

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

Capital Dynamics Scouts Pre-Construction Projects

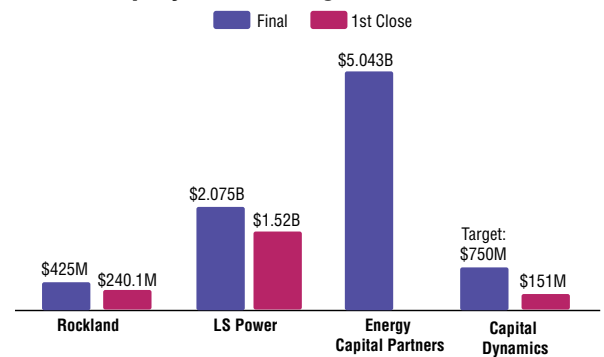
Capital Dynamics, a global asset manager, is looking for pre-construction assets in the U.S. as it raises a \$750 million fund.

With a solar fund nearly deployed on operating assets—a couple are still in the final stages of construction—the shop is now on the hunt for pre-construction wind projects and gas-fired peakers, says **John Breckenridge**, managing director in New York. Capital Dynamics, headquartered in Zug, Switzerland, has \$19 billion in assets under management or advisement.

Capital Dynamics inked the first close of its **Capital Dynamics Clean Energy and Infrastructure LP** at \$150 million in November, according to a filing with the U.S. **Securities and Exchange Commission**. Noting SEC regulations, Breckenridge declined to talk about the latest fund.

Unlike funds with institutional investor assets, Capital Dynamics likes pre-
(continued on page 12)

Private Equity Fundraising Scorecard



Source: Power Intelligence

THE BUZZ

Deal flow backing renewables projects in Canada is beginning to slow, according to bankers, as many provinces hit or surpass their capacity targets. “I think the market’s been a bit thin this year, to be honest. As the FIT program winds down, a lot of the projects have been built out,” says one financier in Toronto. **Innergex Renewable Energy**, however, is among a handful of Canadian sponsors that are still keeping busy. The Quebec-based shop is looking for funding for its Trethaway hydro project in British Columbia (see story, page 6). Trethaway is the first in a pipeline of hydro and wind projects that will keep the shop in the project finance trenches for the next two years.

Meanwhile, in addition to eyeing the popular yield company model, many Canadian players are looking
(continued on page 2)

Tenaska Chases Calif. Solar Debt

Tenaska Solar Ventures has launched a debt package that could be north of \$500 million to fund construction of its 150 MW Tenaska Imperial Solar Center West in Imperial County, Calif.

Tenaska Solar Ventures held a bank meeting in New York about two weeks ago, say deal watchers. **Mitsubishi UFJ Financial Group** and **Union Bank** are reportedly lead arrangers on the deal.

The project is expected to do well among lenders for two reasons. First, Solar West is among the largest utility scale solar deals to come to market so financiers will angle for a slice. Secondly, it’s a Tenaska deal, which typically sees lenders flock to its financings because of its strong reputation, notes one banker.

Omaha, Neb.-based Tenaska likes to structure a rough model for the deals in-house before sending out a request for propos-

(continued on page 11)

Innergex, Lifecos Chat Hydro

Innergex Renewable Energy is looking to finance the first of a string of hydro and wind projects in British Columbia.

See story, page 6

N.Y. Wind Shop Hunts Capital

OwnEnergy, the Brooklyn, N.Y.-based community wind developer, has kicked off a process to raise equity.

See story, page 9

Awards Poll Closes

The voting period for *Power Finance & Risk*’s 11th Annual Deals & Firms Of The Year Awards has ended. Stay tuned while the votes are tallied and winners are announced later in the quarter.

IN THIS ISSUE

MERGERS & ACQUISITIONS

- 5 | Enel Loads Up On Buffalo Dunes
- 5 | MACH Gen Inks Reorg
- 5 | Northwestern Mutual Snags Neptune Slot
- 5 | EverPower Seals Big Sky Purchase
- 9 | OwnEnergy Hunts Equity

PROJECT FINANCE

- 6 | NextEra Stalks Canadian Wind Debt
- 6 | CS Finances Resi Solar
- 6 | Innergex, Lifecos Chat B.C. Hydro
- 6 | Infra Shop Finances Uruguay Wind

STRATEGIES

- 7 | Cheniere Taps 144As For Sabine
- 7 | IPP Refis With High Yield Bonds

DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 8 | Industry Current: IRS Mulls Renewable Reits
- 11 | Power Tweets
- 12 | Alternating Current

THE BUZZ

(continued on page 1)

beyond the Great White North for growth. **Northland Power** worked with **Siemens** to wrap a EUR2 billion (\$3.85 billion) financing backing the 600 MW Gemini offshore wind project in the Dutch North Sea. The bank group was necessarily large and diverse given the size of the deal, as one analyst noted, with the **European Investment Bank** lending a sizeable chunk of the deal.

Residential solar continues to crest in popularity as this week sees another deal close. **Clean Power Finance** has teamed up with **Credit Suisse** to develop a \$200 million fund to finance rooftop projects across the U.S. (see story, page 6). Utility scale solar is not to be forgotten, however, as **Tenaska Solar Ventures** has launched the debt package backing a project in California via the lead banks (see story, page 1).

Cheniere Energy has hit the bond market for the fifth time to finance its Sabine Pass liquefied natural gas export facility, issuing \$2 billion in 144A notes to refinance debt and aid construction at the project in Louisiana (see story, page 7).

Northwestern Mutual Life Insurance Co. has appeared as an equity investor with its agreement to buy **Starwood Energy Group's** stake in the 660 MW Neptune transmission line that runs from Sayreville, N.J., to Long Island, N.Y. (see story, page 5). The deal underscores the emergence of pension funds and life insurance companies as direct investors rather than investing via a private equity fund. **CalPERS** is co-owner of Neptune alongside Northwestern with a 75% stake.

Independent power producer **MACH Gen** has emerged from Chapter 11 bankruptcy with a new set of owners that is led by **Silver Oak Capital** (see story, page 5).

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 **Holly Fletcher**, managing editor, at (212) 224-3293 or hfletcher@iintelligence.com.

Power Intelligence

EDITORIAL

Holly Fletcher
Managing Editor
(212) 224-3293

Sara Rosner
Editor
(212) 224-3165

Nicholas Stone
Senior Reporter
(212) 224-3260

Stuart Wise
Data Associate

Andrea Innis
Data Associate

Kieron Black
Sketch Artist

PRODUCTION

Gerald Hayes
Manager

Darius Hessami
Deputy

Andy Bunyan
Associate

ADVERTISING

James Barfield
U.S. Publisher,
Capital Markets Group
(212) 224-3445

PUBLISHING

Emmanuelle Rathouis
Marketing Director

Vincent Yesenosky
Head Of U.S. Fulfillment
(212) 224-3057

Nina Bonny
Customer Service Manager
(212) 224-3433

SUBSCRIPTIONS/
ELECTRONIC LICENSES

One Year \$3,147 (In Canada add \$30 postage, others outside U.S. add \$75)

Ken Lerner
Account Executive
(212) 224-3043

REPRINTS

Dewey Palmieri
Reprint & Permission
Manager (New York)
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

Richard Ensor
Chairman

John Orchard
Managing Director,
Capital Markets Group

Customer Service

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

Institutional Investor Hotline

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

Editorial Offices 225 Park Avenue South, New York, NY 10003

Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2014

Institutional Investor, LLC ISSN# 1529-6652

Copying prohibited without the permission of the publisher.

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

Postmaster

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

GlobalCapital

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	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 (PI, 5/12).
Atlantic Power Corp.	Fleet (2.1 GW)	Various	Goldman Sachs, Greenhill	Tapped two advisors to run strategic evaluation (PI, 5/12).
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).
EmberClear	Portfolio (660 MW CCGT developments)	Good Spring, Pa.	CCA Capital	Tyr has partnered on the development assets (PI, 3/31).
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).
Essar Group	Algoma (85 MW CCGT)	Algoma, Ontario	Barclays	Teasers are on the market (PI, 1/13).
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Fieldstone	Fieldstone is advising on equity hunt in tandem to debt raise with Goldman.
GE Capital	Stake (250 MW Wind)	Finney, Kansas		Enel is buying out the rest of the farm (see story, page 5).
Invenery	Parc des Moulins (135.7 MW Wind)	Kinnear's Mills, Quebec		La Caisse has bought a minority stake (PI, 5/5).
MACH Gen	Portfolio	Various		Second lien creditors have taken it over via Ch. 11 deal (see story, page 5).
NRG Energy	Various (Gas, Solar)	Various	None	Dropdowns to NRG Yield (PI 4/14).
NextEra Energy Resources	Pheasant Run II (75 MW Wind)	Huron County, Mich.	None	DTE Electric is considering buying the farm via a PPA option (PI, 3/3).
Norvento USA	Bloom (180 MW Wind)	Dodge City, Kan.	TBA	Capital Power bought the project (PI, 3/24).
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 (PI, 5/12).
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 (PI, 5/12).
Starwood Energy Group	Neptune (25% Stake Transmission)	New York		Northwestern Mutual is buying Starwood's stake (see story, page 5).
Strata Solar	Pair (32 MW Solar)	McNairy County, Tenn.		Dominion is buying the projects (PI 5/12).
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 Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hlfletcher@powerintelligence.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).
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 (LNG Export Facilities)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Company issues \$2B in notes to refi debt and fund construction (see story, page 7).
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).
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).
Invenery	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 (PI, 5/12).
NextEra Energy Resources	Bluewater (60 MW Wind)	Lake Huron, Ontario	TBA	TBA	TBA	TBA	Sponsor is talking to lenders in the U.S. to finance the project (see story, page 6).
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)	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).
Sempre 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 launched the deal at a bank meeting (see story, page 1).
Transmission Developers	Champlain Hudson Transmission Line	New York	RBC	TBA	~\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PI, 3/3).

New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Editor Sara Rosner at (212) 224-3165 or e-mail srosner@powerintelligence.com.

MERGERS & ACQUISITIONS

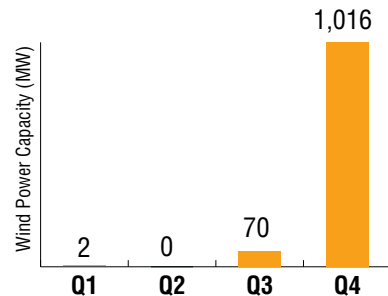
Enel Ups Buffalo Dunes Wind Stake

Enel Green Power North America has agreed to purchase an additional 26% of the \$370 million, 250 MW Buffalo Dunes wind farm in Kansas from **GE Capital** for about \$60 million.

Enel will pay roughly \$60 million to **EFS Buffalo Dunes**, a subsidiary of GE Capital, for the additional stake in the facility, located in Finney, Grant and Haskell Counties. Enel will own 75% of the farm once the acquisition is finalized.

The farm went online in December and has a 20-year power purchase agreement with **Alabama Power Co.**, a subsidiary of **Southern Co.** **JPMorgan Capital Corp.**, **MetLife**, **State**

2013 U.S. Wind Installations



Source: American Wind Energy Association

Street and **Wells Fargo** are tax equity investors (PI, 7/11). Buffalo Dunes was the largest project in the U.S. to start operation in 2013, according to Enel.

The option for Enel to purchase additional interests in Buffalo Dunes was provided in the original contract. GE Capital will retain the remaining 25% stake in the wind farm.

Starwood Offloads Neptune Stake To Northwestern Mutual

Northwestern Mutual Life Insurance Co. has agreed to buy **Starwood Energy Group's** stake in the Neptune transmission line in New York.

Northwestern will buy Starwood's 25% ownership of the 65-mile, 660 MW high voltage direct current line that runs from Sayreville, N.J., to Long Island, N.Y., according to a filing with the U.S. **Federal Energy Regulatory Commission**. The two parties signed a purchase and sale agreement in late April. CalPERS owns 75% of Neptune.

Long Island Power Authority will buy all of Neptune's capacity through 2027, with the option to extend the contract for an additional 20 years. CalPERS bought into Neptune in a deal with **ArcLight Capital Partners** (PI, 12/14/11).

Starwood tapped Barclays to run a sale of its Neptune stake in June 2012 (PI, 6/6/12).

Details such as purchase price, financing plans or whether this deal is a product of the 2012 auction could not be immediately learned. Officials or spokespeople for the firms either declined to comment or could not be immediately reached.

MACH Gen Seals Reorg

Second lien creditors have closed the takeover of MACH Gen via a Chapter 11 bankruptcy pre-packaged reorganization.

Affiliates of **Citibank**, **Deutsche Bank**, **Energy Capital Partners** and **Silver Oak Capital**

own about 93.5% of equity via a new vehicle called **New Equity Holdings**. Affiliates of Silver Oak Capital are now the largest stakeholder of MACH Gen, with 34.2%. Previous equity holders own the remaining 6.5%.

ECP Polaris, a unit of ECP, will have voting power in MACH Gen via a derivative contract with second-lien debt holder **Deutsche Bank** (PI, 3/4).

The new ownership plan went into effect on April 28, according to filings with the U.S. **Bankruptcy Court of Delaware** and **Federal Energy Regulatory Commission**.

MACH Gen filed for bankruptcy in early March with about \$1.6 billion in debt (PI, 2/7).

It owns three gas-fired facilities totaling about 2 GW, comprised of the 1 GW Harquahala combined cycle plant in Arizona, the 326 MW Millennium gas-fired plant in Charlton, Mass., and the 945 MW New Athens gas-fired plant in Athens, N.Y.

FAST FACT

► ECP Polaris, a unit of Energy Capital Partners, will have voting power in MACH Gen via a derivative contract with second-lien debt holder Deutsche Bank.

EverPower Inks Illinois Wind Purchase

EverPower Wind Holdings has closed the acquisition of the merchant Big Sky wind farm in Illinois from **Suzlon Energy**.

Turbine manufacturer Suzlon came into ownership of the 240 MW farm in Bureau and Lee Counties, Ill., via the bankruptcy process of **Edison Mission Energy**. Suzlon bought the facility from EME for a nominal fee in exchange for debt forgiveness of Suzlon's loan to the farm (PI, 2/11). The sale to Everpower allowed Suzlon to recoup the debt that was forgiven.

The Big Sky farm in Bureau and Lee Counties, Ill., was one of two assets deemed non-core by EME acquirer **NRG Energy** (PI, 1/14). The farm went online in 2011 and uses 114 Suzlon 2.1 MW S88 turbines.

The farm is EverPower's first operating asset in Illinois. The New York-based company owns 752 MW of wind assets—nearly three-quarters of which are in PJM.

Marathon Capital advised Suzlon on the sale, which closed this month.

Whether EverPower used a financial advisor could not be immediately learned.

(Section continued on page 9)

PROJECT FINANCE

NextEra Stalks Canada Wind Deal

NextEra Energy Resources has been speaking to lenders state-side about financing its 60 MW Bluewater wind project near the coast of Lake Huron, Ontario.

The project, which is being developed by NextEra subsidiary **Varna Wind**, was awarded a feed-in tariff contract with the **Ontario Power Authority** in July 2011. The number of projects looking for financing with FIT contracts is dwindling, notes a financier, as many facilities have already garnered funding.

Bluewater will consist of 37 **GE** 1.62 MW turbines and is slated for operation this year. **Nicole Geneau**, Bluewater's project director at **NextEra Energy Canada** in Toronto and a spokesman in Juno Beach, Fla., did not respond to inquiries by press time. Details of the deal, such as structure, size and potential leads, could not be learned.

Most recently in Canada, NextEra wrapped a \$296 million refinancing of its 147 MW Trillium wind portfolio in Ontario with a 20-year bond (PFR, 1/22). **The Royal Bank of Canada**, **Scotiabank**, **TD Securities** and **CIBC** led the deal.

CS, Clean Power Team Up For Resi Solar

Clean Power Finance, a financial services and software provider for the residential solar industry, has raised \$200 million in a fund to finance residential solar projects. **Credit Suisse** was the lead investor on the deal.

The financing will be available to CPF's customers. The company offers three options for financing rooftop projects: a lease, a monthly power purchase agreement and a prepaid PPA. The fund will be used to fund panel installation on rooftops for customers who will then enter into one of the three contracts to pay CPF for the generation.

"CPF's customizable, unbranded platform gives project financiers the ability to control their investments and own the customer relationship, which has helped expand the pool of available capital in a previously finance-constrained industry," the company said in a statement on the current deal.

In three years, CPF has raised more than \$1 billion from project investors that include electric power companies, energy retailers, large corporations and financial institutions. It has also received equity contributions of around \$90 million from investors including **Edison International**, **Duke Energy**, **Google**, **Kleiner Perkins Caufield & Byers**, **Hennessey Capital**, **Claremont Creek Ventures** and **Sand Hill Angels**.

CPF facilitates more than \$3 million in distributed solar project financing every day. The company operates in Arizona, California, Colorado, Connecticut, Hawaii, Massachusetts, Maryland, New Jersey and New York. Company officials declined comment on

where specifically the new fund would be used or the identity of any other investors beside Credit Suisse.

Credit Suisse officials in New York and CPF officials in San Francisco declined any further comment on the deal.

Corporación América Closes Uruguay Wind Debt

Corporación América, an infrastructure-focused conglomerate out of Argentina, has closed a \$176 million debt package financing the Carape I and II wind projects in Maldonado, Uruguay. The **Inter-American Development Bank** led the deal.

The debt package includes a \$156 million senior loan with an 18-year tenor and a subordinated loan of \$20 million. The deal is priced to yield 7%. Alongside the IADB in the lender group were Uruguay's **Banco de la Republica Oriental** and the **World Bank** affiliate **International Finance Corp**.

The Carape I and II projects will cost about \$211 million, meaning an 83:17 debt to equity ratio. The projects will have a combined capacity of 90 MW and are slated to begin operating in the first quarter of 2015. Corporación América is looking at opportunities to recreate the projects in the Patagonia region of Argentina, note observers.

This project represents Corporación América's first foray into wind energy. It is the world's largest private airport operator by number of facilities and is led by Argentinean billionaire businessman **Eduardo Eurnekian**.

Jan Weiss, lead syndications officer of the syndications unit at the structured and corporate finance department at the IADB did not respond to inquiries by press time. BDLRO and IFC officials could not be reached by press time. Corporación América officials in Buenos Aires did not respond to emails.

Innergex Scouts Hydro Debt

Innergex has been speaking to life insurance companies in Canada to finance its 23.3 MW Trethaway hydro project, the first in a C\$1.1 billion (\$1.01 billion) pipeline of development projects in Canada.

The Longueuil, Quebec-based developer has reportedly handed out a mandate for the transaction backing the C\$112 million (\$102.9 million) project in British Columbia, according to an official whose lifeco was involved in discussions. A spokeswoman at Innergex declined to comment and the identity of potential lenders could not be learned.

The company generally looks for about 75% to 85% leverage in its hydro deals, notes an observer, adding that the developer contributes equity by funding early development and construction via its balance sheet and credit facility. Innergex extended the tenor of its credit facility to 2018 last year. **Toronto-Dominion Bank** served as administrative agent and lender while **Bank of Montreal** was

PROJECT FINANCE

syndication agent and lender. **CIBC, Caisse Centrale Desjardins, National Bank of Canada, the Bank of Nova Scotia and Laurentian Bank of Canada** participated (PI, 6/18).

Trethaway has a 40-year power purchase agreement with **BC Hydro**. It is slated for operation next year. Innergex's development pipeline includes:

- The \$210 million, 81.4 MW Upper Lilloet River hydro project in B.C.

- The \$79.5 million, 25.3 MW Boulder Creek hydro project in B.C.
- The \$216 million, 40.6 MW Big Silver Creek in B.C. hydro project and

- the \$365 million, 150 MW Mesgi'g Ugiu's'n wind project in Quebec.

All of these projects are slated for financing in the next 18-24 months and set to go online in 2016. The hydro projects each have 40-year contracts while the wind project carries a 20-year contract.

STRATEGIES

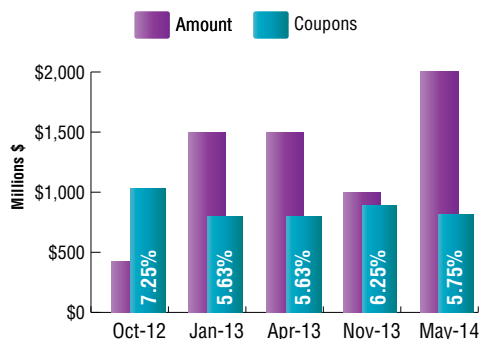
Cheniere To Issue \$2B In 144A Notes

Cheniere Energy is out to issue \$2 billion in senior secured 144A bonds to fund capital costs on trains one through four at its Sabine Pass liquefied natural gas export facility in Louisiana.

The \$2 billion issuance was increased from \$1.5 billion on strong investor demand, says a deal watcher. "There was a really strong order book and they were able to upsize the deal and get that attractive pricing," says a debt capital markets banker at one of the bookrunners. The notes are priced at 5.75%.

Royal Bank of Canada is lead manager. **Banca IMI, Crédit**

Financing Sabine Pass LNG Export Facility



Source: Power Intelligence

Agricole, Credit Suisse, HSBC, ING, JPMorgan, Lloyds Securities, Mitsui, Mizuho, Morgan Stanley, Scotiabank, Société Générale, Standard Chartered, and Sumitomo Mitsui Banking

Corp. are also bookrunners on the deal. **Standard & Poor's** has given the notes a preliminary rating of BB+, while **Moody's Investors Service** has given them a Ba3.

This is the fifth time Cheniere has turned to the bond market to refinance debt and fund construction at its development in Cameron Parish, La., over the last 18 months (PI, 11/20 & 4/16/13). Cheniere's most recent offering in November was a \$1 billion issuance of 8.25-year notes that priced at 6.25%--75bps tighter than the current tranche, says an observer, noting it highlights a wider bond market. Proceeds will also be used to repay outstanding indebtedness.

Calls placed to Cheniere Energy officials in Houston were not returned by press time. Bank officials directed inquiries to the lead manager of the books, RBC. RBC officials did not respond to inquiries by press time.

N.Y. IPP Sells High-Yield Bonds

ContourGlobal Power Holdings has issued \$400 million in privately placed high-yield notes.

The New York-based global independent power producer based notched in the five-year notes with a 7.125% coupon, says a deal watcher. **Goldman Sachs** was the sole underwriter. **Moody's Investors Service** rated the notes at B3; **Standard & Poor's** rated the notes BB-. The company will use \$274 million of the proceeds to refinance existing debt while \$120 million fund greenfield projects and acquisitions.

The issuance was well-received in the global road show, according to an observer, noting that the order book was multiple times oversubscribed by investors in Asia, Europe and the U.S.

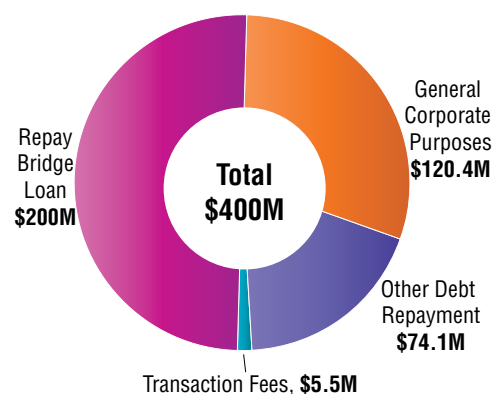
The company had evaluated several different types of refinancings over the last few years including term loans B and high yield notes, say observers. About three years ago, pricing on five-year notes would have been double the latest coupon. The company opted to push out the timeline until it got pricing that was attractive.

ContourGlobal owns a fleet of 42 facilities totaling 3.72 GW. The portfolio is comprised of solar, wind, thermal and methane-to-power assets as well as quadrigenation, or plants that produce power, heat and steam, chilled water and carbon dioxide for food manufacturing. Most of its facilities are in Africa, Europe and Latin America. The 55 MW Powerminn facility in Benson, Minn., is the company's only facility in the U.S. and uses turkey litter for fuel.

Joseph Brandt is ceo of ContourGlobal. It's backed by **Reservoir Capital Group**, an investment fund with \$7.3 billion under management.

A spokesperson or official for ContourGlobal was not immediately reached.

Uses of ContourGlobal's Secured Notes



Source: Power Intelligence

INDUSTRY CURRENT

Industry Current: IRS Clarifies Views On Renewables In REITs – Part I

THIS WEEK'S INDUSTRY CURRENT *was written by John Marciano, partner at Chadbourne & Parke, on recent regulation proposals released from the U.S. Internal Revenue Service that open the door for real estate investment trusts being able to invest in solar and wind assets.*



John Marciano

The U.S. Internal Revenue Service has issued proposed regulations relating to the types of assets a real estate investment trust may own. A REIT may lend against the same types of assets.

The renewable energy industry was hoping for broad authority for REITs to invest in solar and wind projects, after President Barack Obama made some positive statements last week and installed solar on the White House (albeit only 6.3kW).

The proposed rules do not give this broad authority. Instead, they merely provide a starting point for additional discussions. The big winners are existing REITs that want to incorporate solar assets into their existing real estate holdings and will have clarity to do so.

REITs offer a compelling means to raise low cost debt or

“REITs offer a compelling means to raise low cost debt or equity. However, they are saddled with restrictive rules governing the assets they can own and against which they can lend.”

equity. However, they are saddled with restrictive rules governing the assets they can own and against which they can lend. The rules would clarify that a REIT can own or lend against land, structures that are permanently affixed to land and structural components of those items.

They provide an angel list of per se permissible assets. The angel list does not include renewable energy assets,

but general guidance does suggest limited portions of some renewables projects would be eligible.

Active assets would be off limits. That is, a REIT could not own an asset used to produce goods, like electricity, and have it be counted in the good REIT asset category unless the asset provides a utility-like function to a building or other permanent structure that the REIT owns and certain other requirements are met.

That means a distributed generation solar system that provides power to a building may be eligible. However, the rules would require the system to be permanent and the owner of the system to own the system and building it supplies with power.

The IRS requested comments on whether a system that also sells power to a utility should be eligible. Most solar systems

sell excess power to the local utility. Portions of utility scale solar projects could be REIT eligible under the proposed rules. These are portions that are deemed to be permanent, such as underground cables, foundations and mounting systems.

The rules explicitly permit these items to support an active renewable power project. The market had already assumed this was permissible, but this certainty avoids the need to obtain a specific IRS ruling on the subject.

There are a number of open questions that the renewable energy industry will try to clarify with the IRS through the comment process. A public hearing is scheduled for Sept. 18 to discuss comments.

Check back next week for Part II of the Industry Current that delves into the nuance of the new proposed regulations.

HANNON'S CEO: IRS PROPOSAL WILL NOT IMPACT REIT

Hannon Armstrong Sustainable Infrastructure is evaluating how the proposed rulemaking REG-150760-13 from the U.S. **Internal Revenue Service** will impact different types of solar investments but does not foresee major changes to its lending platform.

Jeff Eckel, CEO of Hannon Armstrong in Annapolis, Md., told investors on its May 12 first quarter earnings call that he does not expect to see “significant change” under the proposed rulemaking REG-150760-13.

Hannon Armstrong took a mortgage real estate investment trust in April 2013 (PI, 4/19). The REIT looks to finance buildings with sustainable and clean energy components as well as distributed generation and energy efficiency projects. It recently financed distributed solar portfolios from **SunPower** and **Soltage**.

Companies that have REITs that own property might benefit from the rulemaking depending on how solar installations are treated compared to the buildings they are atop. “The one thing that might actually happen is that REITs that actually own buildings, maybe able to call some solar assets a good REIT asset,” said Eckel of the proposals, noting the company is still evaluating the rules. To read the IRS proposed rulemaking REG-150760-13 go to <http://federalregister.gov/a/2014-11115>.

– Holly Fletcher

MERGERS & ACQUISITIONS

OwnEnergy Kicks Off Equity Raise

Community wind developer OwnEnergy is in the market to raise capital.

The shop has launched a process to bring in corporate level equity, say a developer and banker. The process is being run by **Marathon Capital**.

The Brooklyn, N.Y.-based company works with local partners to develop the project with the intent to bring in a long-term owner for the farm near the operational date. **Jacob Susman** is founder and ceo of OwnEnergy.

In 2012, the company brought in **NJR Clean Energy Ventures** as an investor with an \$8.8 million, 20% stake in OwnEnergy. NJRCEV is a subsidiary of **New Jersey Resources**, based in Wall, N.J. The companies handled their own negotiations in that transaction (PI, 9/13/12).

Development stage wind assets have not been attractive to buyers in recent months as the industry zeroes in on projects that could qualify for the production tax credit. However, deal watchers say that some private equity and infrastructure funds are recasting an eye toward opportunities that could position them well for wind development in the future. While many well-capitalized firms are focused on the shorter-term goal of PTC

qualification, there is a play to be made for wind projects—and their sponsors—that are positioned to go online later in the decade, says a developer who has given informational presentations to interested PE shops.

OwnEnergy has developed 240 MW across Iowa, Montana, Oklahoma, Pennsylvania and Texas. It recently sold two assets, the 20 MW Carroll Area wind farm in Iowa and the 10 MW Two Dot wind project in Montana to NJRCEV. In December,

FAST FACT

Some private equity and infrastructure funds are recasting an eye toward opportunities that could position them well for wind development in the future.

BlackRock bought a majority stake in the 68 MW Windthorst 2 farm in Windthorst, Texas. **JPMorgan Capital Corp.** has a tax equity stake in Windthorst.

The developer recently signed a power purchase agreement with **Kansas City Board of Public**

Utilities for half of the power from the 50 MW Alexander wind project near Alexander, Kan.

Neither the amount of equity being sought nor whether NJR will stay on as a corporate investor could be immediately learned. Officials or spokespeople for Marathon and OwnEnergy did not respond to inquiries by press time. A spokesman for NJR declined to comment.

Power Intelligence

News keeps you informed. Intelligence generates business.

Compete

Get beyond the acquisition and financing of power assets to get invaluable intelligence needed to pursue deals.

Advance

Get behind-the-deal analysis pieces and get ahead of the deals being launched with a comprehensive proprietary database of North American generation asset sales and proposed sales.

Lead

Get expert commentary on generation sales and purchase trends in different sectors to raise funds and draw up shopping lists.

Connect

Get the inside track on who is looking for financing; who is looking to sell generation assets; who are the buyers circling in asset auctions so you can position your firm and its offerings.

www.PowerIntelligence.com

Subscribe Today

You won't find this kind of *Compliance Intelligence* that will boost your success anywhere else.

+1 800 437 9997 / +1 212 224 3570
hotline@iintelligence.com

Institutional Investor

Institutional Investor Intelligence. A Division of Institutional Investor LLC.

Power Intelligence

Corporate Access Program

Save time and money by giving every member of your team competitive intelligence

In today's complex and changing environment it's imperative that every associate on your team has immediate access to reliable, customizable intelligence in order to maintain your competitive edge. The **Power Intelligence Corporate Access Program** provides everyone on your team with instant access to actionable news, features, data, and informed perspectives on financing and M&A in the US power industry.

Every associate on your team needs to benefit from:

Actionable Intelligence

Highlighted news stories cover actionable, competitive intelligence in clearly organized categories. More than just news, insight into how it affects you.

Market Data

Track sellers, buyers, plant locations and power pool regions and access details on current energy project finance deals. All crucial assets in your daily business.

Special Features

In-depth perspectives on ongoing industry trends and happenings from key industry participants.

Personalized Content

Tailored homepage and email alerts enable immediate access to the stories that matter most.

Convenient Access

Clearly organized content accessible from your PC or mobile device, via the e-mail alerts, customizable homepage or weekly print issue.

Community

Get a read on the industry or voice your opinion with snapshot polls and blogs on current market issues.



Power Intelligence will work with you to customize a service plan that meets your needs. For more information or to trial this service please contact:

John Diaz
(212) 224-3366
JDiaz@iiintelligence.com

www.PowerIntelligence.com

Institutional Investor

Institutional Investor Intelligence, A Division of Institutional Investor LLC.

Tenaska Eyes Calif. *(Continued from page 1)*

als to lenders to provide debt for the projects, says a deal watcher. To that end, the Solar West financing is expected to take a similar shape to the roughly \$500 million debt package that Tenaska arranged for the sister project, 130 MW Imperial Solar Energy Center South in Imperial County, Calif.

Tenaska lined up a 10-year deal for the Solar South project that was priced at LIBOR plus 250 basis points then it refinanced with bonds after the project went online (PI, 11/25). **Prudential**

Capital Group came in for a 32% equity stake around the same time the project was coming online in the fourth quarter (PI, 10/29).

For Solar West, however, Tenaska has had **Silver Ridge Power** increase its equity stake in the 150 MW

project from 1% to 20%—a deal that was struck ahead of the bank meeting so it would be a part of the debt financing (PI, 4/15).

The Tenaska Imperial Solar Energy Center West will use **Soitec's** Concentrix ground-mounted concentrated photovoltaic solar technology, which differs from the PV modules in the South facility. The project would connect with the California **Independent System Operator** at the existing Imperial Valley electric transmission substation on U.S. **Bureau of Land Management** land in the Yuha Desert. Construction on the project is set to begin this year and it is slated

for commercial operation in 2016. It has a 25-year power purchase agreement with **San Diego Gas & Electric**. A Tenaska spokeswoman in Omaha, Neb., declined comment on the deal. Bank officials declined comment.

— Nicholas Stone
& Holly Fletcher

Recent U.S. Utility Scale Solar Financing Scorecard

Sponsor	Project	Date	Amount (\$M)	Type
Sempra U.S. Gas & Power	Copper Mountain III (250 MW)	Mar-14	\$440	Term Loan/LC
MidAmerican Energy Holdings	Antelope Valley (230 MW)	Jun-13	\$700	144A Bonds
Sempra U.S. Gas & Power	Copper Mountain II (150 MW)	May-13	\$350	Term Loan
AES Solar/8minutenergy	Mount Signal (266 MW)	Dec-12	\$636	Bank/Bond
LS Power	Centinela (170 MW)	Sep-12	\$450	Bank/Bond
Tenaska Solar Ventures	Imperial Solar Energy Center South (150 MW)	Apr-12	\$500	Term Loan
MidAmerican Energy Holdings	Topaz (586 MW)	Feb-12	\$850	144A Bonds
LS Power	Arlington Valley (127 MW)	Feb-12	\$400	Bank/Bond

Source: Power Intelligence

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 and Editor @SaraReports.

@SEIA : ICYMI, #Colorado #solar was dealt a victory Friday, when courts denied an RPS challenge. #gosolar <http://seia.us/1qwHu24>

@SolarMikeTaylor: @solarcity forecasts 2.8 TWh of #solar electricity sales by 2015, which would rank them #186 as electric utility <http://www.utility-dive.com/news/solarcity-ceo-we-are-becoming-one-of-the-largest-us-electricity-suppli/261626/> ...

@UtilitySolar: .@walmart will 2x its use of #solar by 2020. SEPA shares how such key accounts can benefit from green power programs. <http://bit.ly/1gcrcWy>

@ElisaWood: What's Behind the Upward Trend in #EnergyEfficiency Spending <http://tinyurl.com/lrk1zh6>

@rnealelliott: Cisco DeVries at #ACEEEFF: Sees #EnergyEfficiency finance at a transition point poised to become billion \$ market

@JesseJenkins: It's been 7 yrs since Congress passed major #energy legislation. Good thing nothing important has changed in the energy sector since 2007...

@scotthomasson: Georgia Power's 3 solar projects w/ the Army are the result of policy cooperation with @GeorgiaPSC to build rate-base renewable resources.

@Silvio_Marcacci: New nationwide grid power outage tool covers 75% of US utility customers, provides 15-minute updates <http://ow.ly/wQpd6>

@joeakruger: Obama will personally announce EPA GHG power plant rules on June 2. <http://bloom.bg/1msmJQE> via @BloombergNews

@FERC: FERC NEWS: FERC Proposes to Streamline Open-Access Requirements for Certain Interconnection Facilities <http://ow.ly/wSLeq>

@MarkMuro1: NY's @NYSERDA is leading state experimentation on green banking, green bonding <http://brook.gs/1goe2XP> @Co4greenCap @Bruce_Katz @alannogee

Capital Dynamics *(Continued from page 1)*

construction projects because returns are higher, says Breckenridge. "Our team has operational and development experience, so we think we can evaluate projects where construction risk is 'mis-priced.' The return is higher without much more additional risk," says Breckenridge.

"It's interested in assets across the U.S. although it has identified ERCOT, PJM, the Northeast and Southern California as the most attractive for peakers."

Capital Dynamics' stable of investors are comfortable with taking on construction risk in projects that will have long-term cash flows. Investors in the solar fund are institutional investors from the U.S., U.K., Australia, Japan, Germany and Korea. They include **Surrey County Council Pension Fund, The Brent Pension Fund, Clwyd Pension Fund and TIAA-CREF**, according to filings.

The shop recently deployed its \$282 million **U.S. Solar Energy Fund** on 75 MW of commercial-scale solar assets in the U.S. Its portfolio consists of 40 assets in California, Massachusetts, New Jersey, New York and Pennsylvania that are contracted to 16 investment-grade entities, such as utilities, municipalities and corporate offtakers. Capital Dynamics did not arrange tax equity investments on the solar assets, which would have lessened the amount of cash flow available to return to investors. The solar fund closed in 2012.

The shop is talking with developers that have wind, gas-fired, hydro and biomass projects. The company has an "aggressive program" of proactively reaching out to developers "so hopefully we're on their list when they have a project come up with investment needs," he says. Capital Dynamics sources its own deals and has an asset management team in Scottsdale, Ariz.

It's interested in assets across the U.S. although it has identified ERCOT, PJM, the Northeast and Southern California as the most attractive for peakers. Capital Dynamics is also looking for opportunities in the U.K.

The shop likes to identify opportunities that are on the cusp of attracting wide-spread investor attention and move fast to invest before the returns come down as more capital flows in. Fuel sources in the U.S. have a brief window of above average returns and the industry saw that in commercial scale solar about two-and-a-half years ago, says Breckenridge.

— Holly Fletcher

THE SOLAR SEVEN SEAS



French writer **Antoine de Saint-Exupery** once said that if you want to build a ship, you don't drum up teams of people and assign them tasks and work. Rather, you teach them to long for the endless immensity of the sea. It seems that the nation's largest solar-powered boat competition is following that exact advice.

The **Metropolitan Water District's** Solar Cup takes place this weekend and 40 teams of high school students from Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties, Calif., will duke it out in the 12th annual race at Metropolitan's Lake Skinner, just north of Temecula, Calif. Seeing that it is Southern California and a solar powered competition, the iceberg risk is removed entirely from the equation, which is reassuring.

From humble beginnings as a race between only eight boats, the Solar Cup has come a long way. The competition begins with teams being put through a series of qualifying events by Metropolitan and a technical advisory team from **Harvey Mudd** and **Occidental** colleges to ensure boats meet rules and are safe and seaworthy.



Saturday will feature single-seat, 16-foot boats outfitted with solar-collection panels in endurance races around a 1-mile course. Sunday is dedicated to 200-meter sprint races—in which the solar panels are removed and the boats are powered by solar

energy stored in batteries. If kids can do it, surely solar storage isn't too far away for the industry?

The races are followed by an awards ceremony, with trophies awarded in veteran and rookie divisions for teams with the highest points, as well as to teams honored for categories such as "Hottest-Looking Boat." Solar, sea and style – it doesn't get much better.

ONE YEAR AGO

Deutsche Bank and **Union Bank** joined leads **BayernLB**, **Credit Agricole** and **NordLB** in the lender group for **Pattern Energy's** debt financing for the first phase of the Panhandle wind project in Texas. [The deal closed at LIBOR plus 200 basis points with the three leads joined by six banks committing to the \$500 million bridge loan (PI, 8/15).

QUOTE OF THE WEEK

"Our team has operational and development experience so we think we can evaluate projects where construction risk is 'mis-priced.' The return is higher without much more additional risk."
—**John Breckenridge**, managing director at **Capital Dynamics**, on why the company takes on construction risks in projects (see story, page 1).