

Power Finance & Risk

The weekly issue from **Power Intelligence**

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CPV Circles Banks For PJM Plant Debt

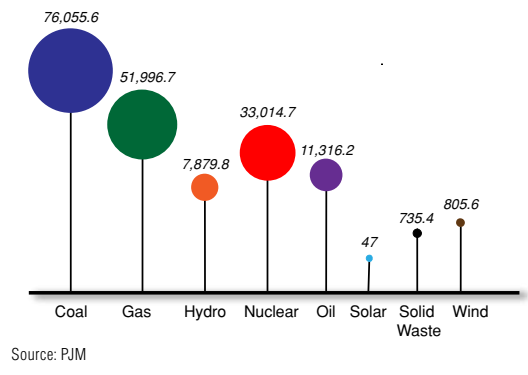
Competitive Power Ventures is putting together financing for its 725 MW natural-gas fired Shore facility near Woodbridge, N.J. The Silver Spring, Md.-based developer has tapped **GE Energy Financial Services** as lead arranger.

The package includes a \$400 million term loan and \$185 million in working capital and letters of credit. GE EFS will also contribute \$187.5 million in equity to the project, for which it is supplying the turbines. The banks eyeing the deal are **ING Capital**, **Union Bank**, **NordLB**, **Credit Agricole**, **Royal Bank of Canada** and **Royal Bank of Scotland**. Pricing talk is coming in at LIBOR plus 425 basis points for the bank term loan, and will step up over the life of the loan. The tenor could not be learned.

"Getting GE involved like that has made a lot of investors comfortable," says a deal watcher. "They had to go out pretty wide to raise the money. They will probably close with the six banks they have lined up, who will then look to the retail market for a sell-down of the loan," he adds, noting he expects the deal to be oversubscribed.

CPV originally secured a 15-year power purchase agreement in 2011 as part of the

**PJM Installed Capacity
By Fuel Source (MW)**



(continued on page 8)

THE BUZZ

PJM Stokes Up The Interest

PJM continues to attract developers, financiers and acquirers looking to take advantage of a wave of coal-fired retirements, abundant shale gas and attractive capacity auctions for energy sales. Pricing and a potential timeline for **Moxie Energy's** Liberty facility financing in Pennsylvania emerged this week (see story, page 5). **Competitive Power Ventures** is also looking to close a deal backing its Shore facility in New Jersey, soft-circling a group of six banks to participate in a \$400 million term loan being arranged by **GE Energy Financial Services** (see story, page 1).

For PFR's take on these stories and the rest of the market, see page 2.

Toyota, Chubu Ready Ontario Refi

Chubu Electric Power Co. and **Toyota Tsusho Corp.** are looking to refinance the C\$936.56 million (\$816.6 million) loan on their 880 MW combined-cycle Goreway facility in Brampton, Ontario. **TD Securities** is leading the deal.

TD wrapped the original construction loan with lead **RBC Capital Markets** on behalf of **Blackstone-backed Sithe Global Capital** ([PI, 4/14/2006](#)). Minority partners Chubu and Toyota bought out Sithe to increase their stakes in the facility to 50% each in 2011 ([PI, 3/7/2011](#)). The original loan priced at LIBOR plus 120 basis points before dropping to LIBOR plus 112 bps when the facility came online in 2009. The construction loan converted to a higher priced-term loan in 2011. Pricing and tenor on the term loan could not be learned by press time. The original deal was two times oversubscribed.

(continued on page 2)

Deals & Firms Of The Year Awards

Stay tuned for the winners of our new and expanded awards, recognizing excellence in the power industry.

New Project Finance Loans

We've added updates to our weekly round-up of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

Generation Sale ■ DATABASE

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

See calendar, page 3

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Toyota, Chubu *(Continued from page 1)*

"It is an attractive proposition for investors as it has a strong contract," says a deal watcher. "We are expecting to see pricing come in at about market rates for this type of facility in Canada."

The deal could close around LIBOR plus 225 bps, notes an observer. The sponsors may be trying to stretch out the tenor to be more in line with the length of the power purchase agreement. Goreway has a 20-year PPA with the **Ontario Power Authority**. Japanese banks would probably be the only banks in the market able to go that length with around 16-year debt, says the observer, although returning European banks may also be interested.

Officials at Toyota and Chubu did not respond to inquiries by press time. TD officials also did not respond to inquiries. Why RBC is not involved as a lead again could not be learned.

—Nicholas Stone

THE BUZZ

In other gas-related news, **Freeport LNG** was given the go-ahead to export liquefied natural-gas to non-free trade agreement countries and **Sempra LNG** subsidiary **Cameron LNG** sold a 49.8% equity stake in its LNG project to three offtakers (see story, page 6).

On the solar front, a pair of financings characterized by tight spreads closed this week. **Sempra U.S. Gas & Power** was pushing for pricing of LIBOR plus 225 basis points backing its Copper Mountain III project in Nevada, but pulled up just above that mark after some of the banks on the deal could not go that low (see story, page 6). **Rockland Capital** and **Broadway Electric Co.** were also able to close a \$110 million deal backing a collection of facilities primarily in the Northeast (see story, page 6). With low pricing available for developers, many are pushing to close deals, note observers. **Samsung Renewable Energy** is one, as it seeks debt backing a 100 MW facility in Ontario (see story, page 5).

Sponsors continue to find attractive pricing in the institutional debt market. The summer is expected to bring more sponsors to the B loan space for greenfield financings in addition to refinancings, say bankers, who don't anticipate a lull in activity. Both **NextEra Energy Resources** and **Energy Capital Partners** tightened institutional deals before closing. NextEra upsized a \$1 billion loan while ECP repriced existing debt (see stories, page 7).

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 Institutional Investor
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GENERATION AUCTION & SALE CALENDAR

These are the current live generation asset sales and auctions, according to *Power Intelligence's* database. A full listing of completed sales for the last 10 years is available at www.powerintelligence.com/AuctionSalesData.html

Seller	Assets	Location	Advisor	Status/Comment
ArcLight Capital Partners	Various (2.8 GW Gas)	Georgia	Citigroup, Barclays	Funds make out the bulk of entities in the second round (PI, 5/6).
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	Aiming to find a buyer by end of July (PI, 5/20).
BP Wind Energy	Various (Wind portfolio)	Various	None	Has had initial chats with suitors, may bring in advisor later (PI, 5/20).
Capital Power	Tiverton (265 MW CCGT)	Tiverton, R.I.	Morgan Stanley	Teasers went out recently (PI, 4/29).
	Rumford (265 MW CCGT)	Rumford, Maine		
	Bridgeport (520 MW CCGT)	Bridgeport, Conn.		
Edison Mission Energy	Various (7.5 GW Coal, Wind, Gas)	Various	TBA	Taken pitches from potential advisors for a bankruptcy court-run sale (PI, 5/6).
EmberClear	Good Spring (300 MW Gas Project)	Good Spring, Pa.	CCA Capital	Likely to sell a nearby development in addition to Good Spring (PI, 4/8).
Energy Investors Funds	Stake (550 MW Astoria Energy II)	Queens, N.Y.	Barclays	Teasers are out (PI, 12/10).
Enova Power Group	Plainfield (37.5 MW Biomass project)	Plainfield, Conn.	UBS	Prospective buyers went to an on-site presentation in late Dec (PI, 12/24).
FirstEnergy	Various (1,181 MW Hydro)	Ohio, Virginia, Pennsylvania	Goldman Sachs	Teasers are out (PI, 5/13).
First Solar	Campo Verde (139 MW Solar)	Kern County, Calif.		Southern Power and Turner Renewables are buying it.
GDF SUEZ Energy North America	Armstrong (620 MW Peaker)	Pennsylvania	Bank of America	BoA is prepping teasers (see story, page 7).
	Troy (609 MW Peaker)	Ohio		
	Calumet (303 MW Peaker)	Illinois		
	Pleasants (304 MW Peaker)	West Virginia		
LS Power	Doswell (708 MW CCGT)	Ashland, Va.	Citigroup, Credit Suisse and Morgan Stanley	Teasers went out in mid-April (PI, 5/6).
	(171 MW Peaker)			
Maxim Power Corp.	CDECCA (62 MW Gas)	Hartford, Conn.	Credit Suisse	First round bids due between 2/18-2/15 (PI, 2/11).
	Forked River (86 MW Gas)	Ocean River, N.J.		
	Pawtucket (64.6 MW Gas)	Pawtucket, R.I.		
	Pittsfield (170 MW Gas)	Pittsfield, Mass.		
	Basin Creek (53 MW Gas)	Butte, Mont.		
NextEra Energy Resources	Wyman (796 MW Oil)	Maine	TBA	Mulling a sale of its Wyman and Cape stations to reduce merchant gen (PI, 4/1).
Pattern Energy	Various (1 GW Wind)	North America	Morgan Stanley	Pattern inches toward Toronto Stock Exchange listing (see story, page 7).
PPL Corp.	Various (604 MW Hydro)	Various, Montana	UBS	The utility holding company is selling its unregulated Montana operations (PI, 11/12).
	Colstrip (529 MW Coal)	Colstrip, Mont.		
	Corette (153 MW Coal)	Billings, Mont.		
Philip Morris Capital Corp.	Lessor Stake (192 MW Sidney Murray Hydro)	Vidalia, La.	Energy Advisory Partners	Teasers went out this month with an end of Q2 timeline (PI, 4/29).
Project Resources Corp.	Ridgewood (25 MW Wind)	Minnesota	Alyra Renewable Energy Finance	PRC is looking to sell up to 50% of its lessee position in the farm (PI, 2/18).
Ram Power	Geysers (26 MW Geothermal)	Healdsburg, Calif.	Marathon Capital	In talks with several buyers amid a reorganization (PI, 2/4)
Rockland Capital	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	FERC has rejected Wayzata's bid to buy it (PI, 3/18).
Sempra U.S. Gas & Power	Mesquite Power (1,250 MW Gas)	Arlington, Ariz.	TBA	Salt River Project financed its 50% stake with cash (PI, 3/11).
	Mexicali (625 MW Gas)	Mexicali, Baja California, Mexico		The Sempra Energy unit is talking with prospective advisors (PI, 10/22).
	Copper Mountain 1 (58 MW Solar)	Boulder City, Nev.		Infrastructure funds make up the bulk of first round bids for the solar assets (PI, 1/14).
	Copper Mountain 2 (150 MW Solar project)	Boulder City, Nev.		
	Mesquite 1 (150 MW Solar)	Arlington, Ariz.		
U.S. Power Generating	Astoria Generating (2.3 GW Oil, Gas)	New York	Goldman Sachs, Morgan Stanley	The company is in talks with a handful of parties (PI, 4/22).

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 hffletcher@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
BluEarth Renewables	Bow Lake (60MW Wind)	Algoma, Ontario.	TBA	TBA	\$80M	TBA	Sponsor will be bringing a few deals to market this year (PI, 1/21).
BrightSource	Hidden Hills (500 MW Solar)	Hidden Hills, Calif.	TBA	TBA	TBA	TBA	The company is in the market looking for equity, before finalizing the debt financing (PI, 4/29).
	Palen (500 MW Solar)	Riverside County, Calif.	TBA	TBA	~\$1.6B	TBA	Sponsor is looking to close the deal by Q4 this year (PI, 3/25).
► Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor sells three equity stakes to offtakers (see story, page 6).
Cheniere Energy	Sabine Pass Trains 3 & 4 (Trains)	Sabine Pass, La.	TBA	TBA	\$3B	TBA	The sponsor has tapped the bond market again to free up bank capacity for the deal (PI, 4/22).
► Competitive Power Ventures	Shore (663 MW Gas-fired)	Woodbridge, N.J.	GE	Term Loan	\$585M	TBA	CPV is looking to wrap the deal, despite still facing a legal battle over the PPA (see story, page 1).
Coronado Power	Edinburg (700 MW Gas)	Edinburg County, Texas	TBA	TBA	\$650M	TBA	The new shop will fire up the financing after some of the final permits are issued (PI, 12/3).
EDF Renewable Energy	Rivière-du-Moulin (350 MW Wind)	Quebec, Canada	TBA	TBA	TBA	TBA	The total investment needed for the project will be \$800 million (PI, 3/11).
EmberClear Corp.	Good Spring (300 MW Gas)	Schuylkill County, Pa.	CCA Capital	TBA	\$400M	TBA	Sponsor taps Boston-based CCA Capital to manage both the debt and equity sale (PI, 12/24).
Fiera Axiom, Starwood Energy	Unknown (34 MW Solar)	Ontario	BTMU, NordLB, Natixis	TBA	\$140M	TBA	Sponsors working with a trio of banks on the deal (PI, 5/6).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas.	TBA	TBA	TBA	TBA	The first-time developer is looking for both debt and equity partners (PI, 3/18).
Genesis Power	Keys Energy Center (750 MW Gas)	Brandywine, Md.	TBA	TBA	TBA	TBA	EIF is taking an equity stake in the project (PI, 3/4).
GSR Energy	GSR Energy (36 MW Biomass)	Orange Walk, Belize	TBA	TBA	\$205M	TBA	Sponsor is looking for debt and equity to build the project (PI, 5/13).
Innergex	Four Projects (170.5 MW Hydro)	B.C., Canada	TBA	TBA	\$590M	40-yr	Sponsor is looking to tap lifecosts to match the tenor of the debt to the length of the PPAs (PI, 3/25).
Invenery	Stony Creek (95 MW Wind)	Orangeville, N.Y.	TBA	TBA	TBA	TBA	Sponsor fires up financing search after PTC extension (PI, 4/15).
K Road Power	Moapa (350 MW Solar)	Clark County, Nev.	TBA	TBA	\$1B+	TBA	The sponsor has tapped Banco Santander and Prudential to do a bank/bond financing (PI, 4/22).
MidAmerican Solar	Antelope Valley (579 MW Solar PV)	Kern & L.A. Counties, Calif.	Goldman Sachs	TBA	TBA	TBA	The company is looking to mimic the Topaz financing it completed last year (PI, 4/29).
► Moxie Energy	Moxie Liberty (850 MW Gas)	Bradford County, Pa.	TBA	TBA	\$800M	TBA	Pricing, timeline emerge on Liberty term loan B (see story, page 5).
OCI Solar Power, CPS Energy	Alamos I - V (400 MW Solar)	Texas	TBA	Term	~\$500M	TBA	Sponsor heads straight back into the market looking to fund the next two phases (PI, 3/18).
Pan-American Hydro	Chiacte (31 MW Hydro)	Guatemala	TBA				Sponsor is looking for \$223 million in debt and equity (PI, 5/6).
	Amalia (8 MW Hydro)	Guatemala	TBA				
	Mopa (5 MW Hydro)	Guatemala	TBA				
	Platanos (14 MW Hydro)	Guatemala	TBA				
	Verde Cluster (37 MW Hydro)	Mexico	TBA				
Panda Power Funds	Temple II (750 MW Gas)	Temple, Texas	TBA	TBA	\$700M	TBA	Panda's oversubscribed deal is expected to tighten to LIBOR plus 600 basis points (PI, 4/8).
Pattern Energy	Grand (150 MW Wind)	Haldimand County, Ontario	TBA	TBA	TBA	TBA	The sponsor closed a deal with 16 banks contributing to sister project South Kent (PI, 3/18).
	Panhandle (322 MW Wind)	Carson County, Texas.	BayernLB, Crédit Agricole, NordLB	Bridge to Tax Equity	\$500M	2-year	The sponsor has mandated three leads for the bridge loan, as pricing emerges (PI, 3/25).
► Rockland Capital, Broadway Electric Co.	Mass Solar (60 MW Solar PV)	Massachusetts	TBA	TBA	\$200M	TBA	Sponsors wrap deal, with Deutsche Bank and Key Bank as leads (see story, page 5).
► Samsung Renewable Energy	Grand Renewable (100 MW Solar PV)	Haldimund County, Ontario	TBA	TBA	TBA	TBA	The sponsor is talking to banks looking for debt for the project (see story, page 5).
► Sempra U.S. Gas & Power	Copper Mountain III (250 MW Solar)	Boulder City, Nev.	SocGen, Union Bank	TBA	\$600M	TBA	Sponsor wraps deal, with five banks participating (see story, page 6)

► New or updated listing

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PROJECT FINANCE

Deutsche Bank, Key Bank Wrap Solar Financing

Deutsche Bank and **Key Bank** have closed a \$110 million debt financing for 37 MW of solar photovoltaic installations in Massachusetts being developed by **Rockland Capital** and **Broadway Electrical Co.**, including 24 MW in Cape Cod and Martha's Vineyard. **Sunbeam Capital** advised Rockland and BEC.

"Rockland Capital was one of the early sponsors to build a development pipeline in Massachusetts," says a project financier. "The banks spent a lot of time with them in the early stages developing the financing structure, where they were willing to work to develop something that was functional in relation to the complex auction mechanism in Massachusetts," he adds, referencing the [solar renewable energy credit system](#) designed to foster investment in solar development in the state. The identity of any other lenders in the deal could not be learned.

Despite the complexities, Massachusetts' policy is piquing investor interest. "We are seeing more deals arising from the Mass solar program," says a deal watcher, adding that the overall state of the solar market in the U.S. is very strong this year.

Bank officials declined to comment. The 24 MW bundle in Cape Cod and Martha's Vineyard covered under the deal is less than half the 50 MW originally announced by Rockland and Broadway a year ago. The companies encountered issues with the use of roofs and conflicts with other users of the land designated for some of the projects. Officials at Rockland in New York and BEC in Boston did not respond to inquiries by press time.

The facilities have a 20-year power purchase agreements with **Northeast Utilities** subsidiary **NSTAR Electric and Gas**. Construction of the projects is expected to begin this year and be complete by 2014.

Samsung Stalks Solar Funds

Samsung Renewable Energy is talking to banks to secure financing for its 100 MW Grand Renewable solar photovoltaic facility in Haldimand County, Ontario.

The deal will likely be a mini-perm, which is the favored structure for developers in the Canadian market at the moment, says an observer. "The sponsor has a large pipeline of deals and banks are willing to do tighter pricing to shore up the opportunities. Canada is attracting a lot of bank attention at the moment, so this should have no problem getting done," he adds, pointing to European lenders returning to the marketplace. The amount of debt sought could not be learned by press time.

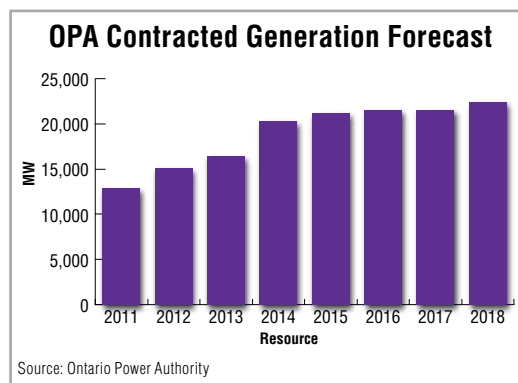
The facility will sit alongside the 150 MW Grand wind farm,

which Samsung is developing with **Pattern Energy**. Samsung secured a 2,500 MW power purchase agreement with the

Ontario Power Authority, of which it has developed 1,000 MW.

Samsung and Pattern most recently closed a mini-perm financing via a 16-bank syndicate for their 270 MW South Kent wind facility ([PI, 3/12](#)). **Bank of Tokyo Mitsubishi UFJ, Union Bank and Mizuho** led that C\$700 million (\$680.93 million) deal. The pricing for South Kent was around LIBOR plus 250 basis points, which was quite aggressive, says a deal watcher.

Bank officials did not respond to inquiries by press time, while an official at Samsung declined to comment on the financing, citing confidentiality agreements.



Pricing, Timeline Emerge On Moxie PJM Project

Early pricing talk on the B loan backing **Moxie Energy's** 825 MW natural gas-fired Liberty facility in Bradford County, Pa., is coming in at around LIBOR plus 600 basis points. Leads **Goldman Sachs** and **Credit Suisse** are looking to launch the approximately \$500 million debt facility in mid-June, say observers.

"The all-in pricing for Liberty was being talked about at the 12% mark as recently as one or two months ago, but has come in to about 10%, even as low as 9%," notes a deal watcher, adding that **Panda Power Funds'** involvement is making investors comfortable.

Panda recently took equity stakes in Moxie's two PJM projects

([PI, 4/26](#)). The Dallas-based company mandated Goldman and CS to lead the B loan search, after having worked with them on previous merchant deals ([PI, 4/3](#)).

"With those banks working on it, they'll have no trouble closing it and it will probably have the same structure as the other Panda deals," says an observer. "There is plenty of appetite in the market for deals like this." Officials expect the deal to close in July.

Bank officials and representatives from Moxie and Panda declined to comment and details regarding the hedge could not be learned.

Sempra Closes Copper Mountain III

Sempra U.S. Gas & Power has wrapped a \$350 million financing for the 250 MW third phase of its Copper Mountain solar facility in Boulder City, Nev. The 10-year debt priced at LIBOR plus 237 basis points and the deal closed last week. **Union Bank** and **Société Générale** led the deal. **Crédit Agricole**, **Mizuho** and **Deutsche Bank** also participated.

"Some of the banks were willing to go down to LIBOR plus 225, but they ended up settling for the higher amount because they couldn't all go that low," says a deal watcher, adding that well-known sponsors like Sempra are tapping aggressive pricing. The identity of the banks that didn't want to hit the LIBOR plus 225-bps

mark could not be learned by press time. Officials at banks either declined to comment or did not respond to inquiries.

"We are seeing more deals arising...as well as closing further deals in Nevada and California," says a financier of solar projects. Officials at Sempra did not respond to inquiries by press time.

The San Diego-based developer is still in the process of selling the facilities, with **Morgan Stanley** advising on the sale ([PI, 1/10](#)). Sempra inked a 20-year power purchase agreement for the project with the cities of Los Angeles and Burbank, Calif., via the **Los Angeles Department of Water and Power** ([PI, 3/21](#)).

MERGERS & ACQUISITIONS

U.S. Bank Sub Stalks Minn. Wind Stake

A subsidiary of **U.S. Bancorp** is planning to take equity and tax equity stakes in an **EDF Renewable Energy** wind farm in Minnesota that went online in 2009.

Firststar Capital Corp. has agreed to buy 50% of the Wapsipinicon farm's tax benefits, according to a recent filing with the U.S. **Federal Energy Regulatory Commission**. Firststar is concurrently trying to find co-investors to take pieces of its tax equity position. **Bankers Commercial Corp.**, a subsidiary of **Union Bank**, owns 50% of the tax equity from a deal used to project finance the farm in 2009 ([PI, 6/5/09](#)).

Firststar will also own 48% of the cash equity in Wapsipinicon. EDF Renewable Energy is currently the sole owner of the cash equity.

The farm in Mower County, Minn., went online in 2009 and has a 20-year power purchase agreement with **Southern Minnesota Municipal Power Agency**. It was financed with Union Bank's tax equity investment and a \$110 million deal that was led by **NordLB**.

An EDF spokeswoman could not immediately comment. A U.S. Bank official was not available to comment.

Sempra Offloads Cameron Equity Stakes

Sempra LNG has sold three 16.6% equity stakes in its Cameron liquefied natural-gas export facility to **GDF SUEZ**, **Mitsui** and a joint-venture between **Mitsubishi** and **Nippon Yusen**. Sempra subsidiary **Cameron LNG** will retain 50.2% ownership of the facility.

The joint-venture partners will support the development, financing and construction of the LNG export facility in Hackberry, La. They have each also signed 20-year tolling agreements for the full nameplate capacity of the three-train facility that will provide an export capability of 12 million tonnes per annum of LNG. Each tolling agreement is for 4 million tonnes per annum.

Sempra will reportedly remain in charge of the debt financing, which it has been working on since late last year. The San Diego-based company aims to finance the facility by early 2014 and has tapped **Royal Bank of Scotland** as financial advisor ([PI, 1/8](#)). The **Japan**

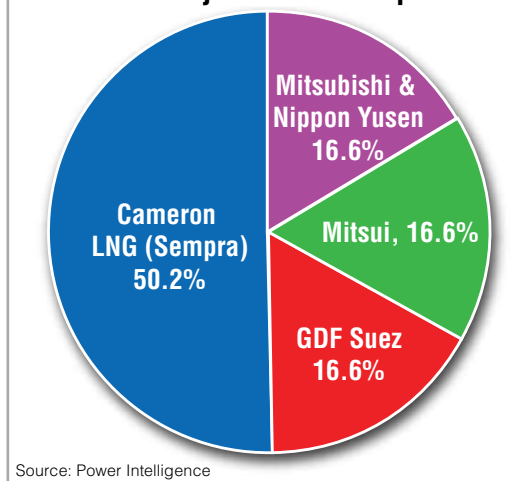
Bank for International Cooperation and the **Nippon Export and Investment Insurance** agencies are looking to provide around \$2 billion in debt to the facility. Sempra is also shooting for a further \$2 billion in 16-year debt from banks ([PI, 4/4](#)).

The fruition of equity partners, completion of tolling agreements and the backing of the two Japanese agencies indicates that the financing is progressing favorably, says a financier of LNG export facilities.

The project has an overall price tag of around \$10 billion. Construction is expected to start in 2014 with the first phase of liquefaction operations to commence in the second half of 2017. Full commercial operation of all three trains is expected in 2018. Officials at

GDF SUEZ, Mitsubishi, Nippon Yusen and Mitsui did not respond to inquiries by press time. A spokeswoman for Sempra in San Diego declined to comment.

Cameron Project Ownership Stakes



BoA Preps GDF Suez N.A. Peaker Sale

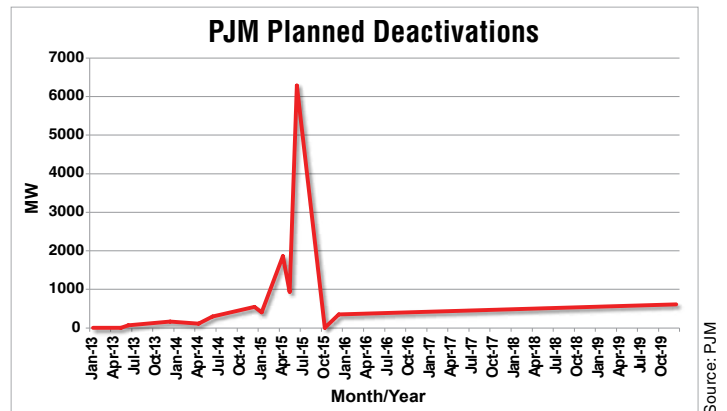
Bank of America is running the sale of four gas-fired peakers in PJM for **GDF Suez Energy North America**. Teasers for the 1,836 MW portfolio are on track to be released shortly, says an observer.

The sale will include the 620 MW Armstrong in Pennsylvania, the 609 MW Troy in Ohio, the 303 MW Calumet peaker in Illinois and the 304 MW Pleasants in West Virginia. The outcome of the PJM capacity auction—set to be made public Friday—could heat up competition for assets in the region, particularly if the price is between \$120-140 per MW-day ([PI, 5/17](#)).

GDF Suez N.A. is hoping to tap into investor appetite for PJM assets, which is on the upswing because of coal-fired retirements ([PI, 5/14](#)).

International Power bought the assets from **Tenaska Power Fund** for \$856.4 million five years ago ([PI, 5/16/08](#)). GDF Suez N.A. acquired

the assets when parent **GDF Suez** bought International Power. A BoA spokesman did not respond to inquiries.



Pattern Inches Closer To TSX Filing

Pattern Energy and backer **Riverstone Holdings** are on track to take the wind developer public on the **Toronto Stock Exchange** despite the cancellation of **Silver Ridge Power's** offering, deal watchers say.

The initial documents needed to file for an IPO are largely ready to go should the companies see an opportunity in the market to list, says one observer, explaining that the filing to listing process in Canada is swifter than that of the U.S. **BMO Capital Markets** and **Royal Bank of Canada** are the lead bookrunners.

Pattern and Riverstone floated the idea of an IPO as well as a minority stake sale last summer while evaluating other options to get the highest value for its 1 GW of operational assets ([PI, 6/14](#)).

As recently as early in the first quarter, the company was holding negotiations with prospective investors in a process run by **Morgan Stanley** ([PI, 2/22](#)). That process has idled as the shops turned their attention to Toronto, say observers. "The talks fell to the side as they decided they could do better on the TSX," says a banker.

Riverstone and solar partner **AES** recently pulled the C\$150 million (\$148 million) initial public offering of Silver Ridge Power,

née **AES Solar**, because investors were wary of the geographical balance of the 522 MW portfolio. The operational assets were centralized in European countries that have seen retroactive tariff cuts and the primary U.S. asset, the 265 MW Mt. Signal project in Imperial County, Calif., is slated to be complete in phases by early 2014 ([PI, 5/15](#)).

Pattern carries a different story for investors with operational, contracted assets in the U.S. and Canada, promising a steady cash flow. "Riverstone seems to have the stomach to try [an IPO] again because they know it's a different story," says

The Ocotillo wind farm in Imperial Valley, Calif., was seen to be a kink in the plans ([PI, 8/31](#)). There were litigation challenges in the fall that threatened to delay its completion (Pattern successfully resolved those) and a blade fell off a **Siemens** turbine about 10 days ago.

Spokesmen for Riverstone, Pattern and Morgan Stanley either declined to comment or could not immediately comment. Spokespeople for BMO and RBC did not immediately respond to inquiries.

STRATEGIES

NextEra Upsizes \$1B B Loan

NextEra Energy Resources has upsized and tightened its \$1 billion term loan B. The principal was boosted to about \$1.2 billion, deal watchers say, while pricing came in 50 basis points to LIBOR plus 350 bps.

The **LaFrontera Generation** facility will be used to fund a slated \$865 million dividend to NextEra Energy Resources. **Bank of America** is the lead arranger ([PI, 4/25](#)).

The seven-year B loan has a 125 bps LIBOR floor and a 99 original issue discount ([PI, 5/2](#)). **Moody's Investors Service** assigned it a preliminary B1 rating and **Standard & Poor's** assigned a BB-

LaFrontera is a new holding company that owns the 1,792 MW Forney and 1,000 MW Lamar facilities in Forney and Paris, Texas, respectively. Before launching the B loan, NextEra arranged hedges with **Merrill Lynch Commodities** through December 2015 for about 1,800 MW or 70% of the capacity to mitigate the merchant exposure of the facilities.

Neither plant has existing debt and the loan covenants allow for an asset sale or stake sale in the future.

Neither a NextEra spokesman nor a Bank of America spokeswoman responded to inquiries.

Xcel Sub Taps Low Rates With Bonds

Xcel Energy subsidiary **Northern States Power Co.** has issued \$400 million of 10-year, 2.6% first mortgage bonds, continuing the move by utilities looking to tap low rates. The pricing is slightly outside the record low-mark for 10-year first mortgage bonds issued by electric utilities that Xcel set last year, when it landed 2.167% for a \$300 million issuance ([PI, 8/14](#)).

“Our short term debt levels reached a point where it made sense to cap it out,” says **Paul Johnson**, v.p. of investor relations and business development in Minneapolis. “We were also happy to capture that low interest rate environment and lock it in for customers.”

BNY Mellon Capital Markets, **Credit Suisse Securities**, **Deutsche Bank Securities** and **Morgan Stanley** acted as joint

book-running managers for the offering. Xcel intends to use the net proceeds for general corporate funding and to the repayment of short-term borrowings, according to a filing with the U.S. **Securities and Exchange Commission**. At the beginning of May, Xcel had \$147 million of commercial paper and \$87 million in borrowings outstanding.

Low interest rates are also allowing utilities to rework their debt, in some instances almost halving rates. **Tennessee Valley Authority** was able to bring the interest rate on its bond debt down from 6% to 3.5% late last year ([PI, 12/20](#)). **Fitch Ratings** assigned an A+ rating to the bonds, which will rank *pari passu* with the Northern State's existing senior secured obligations.

ECP Upsizes Debt, Reprices Old Debt

Institutional demand for **Energy Capital Partners'** \$610 million term loan has allowed the private equity shop to upsize the loan and reprice existing \$685 million in debt. The re-pricing, second such adjustment on the term loan B in seven months, was a natural request to investors in the situation as the new add-on debt is being used to finance an acquisition and repay second lien debt, says a banker.

ECP upsized the six-and-a-half year \$610 million term loan C to \$635 million and brought pricing to LIBOR plus 325 basis points from LIBOR plus 350 bps. The package as a whole tightened with the LIBOR floor coming down to 100 bps from 125 bps and the original issue discount from 99.5 to 99.75. The C loan is ranked *pari passu* with the existing term loan B at **EquiPower Resource Holdings**, which will own the assets.

The C loan is expected to maintain the preliminary ratings of B1 from **Moody's Investors Service** and BB from **Standard & Poor's**. **Barclays** is lead left with **Credit Suisse** and **Goldman Sachs**.

Investors re-committed to a \$685 million B loan that has \$670 million outstanding that was repriced to the terms of the C loan. The B loan pricing—issued at LIBOR plus 500—now matched the LIBOR plus 325 bps on the C loan. Despite the tightening, investors are still hankering for tickets. “They were happy to get the paper—it's good credit. Even though they would like to get the higher pricing, they got 101 [in the early call],” says a banker. “The market has changed since then.” Since the repricing, the debt has traded up to about 101.

The B loan was inked almost a year ago at L+500 bps and was repriced to L+425 bps in October ([PI, 10/25](#)). It's unusual, but not unheard of, for B loans to be repriced twice in a year, says a deal watcher, noting however, that the B loan market is friendly toward trusted sponsors right now. Sponsors are also penning covenant-lite loans that have few restrictions on asset sales as well as weak or no financial covenants ([PI, 5/13](#)).

Proceeds from the C loan will be used to finance the acquisition of 3.4 GW of coal-, oil- and gas-fired portfolio from **Dominion** ([PI, 5/9](#)).

CPV Circles *(Continued from page 1)*

long-term capacity pilot program run by the New Jersey **Board of Public Utilities**. Under the program, **Public Service Electric & Gas**, **Jersey Central Power & Light**, **Atlantic City Electric** and **Rockland Electric** were required to enter into the PPAs. The program was designed to encourage power plant construction, but the contracts have been under constant litigation since they were awarded.

Opponents including PJM, **Exelon** and PSE&G have challenged the program in federal court and with the U.S. **Federal Energy Regulatory Commission**, arguing that the law could cost taxpayers up to \$1 billion per year. Opponents also argue that CPV, which successfully bid into PJM's three-year capacity auction last May, had an unfair pricing advantage in the auction because it was subsidized by the contracts under the long-term capacity pilot program. The legal process remains ongoing and no timeline for a resolution is

immediately available, says an official with knowledge of the case.

Under the three-year auction, CPV has capacity sales pegged to start in the 2015-2016 delivery year. PJM established the capacity auction or reliability pricing model in 2007, and has held auctions each year since in May. It obtains sufficient electricity capacity where it is needed to reliably meet expected electricity demand three years into the future. CPV has also obtained a further two-year power hedge, giving them a five-year buffer on electricity sales, says an observer.

“After five years the energy payments are un-hedged,” says an observer. “CPV wants to get it financed and built, and lenders are getting more comfortable with that merchant hedge structure. If the PPA gets upheld, the company will probably look to refinance the debt to get lower prices.”

The project is expected to be operational in 2015. CPV did not respond to inquiries by press time. Bank officials either declined comment or did not respond to inquiries by press time.

—**Nicholas Stone**