **Apex Clean Energy**, in December (PFR, 1/10).

While favorable terms are available in the project debt market, the buyer decided to finance the project entirely through tax and cash equity.

Because debt for wind projects is typically raised based on a P99 output level—as opposed to P50 levels for solar projects—PFR understands that the quantum of debt the project could service was not high enough to make economic sense.

The 11-year hedge from Citi is shorter than contracts the bank has offered in the past, but Sammons is said to expect prices in ERCOT to rise and therefore to be comfortable with the merchant risk once the contract expires.

Analysts at **S&P Global Ratings** wrote recently that they expect power prices at ERCOT's Houston Hub to improve because of tightening reserve margins driven by coal-fired plant retirements, delayed commercial operation dates for new renewable projects and increasing peak demand as a result of higher-than-average temperatures and economic activity in the region (PFR, 4/4).

"We liked the hub location in

ERCOT South because the wind resource on the Gulf Coast blows at peak hours during the day, as opposed to in ERCOT North or West, which tends to be off-peak," said **Kevin Lapidus**, chief investment officer at Franklin Park in Washington, D.C. "We also like the increasing load growth in this region, including from new LNG export terminals."

One of those export terminals is **Cheniere Energy's** Corpus Christi gas liquefaction project. **Société Générale** led on a recent oversubscribed \$6 billion term loan backing the construction of train three of the LNG export project, which is also located in San Patricio County (PFR, 4/11). ■

Vivint Raises Tax Equity with Two Banks, Sunlight Eyes ABS

◀ FROM PAGE 2

and years, lenders have been forced to look at more esoteric assets such as residential solar, to the benefit of developers.

"We've seen a deepening of the bank market for our space and specifically residential solar leases and PPAs, although there have been players coming and going historically, so that might not be true for everybody," says a project finance official at one resi solar shop.

"On each successive deal, spreads have been coming down," the official adds. "That's partly because market spreads have been coming down, but the premium residential solar has historically paid also appears to be whittling away, and in the asset-backed security market we've heard that transactions are getting highly oversubscribed."

SUNLIGHT DEAL

Earlier in April, residential solar loan originator **Sunlight Financial** closed a \$225 million lending commitment from private equity firm **Hudson Clean Energy Partners**.

The commitment includes a \$180 million senior finance facility from New York-based insurance company **Global Atlantic Financial**

Group.

Sunlight, which has an office in New York and an operations center in Charlotte, earns a facilitation fee for originating debt with large and medium-sized solar installers.

Work on the Hudson capital raise began in fall 2017. The proceeds will be used to fund approximately 9,000 residential solar loans. The 75-strong team at Sunlight aims to deploy the capital within 12 months.

Sunlight revealed that it had closed a lending commitment from San Jose-based **Technology Credit Union** in January. TCU will commit \$400 million annually for three years under the terms of the deal.

"The mortgage refinancing opportunity for [credit unions] is slowing down, given rising rates, so they are looking for alternative assets to maintain or grow their balance sheets," says **Barry Edinburg**, Sunlight's cfo. "Credit unions generally find residential solar loans attractive because they like the risk-adjusted yields."

SECURITIZATION

Sunlight does not lend from its own balance sheet but wants to use the Hudson deal to prepare a securitization in the near future. All the

loans Sunlight originates are secured by a Uniform Commercial Code filing against the system, which Sunlight says is not a lien on the home.

"The challenges [on the Hudson deal] were similar to a securitization," Edinburg says, "For example, it was our first exposure to an institutional-level due diligence process—similar to what would be required by a ratings agency."

Sunlight's customers have an average FICO score in the mid-700s and average loan sizes are between \$25,000 and \$30,000 for systems typically between 5 kW and 8 kW in size. Tenors range from 10 to 25 years and over 35% of Sunlight's portfolio is in California.

The loan profiles are comparable with those offered by **Dividend Solar** in its recent securitization, the third non-Property Assessed Clean Energy solar ABS transaction this year (PFR, 4/24).

Founded in 2014, Sunlight is backed by funds managed by Teaneck, N.J.-based Hudson Clean Energy Partners and New York-based **Tiger Infrastructure Partners**—as well as venture capital firm **Route 66 Ventures**. Tiger replaced Hudson as Sunlight's majority shareholder in 2015 (PFR, 5/10/17). ■

● PROJECT FINANCE

Project Debt Touted for Canal Peaker Units New and Old

« FROM PAGE 1

enhance 2018 capital allocation by approximately \$130 million early in the third quarter of 2018.”

CLASS OF '68

Meanwhile, **MUFG** is in the market with a roughly \$325 million seven-year loan to finance Stonepeak's acquisition of the two older, dual-fuel peaking units at Canal, which total 1,112 MW.

The private equity firm is buying Canal units 1 and 2 through **Stonepeak Kestrel Holdings** for \$320 million and the assumption of \$32.5 million of existing debt.

MUFG pitched a seven-year deal priced at 300 basis points over Libor to other banks, say deal watchers.

“We're struggling [to get onboard with the deal],” says a project finance banker, noting the age of the assets. Both of the existing units at Canal were commissioned in 1968.

Rockland Capital priced a \$170 million seven-year term loan at 300 bp earlier this year to finance its acquisition of a portfolio of peakers in Ohio and Indiana from **Dayton Power and Light** (PFR, 3/30). While some of the units in that portfolio are as old as Canal 1 and 2, it also contains five gas-fired units that were commissioned in 2001 and 2002.

Officials at MUFG in New York and Los Angeles either declined to comment or did not respond to inquiries.

Stonepeak is aiming to wrap the acquisitions of Canal 1, 2 and 3 by the end of June. **Morgan Stanley** is acting as buy-side financial adviser and **Credit Suisse** is running the auction for GenOn that produced the sale agreement.

Michael Allison, managing director at Stonepeak in New York, declined to comment. ■

FAST FACT

L + 300 bp

Price talk on the seven-year deal for Canal 1 & 2 pitched by MUFG

Developer Wraps Financing for North Carolina Solar Project

« FROM PAGE 1

five-year tenor. Pricing came in at 200 basis points over Libor, says a deal watcher.

The debt and tax equity closed on May 4. The identity of the tax equity investor or investors and the size of the investment could not immediately be learned.

Duke Energy Progress signed a power purchase agreement for

the project in October 2016 and its projected in-service date is December 2018, according to a filing with the **North Carolina Utilities Commission**.

Morrison & Foerster was legal counsel to Cypress Creek while **Winston & Strawn** advised the lenders.

The project was originated by **Innovative Solar Systems**,

which applied for a certificate of public convenience and necessity in 2014. **Heelstone Development** took ownership of the project last September and it has been described as a “Cypress Creek/Heelstone Energy” project in the local press (The Free Press/Kinston.com, 4/12).

Heelstone sold a 148 MW operational solar portfolio in North Car-

olina to **Sammons Renewable Energy** in August (PFR, 8/17/17). **U.S. Bank** was among the tax equity investors for that portfolio, which comprised 36 projects.

Representatives from NordLB and Duke declined to comment, while officials from Cypress Creek, Santander, Heelstone and the law firms did not respond to inquiries. ■

Onyx Finances Distributed Solar Portfolio

Onyx Renewable Partners, a portfolio company of **The Blackstone Group**, has scored a \$79 million financing for an approximately 80 MW portfolio of distributed solar assets.

CIT Bank was sole lead arranger and administrative agent on the financing, additional details of which could not immediately be learned. Spokespeople for CIT and Blackstone in New York either declined to comment or did not respond to inquiries.

The projects in the portfolio, which are expected to come online in 2018 and 2019, are spread across six U.S. states. Half of the projects are in California and Arizona and the others are in Connecticut, Massachusetts, New Jersey and

New York.

The portfolio includes four located at military bases as part of a strategic partnership with military housing and social infrastructure developer **Corvias**.

RBC Capital Markets is the lead tax equity investor in the portfolio. The bank created a co-investment structure to raise \$62.5 million from tax equity investors including from San Antonio-Texas-based military financial services provider **USAA** (PFR, 8/11).

Onyx has worked with CIT before. The bank arranged a \$53 million deal for the sponsor to finance a 58 MW 10-state portfolio late last year.

Meanwhile, **CohnReznick Capital** and RBC

are in the process of auctioning an Onyx solar portfolio comprising multiple tax equity funds (PFR, 1/26).

The company has developed over 1 GW of commercial, industrial and small-scale utility solar facilities across eleven U.S. states and purchased a number of **SunEdison** C&I assets during bankruptcy proceedings in 2016 (PFR, 9/28/16). ■

FAST FACT

\$53M

Total arranged by CIT to finance a 58 MW 10-state portfolio for Onyx late last year.

Submissions Flood in for Brazil Auction

Brazil has received more than a thousand applications to participate in its next power auction, scheduled for Aug. 31, with wind projects making up the bulk of the submissions.

In total, 1,080 projects have been registered ahead of the auction, 926 of which are related to wind power, representing 27 GW, according to Brazil's state owned energy research company **Empresa de Pesquisa Energética**.

By capacity, however, gas-fired projects represented a larger portion, with 27.6 GW on offer via 36 projects.

The auctions will result in contracts for 20 years for wind generation, 30 years for hydro and 25 years for other sources. Projects should be online by Jan. 1, 2024.

Multilateral and government-linked lenders are mainstays in financing Brazilian power deals—last month, a joint venture between **Golar Power** and **Ebrasil** reached financial close on its 1.5 GW Porto de Sergipe LNG-to-power project, which is Latin America's biggest gas-fired project, tapping multilaterals and export credit agency-wrapped local currency bonds (PFR 04/2018)—as commercial banks view the country with some trepidation.

"Brazil is a tricky one for us," said one London-based head of project finance. "The sorts of deals we see coming from there don't have the same sponsor recognition as comparable projects in other parts of LatAm." ■

Ormat Lines Up Debt for Honduras Project

Ormat Technologies has signed a \$124.7 million project finance deal for a 35 MW geothermal project in Honduras.

The **Overseas Private Investment Corp.** will provide the 14-year delayed-draw loan for the project, which began commercial operations last September. Ormat funded construction from its own balance sheet.

The non-recourse debt can be disbursed in up to three stages, but Ormat expects to draw it down in two chunks. The developer intends to borrow \$114.7 million when the deal closes

later this year and a further \$10 million six months later.

The loan will be priced at close and is expected to bear interest at between 6.75% and 7.25%.

The project sells its output to **Empresa Nacional de Energía Eléctrica** under a 30-year power purchase agreement and is expected to generate an average annual revenue of about \$33 million.

Honduran independent power producer **Electricidad de Cortés** (Elcosa) has agreed to buy the project from Ormat in 15 years. ■

Sempra Aims to Sell Mexico CCGT by Year End

Sempra Energy is targeting the end of this year for the sale of a gas-fired project in Mexico that it is holding for sale.

The company's management approved a plan to sell the 625 MW Termoeléctrica de Mexicali project in Baja California in February 2016, but no transaction has yet materialized.

"We continue to actively pursue the sale of TdM, which we expect to be completed in 2018," reads Sempra's first quarter earnings report, which lists the value of the assets associated with the plant held for sale at \$135

million and its liabilities at \$52 million.

Whether the company is working with an investment bank as a financial adviser on the sale process could not immediately be learned.

Spokespeople for Sempra in San Diego declined to comment.

Sempra owns the plant through its subsidiary **Infraestructura Energética Nova** (IEnova). The project was completed in 2003.

The divestiture would be one of the last steps in Sempra's move away from unregulated generation. ■

SunPower Plans Mexican Asset Sale As Part of Broader Divestment

SunPower Corp. is divesting its remaining generation portfolio and projects south of the U.S.-Mexico border may be the next to go.

"We have now decided to stop pursuing new power plant development projects and plan to sell the remaining portfolio of projects," cfo **Chuck Boynton** told investors on a May 8 earnings call.

The San Jose, Calif.-based company, which has been focusing on transitioning from developer to equipment supplier, expects to offload its approximately 2 GW portfolio of development-stage solar assets in Mexico in the second or third quarter of this year, Boynton added.

What stage the company has reached in the sale process could not immediately be learned. A spokesperson for SunPower in San Jose, Calif., did not respond to a request for comment.

SunPower's shift away from developing and constructing projects comes amid major changes at the company—it is in the process of selling its stake in **8point3 Energy Partners**, the yield company jointly sponsored by SunPower and **First Solar**, to Swiss asset manager **Capital Dynamics** (PFR, 2/5).

Boynton, who is also the ceo of 8point3, is leaving SunPower to continue in his role at the yieldco and will be replaced by **Manavendra Sial**, a former executive at **SunEdison** and **General Electric** (PFR, 5/3).

RECENT SALES

The company began selling assets to third parties last year as it became clear that the yieldco was no longer a viable buyer.

The sale of the 101.4 MW Guajiro project to **Atlas Renewables** closed in April, two months after **New Energy Solar** acquired SunPower's 49% stake in the 100 MW Boulder Solar I project in Clark County, Nev. (PFR, 4/23, 2/16).

London-based private equity firm **Actis**, which owns Atlas Renewables, acquired SunPower's 100 MW El Pelicano solar project in Chile in the fourth quarter of 2017 in a separate transaction (PFR, 2/7). ■

● MERGERS & ACQUISITIONS

Pension Fund, Private Equity Firm Swoop in on Enbridge

The **Canada Pension Plan Investment Board** is acquiring a 49% stake in an Enbridge renewables portfolio that includes all of the company's renewable assets in Canada and two U.S. projects. Meanwhile, a private equity firm has agreed to purchase Enbridge's midstream business in the U.S.

CPPIB will pay C\$1.75 billion (\$1.36 billion) for its stake in the renewables portfolio, which it will co-own with Enbridge through a joint venture.

Enbridge's 1.4 GW Canadian renewables portfolio comprises ten wind projects totaling about 1.3 GW and three solar projects totaling 100 MW.

The U.S. assets included in the CPPIB deal are the 250 MW Cedar Point wind project in Elbert, Lincoln and Arapahoe counties, Colo., and the 50 MW Silver State North solar project in Clark County, Nev.

Outside of the Americas, the Calgary, Alberta-based pension fund manager will acquire 49% stakes in a pair of German offshore wind projects, the Hohe See facility and its expansion project, as part of the J.V.

CPPIB will fund its 49% share of the remaining construction costs of the German offshore wind projects with an additional C\$500 million (\$389.5 million), bringing its total commitment to the J.V. up to C\$2.25 billion (\$1.75 billion).

Enbridge stated its intent to "de-

emphasize" its focus on onshore renewables late last year, with a spokesperson for the company telling *PFR* at the time that it planned to monetize at least half of its renewable assets (PFR, 12/18).

Renewables comprised approximately 6% of the company's portfolio at the end of last year and the sale of the stake in the portfolio is expected to move Enbridge closer to its desired target of 2% renewable project ownership.

CIBC Capital Markets is advising Enbridge on the renewables sale, with **Dentons** acting as the company's legal adviser.

MIDSTREAM BUSINESS

Meanwhile, **Citi** and **Norton Rose Fulbright** are advising Enbridge on the separate sale of its U.S. midstream business.

ArcLight Capital Partners is acquiring **Midcoast Operating**, a natural gas gathering, processing, and marketing business that owns 11,200 miles of gathering and transportation pipelines in the U.S., for \$1.12 billion.

Both sales are expected to close in the third quarter of 2018.

Between November 2016 and November 2017, Enbridge sold \$2.6 billion of assets as it purchased and began to integrate **Spectra Energy Corp.**, which it acquired in February 2017 (PFR, 9/8/16). ■

NRG Yield Sets Sights on Carlsbad

Having completed the acquisitions of a solar project and a fuel cell project, **NRG Yield's** next task is to raise capital for its purchase of a contracted gas-fired project in California.

The yield company paid **NRG Energy**, the sponsor with which it is in the process of severing ties, \$42 million for the 154 MW solar project, called Buckthorn, in a deal which closed on March 30.

Then, on April 18, it acquired a 2.8 MW fuel cell project from **FuelCell Energy** for \$11 million. The combined heat and power project has a 20-year power purchase agreement with the City of Tulare.

NRG Yield's next major acquisition will be the 527 MW Carlsbad gas-fired project in San Diego County, Calif.

Global Infrastructure Partners, which is in the process of acquiring NRG Energy's stake in NRG Yield, is providing a backstop facility to support the \$365 million deal (PFR, 2/7).

Under the terms of the backstop facility, if NRG Yield is unable to raise enough capital to pay the purchase price in time, GIP will provide the balance. The backstop facility is contingent on GIP's purchase of the yieldco.

The Carlsbad project has a 20-year power purchase agreement with **San Diego Gas & Electric** and is expected to come online later this year.

NRG Energy project financed

the facility with \$600 million of debt, split between a bank and a bond tranche, early last year (PFR, 4/19/17).

BUCKTHORN

NRG Energy acquired the Buckthorn solar project in Pecos County, Texas, from **SunEdison** during the latter's bankruptcy proceedings in 2016, and placed the project on its yieldco's right of first offer list (PFR, 11/3).

The project has a 25-year power purchase agreement with **Georgetown Utility Systems**, the municipal utility of Georgetown, Texas.

Crédit Agricole and **Santander** were coordinating lead arrangers, on a \$250 debt financing for Buckthorn that wrapped in May 2017. **KeyBank**, **MUFG** and **SMBC** were mandated lead arrangers on the deal (PFR, 6/5/17).

The financing package included an approximately \$140 million mini-perm, a \$55 million tax equity bridge, and \$55 million in letters of credit. **Wells Fargo** owns the tax equity associated with the project. ■

FAST FACT

\$53M

Total paid by NRG Yield for Buckthorn and the FuelCell portfolio

CalPERS-backed Fund to Acquire Georgia Gas-fired Plant

◀ FROM PAGE 1

opment Authority of Washington County (PFR, 7/7/16).

Southeast PowerGen applied for approval for the transaction in paperwork filed with the U.S. **Federal Energy Regulatory Commission** on June 30, 2016. The commission

approved the transaction two months later, on Sept. 1, but it has yet to close.

Once the equity in the asset is transferred back to Southeast PowerGen, the company intends to pass it on to the Harbert-managed fund, **Gulf Pacific Power**, according a May 1 filing with FERC.

In a separate deal, Gulf Pacific Power, which is 97.9%-owned by the **California Public Employees' Retirement System** (CalPERS), agreed to acquire 80% stakes in two wind projects from **Enel Green Power North America** last year (PFR, 9/12, PFR, 11/30). ■

NTE Clinches Carolinas Contracts — Texas Wind Deal

As **NTE Energy** makes headway with its strategy of signing contracts for gas-fired projects in the Carolinas, a wind project developer inks a 12-year power purchase agreement with an energy company in Texas.

CAROLINA CONTRACTS

NTE has signed long-term power purchase agreements with more than 10 communities in South Carolina for its 1 GW Anderson County Energy Center gas-fired project.

The developer says it is in the final stages of talks with several other communities as it looks to contract the project's output.

NTE expects to wrap development and permitting of the \$1 billion facility in the next 18 to 24 months and start operations in 2024.

It is one of at least two gas-fired facilities that the Florida-based sponsor intends to finance on the basis of long-term PPAs, following its success with the 475 MW Kings

Mountain project in North Carolina, which it financed in 2016 (3/16/16).

Long-term contracts for gas-fired projects in the U.S. are increasingly hard to find, say deal watchers. NTE's strategy, honed on Kings Mountain, is to educate local utilities and municipalities on the benefits of full-requirements load-serving PPAs to lure them away from entrenched suppliers such as **Duke Energy**.

Earlier this year, the developer signed the first of what it expects to be several PPAs for its 500 MW Reidsville Energy Center gas-fired project in North Carolina (PFR, 2/5).

LUMINANT DEAL

Innergex Renewable Energy has signed a 12-year power purchase agreement with an energy company for a portion of the output of a 350 MW wind project in Texas.

An affiliate of independent power produc-

er, marketer and trader **Luminant** will buy 300 MW from Innergex's Foard City wind project in Foard County, according to a May 7 announcement.

Innergex is in discussions with potential tax equity investors and debt providers to finance the project, which the developer believes should qualify for the production tax credit as a result of activity taking place at the site since 2016.

Construction is slated to begin in the fourth quarter of this year and the project is due to be online in the third quarter of 2019.

"[W]e are very pleased to have developed a new relationship with a strong offtaker such as Luminant," said **Michel Letellier**, president and ceo of Innergex, in a statement.

Luminant is a subsidiary of **Vistra Energy Corp.**, which is rated Ba2 and BB- by **Moody's Investors Service** and **S&P Global Ratings**. ■

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● MERGERS & ACQUISITIONS

Ares-EIF Lines Up Buyers for Gas-fired Plant

Ares-EIF is in late-stage discussions with a consortium of investors about the sale of an operational gas-fired project, *PFR* has learned.

The private equity firm hired **Morgan Stanley** to run a sale process for the 620 MW Kleen Energy Systems facility in Middletown, Conn., two years ago and the investment bank is understood to be in line to pick up a fee if the sale goes ahead.

The identities of the potential buyers could not be established by press time. A representative of Morgan Stanley in New

York declined to comment and a spokesperson for Ares-EIF in New York did not immediately respond to an inquiry.

The facility sells its output to **Exelon Generation Co.** under a tolling agreement and has a contract for difference with **Connecticut Light & Power Co.**, according to paperwork filed with the U.S. **Federal Energy Regulatory Commission** in 2014.

Energy Investors Funds owned about 86% of the equity interests in the project at the time of the filing, while the remainder was held

by **William Corvo, O&G Industries** and **Connecticut Energy Trust** through an investment vehicle called **White Rock Holding Associates**.

Ares-EIF's stake in the plant is held through two funds—United States Power Fund II and USPF III—which closed in 2005 and 2007.

The plant was financed in 2008 with a \$985 million retail-syndicated dual-tranche loan led by **Goldman Sachs** (*PFR*, 6/20/08).

An explosion at the site in 2010 killed six construction workers and

injured dozens. About 40 people attended a memorial service on Feb. 7 that has taken place annually in Middletown since then (*MiddletownPress*, 2/12).

Lenders had initially been concerned that the explosion could derail the project, but it was rebuilt and came into service in July 2011. Goldman Sachs was replaced by **Natixis** as the administrative agent on the loan following the disaster as the banks preferred to have an institution with an economic interest in the project in the role (*PFR*, 3/12). ■

● STRATEGIES

Yieldco Refinances Revolver in JP Morgan-led Deal

NRG Yield has refinanced its \$495 million revolving credit facility.

JP Morgan was sole lead arranger on the refinancing, in which 11 institutions participated.

The deal, which wrapped on April 30,

reduced the commitment fee by 75 basis points, from 250 bp to 175 bp, and extended the maturity of the line of credit to April 28, 2023.

The yield company drew \$13 million under its revolver in the first quarter of this year to finance part of its \$42 million purchase of

the 154 MW Buckthorn solar project in Pecos County, Texas, leaving it with \$353 million of undrawn capacity (*PFR*, 5/7).

NRG Yield repaid some of its revolver last year with proceeds from a \$350 million high yield bond offering (*PFR*, 8/16). ■

● POWER TWEETS

Lynn Jurich @LynnJurich May 8

Most Americans are surprised to learn that the cost of moving electricity through transmission lines, transformers, and local power lines is greater than the cost of generating the electricity itself.

Evan Halper @evanhalper May 9

An update on where economic growth is and is not happening. Americans employed in: Coal: 86,000 MARIJUANA: 125,000 Solar: 260,000

SNL Energy @SNLEnergy May 9

US solar panel imports plunge by 74% in the first quarter after trade threat drove buying spree in 2017 #solartrade

RenewableEnergyWorld @REWorld May 8

"The bases are loaded and we need sustained singles and doubles". Wind beat every other generation source on price last year. "We are reliably on the grid" Tom Kiernan CEO @AWEA #windrocks #OWES18 #WINDPOWER2018

Michael Koenitzer @MWKoenitzer May 3

Congratulations to great deal execution. Dividend's solar power securitization receives industry's first "AA" rating

Marco Krapels @KrapelsMarco May 10

California home solar business will be 100% cash - roll cost of solar into [new home] mortgage. Solar leasing will die in California. Cash=king - some with loan (for retrofits) . I said this a few years ago when I was on the Solar Mosaic board. Goodbye PPA Hello OWN YOUR POWER

RTO Insider @rtoinsider May 6

@CleanChoice said Tuesday it has been selling subscriptions to eight solar gardens in Minnesota with a total capacity of 42.5 megawatts. The projects are owned by Cypress Creek Renewables and available to subscribers in more than 30 counties.



TransCanada PipeLines Prices Bonds after Downgrade

Canadian energy infrastructure sponsor TransCanada PipeLines priced a triple-tranche bond offering slightly tighter than initial price talk on May 3, despite a recent ratings downgrade.

Deutsche Bank and **JP Morgan** were bookrunners on the \$2.5 billion, U.S. **Securities and Exchange Commission**-registered trade, which comprised 10-year, 20-year and 30-year tranches.

The \$1 billion 10-year portion was priced at 135 basis points over Treasuries, translating into a 4.25% coupon, while the \$500 million 20-year tranche came in at 165 bp and the \$1 billion 30-year deal at 180 bp. The coupons on the 20-year and 30-year bonds were printed at 4.75% and 4.875%, respectively.

All three tranches closed 5 bp inside the midpoint of initial price talk.

Two days before the trade, **S&P Global Ratings** downgraded the issuer and its parent, **TransCanada Corp.**, from A- to BBB+, while maintaining a stable outlook.

The rating agency said it did not expect TransCanada to be able to

hit an adjusted funds from operations-to-debt ratio of 18%, citing two factors.

First, analysts noted the relatively weaker contract profile and higher counterparty risk of **Columbia Pipeline Group**, which TransCanada acquired in 2016 (PFR, 3/17/16), compared to TransCanada's other gas pipelines.

The second factor is TransCanada's increasing U.S. exposure. "TransCanada's credit measures are weaker than many of its lower-rated diversified U.S. peers," noted S&P in its May 1 report.

TransCanada PipeLines also has A3 and A- ratings from **Moody's Investors Service** and **Fitch Ratings**.

Bank of America Merrill Lynch, Barclays, Citi, Credit Suisse, HSBC, Mizuho, MUFG, Sumitomo Mitsui Banking Corp. and Wells Fargo were co-managers on the deal.

TransCanada's pricing was wider than the spreads achieved on a \$1.5 billion three-part senior unsecured bond issued the week before to finance the Sabal Trail Transmission project (PFR, 4/27). ■

FirstEnergy Transmission Unit Prices Maiden Bonds

FirstEnergy Corp. has priced a \$450 million bond, the first to be issued by its **Mid-Atlantic Interstate Transmission** (MAIT) subsidiary, the proceeds of which will fund transmission investments this year.

Citi, Goldman Sachs, Mizuho and **Scotia** were the bookrunners on the 10-year senior unsecured 144A/Reg S offering, which was MAIT's debut in the debt capital markets.

The bond was priced at 115 basis points over Treasuries, well inside initial price talk, which was in the area of 135 bp.

The notes are rated Baa1, BBB- and BBB+ by **Moody's Investors Service, S&P Global Ratings** and **Fitch Ratings**, respectively, in each case one or two notches higher than parent company FirstEnergy. Settlement is due May 10.

"MAIT is highly unlikely to be sold, is integral to the overall group strategy, possesses a strong, long-term commitment from FirstEnergy's management, and is closely linked to the parent's reputation," wrote analysts at S&P in a May 7 report.

MAIT owns and operates all of the U.S. **Federal Energy Regulatory Agency**-jurisdictional transmission assets previously owned by FirstEnergy subsidiaries **Pennsylvania Electric** (Penelec) and **Metropolitan Edison** (Met-Ed), consisting of approximately 4,234 circuit-miles of transmission lines.

MAIT issued membership interests to parent company **FirstEnergy Transmission**, Penelec and Met-Ed in exchange for cash and the transmission assets in January 2017.

"The financing is intended to allow MAIT to undertake \$400 million in planned capital investment in transmission this year, and additional investment of up to \$1.4 billion between 2019-2021," said a spokesperson for FirstEnergy in Akron, Ohio.

"MAIT will pursue a range of projects in portions of Pennsylvania aimed at upgrading or replacing aging equipment to make our facilities more resilient; enhancing performance by building a smarter, more secure transmission system; and adding flexibility for operating our system," the spokesperson added. ■

Vistra to Refi Legacy Dynegy Debt

Vistra Energy Corp. is planning to issue a term loan B and upsize its revolving credit facility to refinance debt it has inherited through its acquisition of Dynegy.

The proposed \$2.05 billion five-year term loan B3 will sit alongside Vistra's existing \$2.8 billion term loan B1 due 2023 and \$988 million term loan B2 maturing in 2023, both of which are first lien secured.

The independent power producer meanwhile plans to increase the size of its revolving credit facility to \$2.3 billion.

The secured loans Vistra assumed with its acquisition of Dynegy, a \$1.5 billion revolver and \$2 billion term loan, will be repaid with the proceeds of the new loans.

The deadline for commitments to the new revolving credit facility is May 22 and the identities of the bookrunners on the term loan will not be established until then, says a deal watcher.

On May 1, Vistra repaid \$850 million of Dynegy's senior unsecured debt that was due to mature next year as part of its plan to

reduce the combined company's leverage to 2.5 times Ebitda by the end of 2019.

Fitch Ratings "believes the debt reduction target is achievable given the strong free cash flow generation and the ability to call approximately \$3.7 billion of Dynegy's senior notes in 2018 and 2019," wrote analysts at the rating agency in a note published on May 9.

Fitch has given Vistra a first-time rating of BB and a BBB- rating to the first lien debt, which is issued by **Vistra Operations Co.**

Moody's Investors Service upgraded its rating of Vistra's first lien debt to Ba2 in April and it also has a BB+ rating from **S&P Global Ratings**. ■

● PEOPLE & FIRMS

ECP Hires Ex-Oaktree Principal

A former principal at **Oaktree Capital Management** has joined **Energy Capital Partners** as a partner.

Kevin Clayton is leading ECP's global fundraising activities and running its investor relations department out of the private equity firm's office in Short Hills, N.J.

ECP—which also has offices in San Diego and New York—headed up a consortium of investors that acquired **Calpine Corp.** earlier this year (PFR, 8/18).

The firm attempted to sell **Wheelabrator Technologies**, a waste-to-energy business it owns, last year (PFR, 8/15).

Clayton joined Oaktree in 1995, the year the firm was founded, and was supervising principal of its broker-dealer, **OCM Investments**, and a member of the board before retiring from the firm in 2014.

He has since joined the board of **Aquicore**, a startup based in Washington, D.C., that develops technology platforms for “smart buildings”, and is chair of the board of trustees at **Lehigh University** in Bethlehem, Pa. He served as interim president of Lehigh, his alma mater, from 2014 to 2015. ■

● ALTERNATING CURRENT

Birds of a Feather Flock Together



As the **GenOn Energy** asset sale spawns several power holding companies with “Kestrel” in the name, an electric utility in California has been busy finding names for a trio of peregrine falcons.

“We have a WINNER!” tweeted **Mayra Tostado**, a spokesperson for **Pacific Gas & Electric**, on May 9. Students at **Edward A. Hall Middle School** in Watsonville, Calif., had won a competition to name three peregrine falcons that recently hatched atop the utility's headquarters in San Francisco in March.

The students' choice of names, Edward, Archibald and Hallie, beat several inspired suggestions from the public such as Peg, Greg and Egg and Falcy McFalconface, in what has become something of an annual ritual. Last year, PG&E's baby falcons were named Steph, Iggy and KD.

The utility company is not the only well-known power name to have held such a

competition.

FirstEnergy received more than 140 suggestions when it appealed to employees and Twitter for monikers for eight peregrine falcon chicks that hatched at two of its coal-fired plants in Ohio in 2012 (PFR, 5/18/12).

Associating nature's feathery predators with coal-fired generation may seem like an odd public relations gambit, but there could be some logic to it, given that some of the fiercest opponents of wind projects claim to be bird lovers.

Meanwhile, if you're wondering why **Platinum Equity** and **Stonepeak Infrastructure Partners** both now have generation holding companies named after a bird of prey, look no further than **Credit Suisse's** marketing materials for the GenOn assets.

Perhaps there is an ornithologist in the ranks of the investment bank's power and utilities team who decided to dub the sale process Project Kestrel. ■

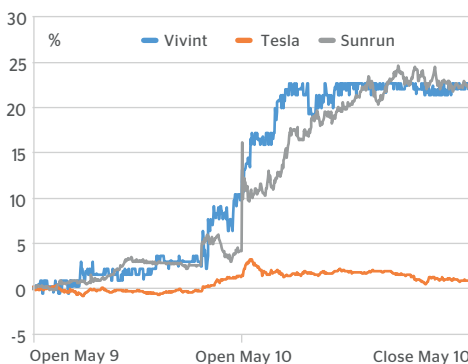
● CAISO DISPATCH

Resi Solar Stocks Pop on California Rooftop Solar Rule Approval

Stocks in rooftop solar developers **Vivint Solar** and **Sunrun** jumped after the **California Energy Commission** approved a mandate requiring most new homes in the state from 2020 to have rooftop solar.

The shares traded up despite the regulation

Resi Solar Stock Performance Since May 9 California Mandate Announcement



Source: Nasdaq

having been in the works for the last two years and cities like San Francisco already implementing similar measures.

The rule is expected to drive up house prices, as builders pass the installation costs onto home owners and mortgage providers, but proponents of the measure argue the difference is negligible and would be offset by long-term energy savings.

“The cost for residential solar includes relatively high marketing expenses,” says **Dirk Michels**, a partner at law firm **Ballard Spahr**. “If solar systems would be sold integrated into new homes, that would reduce marketing cost significantly, which could result in substantially lower cost for residential solar going forward.”

This could help the cost of residential solar, which is around \$3/W today, come down to the \$2.50/W levels already reached for commercial and industrial solar, the attorney adds.

If so, a 6 kW residential system would cost \$15,000, or around 3% of the \$500,000 median house price in California.

SHIFTING MODEL

Michels sees the financing model for resi solar shifting from third-party financing to consumer loan-style deals, where developers provide finance themselves and become asset managers—but says that this trend is independent of California's rooftop solar rule.

“The California mandate would limit the market for third-party owned solar systems to existing homes,” Michels tells *PFR*. “Under the proposed California mandate, solar ownership along with home ownership would likely be the norm for new residential buildings from 2020 onwards, especially since the [investment tax credit] will be phased out in 2022.”

But there will still be a market for third-party owned rooftop solar for some time to come.

“Even if the market for third-party owned solar systems would be limited to existing homes, it would still be a huge market, assuming that rooftop penetration may increase from the 10% levels today to more than 50% at some point in the future,” says Michels. ■