

Power Finance & Risk

The weekly issue from **Power Intelligence**

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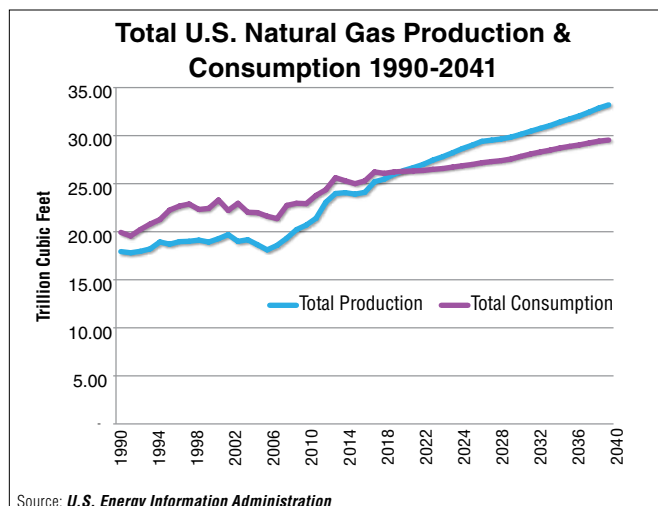
Freeport LNG Hunts Quintana Equity Infusion

Freeport LNG Development is trying to bring in an equity investor into the second 1.4 billion cubic feet train of its proposed natural gas liquefaction and loading facility on Quintana Island in Texas.

Credit Suisse and **Macquarie Capital** are running the sale. First round bidders were more numerous than expected, say observers, noting that indicative bids came in about two weeks ago. The second round is expected to be competitive as prospective investors try to figure out an edge for their next offer.

A 20-year tolling agreement with **BP Energy Co.** for the full output of train two, or 4.4 million tons per annum, makes the stake an attractive

(continued on page 8)



THE BUZZ

Refi Plays Dampen M&A Flow

Some generation assets are on the auction block from funds nearing the end of their life and on the flipside fund buyers are looking to spend. There are some more assets in the pipeline, deal watchers say, but the flow is being tempered somewhat by interest in refinancing assets rather than selling them. To this end, shops that formerly would have run after power almost exclusively are turning to mid-stream investments for higher returns. **Freeport LNG Development** is looking to bring in an equity investor for the second train of its liquefied natural gas project on Quintana Island in Texas and interest is far from tepid as funds try to get in on an infrastructure play (see story, page 1).

For PI's take on these stories and the market, see page 2.

Natixis To Up PF With Two Senior Hires

Natixis is looking to become more active in project finance lending in the Americas and has added two senior bankers in the drive. **Monique Palumbo**, head of loan syndications and private placements at **Union Bank**, is joining as global head of loan syndications, and **Jean-Philippe Adam**, former managing director and head of the loan syndications Latin America at **Crédit Agricole**, joined in mid-April to help build out the Latin American team.

"The bank is going to be very active and they will be looking to do a lot more work in the region," says a deal watcher. "By bringing on these names you can tell they are serious about their activity and are going to be more active. They are really expanding."

Adam was at **Crédit Agricole** for 25 years, where he reported (continued on page 8)

At Press Time: Terra-Gen Seals Alta Wind Deal

Terra-Gen Power has wrapped a \$550 million deal backing two phases of its Alta wind project in Tehachapi, Calif.

See story, page 2

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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AT PRESS TIME

Terra-Gen Wraps Alta Debt

Terra-Gen Power has closed a \$550 million financing backing phases X and XI of its Alta wind projects in Tehachapi, Calif. **Union Bank** was the sole book runner and administration agent, with **Bank of Montreal** and **CIBC** co-syndication agents and joint lead arrangers.

"They had to beat back banks, in terms of interest," notes a deal watcher. "Because of that, they were able to secure rock-bottom pricing." The sponsor locked in rates of LIBOR plus 200 basis points for the loan, which has a tenor of construction plus seven years. Due to a lack of loan deal flow, tighter pricing overall and Terra-Gen's track record, it was able to secure the low rate, notes an observer, though the spread is becoming expected for plain vanilla renewable deals.

Terra-Gen was initially pushing for pricing at 25 basis points under what it secured for the previous 300 MW phases, says an observer ([PI, 4/18/2012](#)). That deal closed at LIBOR plus 262.5 basis points. But market conditions allowed the company to be more aggressive on the pricing.

The ticket sizes and the number of banks on the deal could not be learned by press time. Terra-Gen was initially planning on financing three further phases, but due to a hold up in development had to nix the extra financing this time around, notes an observer. It may hit the market later this year, he adds.

John O'Connor, cfo at **Terra-Gen**, did not respond to inquiries by press time. Bank officials either declined comment or did not respond to inquiries by press time.

THE BUZZ

On the lending front, more Europeans are coming back. This week came word French bank **Natixis** has brought on two experienced bankers to help up activities in Americas power project finance. **Monique Palumbo** and **Jean-Phillipe Adam** will work on syndications and Latin American operations respectively (see story, page 1).

One corollary of this increased lending activity from European banks is that as they look to put more capital to work, sponsors can be more aggressive on pricing. **Terra-Gen Power** recently closed the financing of two further phases of its Alta wind project in Tehachapi, Calif (see story, page 2). The sponsor was so inundated with banks looking to lend that it was able to secure pricing of LIBOR plus 200 basis points, according to an observer. For plain vanilla renewable deals with a strong sponsor like this, that pricing is becoming the norm, says a deal watcher.

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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).
	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	First round bids due July 11 for Juniper and SEGS assets (see story, page 7).
	50% Stake (SEGS VIII 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
	50% Stake (SEGS IX 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
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	Buyers have entered the second round of due diligence (see story, page 7).
	Rumford (265 MW CCGT)	Rumford, Maine		
	Bridgeport (520 MW CCGT)	Bridgeport, Conn.		
Competitive Power Ventures	Stake (725 MW Shores Gas)	Woodbridge, N.J.	TBA	ArcLight, Toyota Tsusho are taking majority stakes (PI, 6/10).
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)	Good Spring, Pa.	CCA Capital	Likely to sell a nearby development in addition to Good Spring (PI, 4/8).
Energy Capital Partners	Empire Generating (635 MW Gas)	New York	Deutsche Bank	Teasers went out recently (PI, 6/10).
Energy Investors Funds	Stake (550 MW Astoria Energy II)	Queens, N.Y.	Barclays	Teasers are out (PI, 12/10).
FirstEnergy	Various (1,181 MW Hydro)	Ohio, Virginia, Pennsylvania	Goldman Sachs	Teasers are out (PI, 5/13).
GE Energy Financial Services	Stake (800 MW CPV Sentinel Gas)	Riverside, Calif.	GE EFS	Initial bids due early June (PI, 6/10).
GDF SUEZ Energy North America	Armstrong (620 MW Peaker)	Pennsylvania	Bank of America	BoA is prepping teasers (PI, 5/27).
	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	Marathon Capital	Indicative bids due by end of June (see story, page 6)
Pattern Energy	Various (1 GW Wind)	North America	Morgan Stanley	Process iced for run at Toronto Stock Exchange listing (PI, 5/27).
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 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).
Semptra U.S. Gas & Power	Mexicali (625 MW Gas)	Mexicali, Baja California, Mexico		The Semptra Energy unit is talking with prospective advisors (PI, 10/22). ConEd has bought 50% stakes of Mesquite and Copper Mountain (PI, 6/3).
	Copper Mountain 1 (58 MW Solar)	Boulder City, Nev.		
	Copper Mountain 2 (150 MW Solar)	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).
U.S. Renewables Group	Tracy (35 MW Biomass)	Tracy, Calif.	Bodington & Co.	Greenleaf Power has bought it (PI, 6/10).

▶ 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 (60 MW 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 (PI, 5/27).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU	TBA	TBA	TBA	Developer taps BTMU to lead the financing (PI, 2/18).
Cheniere Energy	Sabine Pass Trains 3 & 4 (LNG)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Sponsor ups the original bank loan to \$4.4 billion and taps Korean entities for a further \$1.5 billion (PI, 6/3).
Competitive Power Ventures	Shore (663 MW Gas)	Woodbridge, N.J.	GE EFS	Term Loan	\$585M	TBA	CPV is looking to wrap the deal, despite still facing a legal battle over the PPA (PI, 5/27).
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).
Energy Investors Funds	Pio Pico (300 MW Gas)	San Diego County, Calif.	SocGen	TBA	\$300M	TBA	Sponsor is re-launching financing efforts (PI, 6/10).
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).
► Fiera Axiom, Eolectric	Vents du Kempt (101 MW Wind)	Matapedia, Quebec	KfW IPEX-Bank, ManuLife, Caisse	Bank/Bond	\$294M	TBA	Co-developers wrap one of Canada's first dual tranche deals (see story, page 5).
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).
Geronimo Wind Energy	Black Oak and Getty (42 MW & 40 MW Wind)	Stearns County, Minn.	TBA	TBA	~\$150M	TBA	The sponsor is waiting to secure an offtake agreement (PI, 12/17).
Invenergy	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 sponsor commences a roadshow in New York this week for \$700 million in 144A bonds (see story, page 5).
Moxie Energy	Moxie Liberty (850 MW Gas)	Bradford County, Pa.	TBA	TBA	\$800M	TBA	Pricing, timeline emerge on Liberty term loan B (PI, 5/27).
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				
Pattern Energy	Panhandle (322 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).
		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).
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 (PI, 5/27).
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	TBA	TBA	\$450M	TBA	Sponsor is looking to become the first entity to back a solar thermal project without a DOE loan (PI, 2/4).
► Terra-Gen Power	Alta Wind X-XII (TBA MW Wind)	Tehachapi, Calif.	Union Bank	TBA	\$550M	C+7	Sponsor wraps a deal backing two more phases of the Alta wind project (see story, page XXX).

► New or updated listing

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PROJECT FINANCE

Eolectric, Fiera Axium Wrap Bank/Bond Deal

Eolectric and **Fiera Axium Infrastructure Canada Limited Partnership** have closed a financing comprised of a bank loan and bonds backing their 101 MW, C\$300 million (\$294 million) Vents du Kempt wind project in Matapédia, Québec. It represents one of the first dual bank/bond deals to close in Canada and the first deal closed by the partnership between EO Electric and Fiera known as **Eolectric Club**.

The senior bank and bond debt will cover approximately 75% of the project cost. The debt was provided by co-arrangers **KfW IPEX-Bank**, which lent the bank debt, and **The Manufacturers Life Insurance Company** as well as **Caisse de Dépôt et Placement du Québec**, which provided the institutional tranche. Both of the tranches are long-term spanning at least construction plus 15 years, notes an observer. Caisse is lending C\$50 million (\$49 million).

"About one year ago we had discussions with banks about securing the debt," says **Hugo Bouchard**, cio and general manager at Eolectric in Brossard, Québec. "There was a question about the capacity of the market at the time and we also thought going through an agency would take too long. KfW and ManuLife could take the whole transaction together with the hybrid structure instead of the traditional way and they were very motivated to get it done."

The entire deal could have been done in the institutional market,

according to Bouchard, but the co-developers needed a letter of credit immediately to fund construction which they secured as part of the deal. Bouchard, who handled the financing for Eolectric alongside **Stéphane Mailhot**, president and coo of Fiera Axium in Toronto, would not reveal the pricing of either tranche or further details of the transaction. Officials at KfW, ManuLife and Caisse did not respond to inquiries by press time.

"This may be the beginning of a trend for the Canadian market," adds Bouchard of the dual tranche deal, which has been implemented in the U.S. in several renewable deals. "Lifecos have the capacity to do the deals in Canada. They just need to be able to develop an association with banks to do more."

Eolectric owns a 51% interest in **Vents du Kempt Wind Power**, with the remaining 49% interest held by Fiera Axium. Eolectric Club was founded in May 2012 as an equity investment vehicle for the project and it now has a number of greenfield wind projects it is looking to develop in Canada. The Vents du Kempt facility has a 20-year power purchase agreement with **Hydro-Quebec**, after Eolectric Club successfully bid into a 2005 call for 2,000 MW of wind from the Quebec government. The construction began during the fall of 2012 and the project is slated to go online Dec. 1, 2014. The main contractors on site have been **EBC Inc.**, based in Québec City, as well as **Société d'Exploitation des Ressources de la Vallée**, based in Lac-au-Saumon, Québec.

MidAmerican Fires Up Solar Construction Bonds

MidAmerican Energy Holdings subsidiary **Solar Star Funding** will issue \$700 million of 144A senior secured notes to finance construction of its 579 MW Antelope Valley solar photovoltaic project in Kern and Los Angeles Counties, Calif. The bond road show started in New York June 10. **Barclays**, **Citibank** and **Royal Bank of Scotland** are lead book runners ([PI, 4/26](#)).

Proceeds, along with an estimated \$575 million of Series B notes expected to be issued in 2014, will be used to partially finance construction. Equity will be funded during the latter part of construction, after the capital raised in the bond market is tapped. The bonds will rank pari-passu with a \$320 million secured letter of credit facility with a tenor of construction plus seven years, which **Union Bank** is leading. Five banks will take tickets in the LC of varying sizes and it will reportedly close this month. The project is estimated to cost \$2.74 billion.

The notes will reportedly have a 14.7-year weighted average life, with a 22-year final maturity. Pricing is expected to come in at around the same mark MidAmerican secured for its 586 MW Topaz project ([PI, 2/24/2012](#)). That was an \$850 million 144A issue with a coupon of 5.75% and a tenor of construction plus 25 years. The three leads also worked on a \$250 million issuance backing Topaz, which priced at 4.875% with a similar tenor ([PI, 4/9](#)).

"Most power purchase agreements support around 40-50% leverage, with another 20-30% normally coming from tax credits," says a deal watcher of the 47% debt-to-equity ratio in the financing. "In this instance there was no tax equity, which is why there is that lower number. MidAmerican also wanted an investment-grade rating, which meant they had to be a little more conservative, although they could probably have levered it a little more." MidAmerican is bullish in its renewable investments and this is reflected in the amount of equity it is putting to work, notes another deal watcher.

"The 144A market is used based on the size of the offering and the depth of required investors," says an official at MidAmerican in Des Moines, Iowa, who declined further comment, due to the private nature of the transaction. The multi-billion dollar price tag has pushed the company to tap multiple sources of funds, says an observer.

Moody's Investors Service rated the issuance Baa3, while **Standard & Poor's** gave them a BBB-. The projects have two 20-year power purchase agreements with **Southern California Edison**, with construction slated to begin this year. Officials at the banks declined to comment on the deal or did not respond to inquiries by press time.

MERGERS & ACQUISITIONS

Longview Lenders OK Amendment, PPA Sale

Longview Power has received the green light from lenders on an amendment that releases financial covenants for its 695 MW supercritical pulverized coal-fired facility in Maidsville, W. Va., for two quarters.

In conjunction with the amendment, Longview sold at least a portion of the cash flow from its five-year offtake agreement with **PPL EnergyPlus**, which buys 43% of its capacity, say deal watchers. Proceeds from selling its PPA will be used to fund a troubleshooting project to identify why the plant, which came online in December 2011, has had persistent operational problems, including boiler leaks.

The company sought ways to alleviate its immediate financial obligations while it addressed operational issues that led to a flirtation with a covenant trip at the end of the first quarter ([PI, 4/5](#)). Longview has about \$1.1 billion in debt and has been plagued with operational issues in its two-year lifetime.

The lenders also had to agree to the use of proceeds, says a banker, adding it's noteworthy that the lenders agreed to divert the cash to operational projects given they are owed money at this point. Observers anticipate that the lenders and sponsor see value in troubleshooting the plant now before a financial breach threatens a restructuring or bankruptcy process.

Longview has about \$618 million in debt that matures next year and lining up a refinancing would likely be challenging given the operating track record. A refinancing effort last summer was

unsuccessful ([PI, 8/24](#)). The operational troubles coupled with low power prices in PJM—it sold power at 70% of the price it forecast in the first half of 2012—have generated less cash than expected.

Longview has a roughly \$500 million senior secured term loan maturing in 2017 priced at LIBOR plus 575 basis points. A \$455 million term loan priced at LIBOR plus 250 bps matures in 2014 and is part of a larger package from 2011 that consists of a revolver and letter of credit. Credit facilities, totaling \$163 million, mature in February 2014.

The amendment and PPA sale have buoyed confidence in the medium-term prospects of the plant and its debt has inched back up on the secondary market. The debt was trading at \$0.85 cents on the dollar in August before dropping to around \$0.80 in the fourth quarter and bottomed around \$0.70 in January. Now, the debt is back up to the high-70s says a trader who has monitored the debt for the last year.

First Reserve owns 92% of Longview, which has been advised by **Lazard**. **Houlihan Lokey** is advising creditors, which include affiliates of **KKR**, **Sankaty Advisors**, **Knighthood Capital Management**, **Oaktree Capital Management** and original lenders including **Natixis** and **CIT Group**.

The identity of the shop that bought into the cashflow could not be learned. A Longview spokesman did not respond to an inquiry while a First Reserve spokeswoman declined to comment. Bank officials either declined to comment or did not respond to an inquiry.

NextEra Preps For Initial Wyman Bids

NextEra Energy Resources expects to receive indicative bids for its oil-fired assets in Maine by the end of the month. NextEra owns two facilities totaling 796 MW—Wyman and Cape Station—near Yarmouth. **Marathon Capital** is running the sale.

The plants compete with gas-fired generation on the wholesale market and do not run often, say deal watchers. They're contracted to stay in service as a back-up until 2017. The interest so far is focused on running through to the end of the contract then taking advantage of their infrastructure with a possible conversion to gas-fired, says an observer. The company expects to have a deal wrapped by year-end.

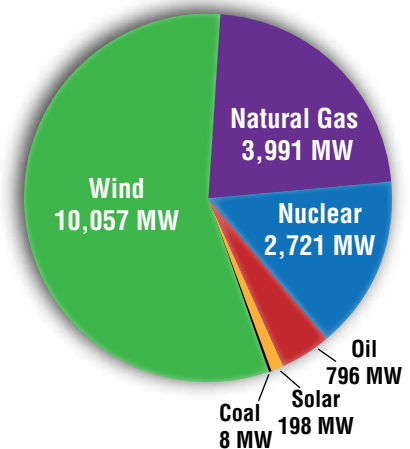
NextEra made the decision to sell the facility earlier this year ([PI, 3/25](#)).

The plants are all that remains of NextEra's portfolio in the state since its sold hydro assets to **Brookfield Renewable Energy Partners** at the beginning of the year. The sale will reduce the company's merchant footprint—one of its stated goals—and nearly remove fossil generation from the NextEra Energy fleet. Wyman units 1-3 and Cape Station generate roughly 200 MW while the fourth unit at Wyman is about 600 MW.

Marathon, known for its renewable M&A advisory practice, has a relationship with NextEra and has run processes for conventional assets in the past, say bankers, who expect to see it push for these types of mandates in the future given recent hires.

A Marathon official declined to comment while a NextEra spokesman did not immediately respond to an inquiry.

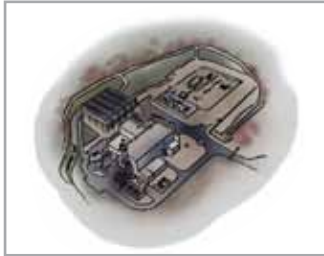
NextEra Energy Resources Portfolio



Source: NextEra Energy

Bidders Enter Round 2 For Capital Power Trio

First round bids have come in for Capital Power's trio of gas-fired plants in New England. The list of prospective buyers includes strategics and financial shops, say observers.



Rumford plant

Energy Capital Partners, **LS Power** and **NRG Energy** are reportedly in the running along with a handful of other bidders, say observers, who note the catalog of available assets is thin at the moment so many shops have taken a look.

The data room on the merchant facilities, which total 1,050 MW

in Connecticut, Maine and Rhode Island, opened recently and shops are in the early stages of due diligence, says a banker.

Craig Edgar and **Todd Giardinelli**, managing directors at **Morgan Stanley**, are running the sale for Capital Power ([PI, 4/26](#))

The plants are the 265 MW Tiverton and 265 MW Rumford CCGTs in Tiverton, R.I., and Rumford, Maine, respectively, as well as the 520 MW Bridgeport CCGT in Bridgeport, Conn.

NRG and ECP made a run at two of the plants—Tiverton and Rumford—when they were being sold by **Brick Power** in 2010 ([PI, 11/15/10](#)). LS sold Bridgeport to Capital Power for \$355 million in 2011 ([PI, 3/8/11](#)).

Sale proceeds would be used to finance Capital Power's investment commitment of \$860 million in the 800 MW Shepard gas-fired development project in Calgary, Alberta.

Spokesmen or officials for Capital Power, Morgan Stanley and the listed bidders either declined to comment or didn't immediately respond to inquiries.



Tiverton plant

ArcLight Markets SEGS Pair With Juniper

ArcLight Capital Partners' sale of the gas-fired plants under portfolio company **Juniper Generation** also includes its stakes in two solar thermal assets in Southern California. The private equity shop is trying to sell its stakes in SEGS VIII and SEGS IX, each an 80 MW solar project in Harper Lake, Calif., according to people who have seen the teaser.

First round bids are expected to come in this week in anticipation of finding a buyer by the end of July. Boutique advisory shop **McManus & Miles** is running the sale ([PI, 5/16](#)).

ArcLight bought into the solar assets in 2007 from **Caithness Energy**. **NextEra Energy Resources** and ArcLight each own half of SEGS. **Terra-Gen Power**, ArcLight's primary development

independent power producer, owns the stakes. The SEGS VIII and SEGS IX are contracted to **Southern California Edison** until April 2020 and May 2021, respectively.

The solar assets were likely dropped into the portfolio as a way to broaden the investor pool, say observers, explaining that the Juniper fleet, comprised of nine cogeneration facilities totaling 426 MW, might attract a limited number of buyers.

Of the nine cogen facilities, ArcLight wholly owns eight and owns 40% of the 47 MW Corona plant in Corona, Calif. ([PI, 4/2](#)). The assets were bought in 2004 by ArcLight Energy Partners Fund II.

An ArcLight spokeswoman in Boston was not available for comment by press time.

STRATEGIES

FirstEnergy Subs Move Forward On Securitization

A handful of **FirstEnergy** power utility affiliates in Ohio started marketing a \$446 million rate-recovery securitization, ahead of pricing the deal last week. **The Cleveland Electric Illuminating Co.**, **Ohio Edison Co.** and **Toledo Edison Co.** are seeking to recover losses from increased fuel costs, power purchases and the transition of customers with power heating to market pricing.

The deal is structured with three senior tranches, which are assigned triple-A equivalent ratings from **Fitch Ratings**, **Moody's Investors Service** and **Standard & Poor's**. Officials at underwriters **Goldman Sachs**, **Citigroup** and **Crédit Agricole** either declined to comment or could not immediately be reached.

FirstEnergy Ohio was the first power company in the state to apply for approval to securitize customer fees with the **Public**

Utilities Commission of Ohio in May 2012. The PUC granted that approval the following October and green-lighted a similar proposal from **Ohio Power Co.**, an **American Electric Power** affiliate, shortly thereafter. AEP subsidiaries **Appalachian Power Company** and **Wheeling Power Company** in West Virginia and **Entergy Louisiana** and **Entergy Gulf State** in Louisiana are working on getting approvals from utility regulators in their respective states.

CenterPoint Houston and AEP affiliate **Texas Central Co.** were each in the market last year with big deals that pushed issuance for the asset class to \$2.5 billion in 2012. A sole \$207 million offering Entergy Louisiana sponsored in 2011 accounted for all issuance in the space that year.

Natixis To *(Continued from page 1)*

to **Gary Herzog**, managing director and head of debt optimization & distribution Americas. Palumbo joined Union Bank in 2003, where she worked in originating, structuring, and syndicating energy sector and acquisition debt financings for U.S. and Latin America issuers. She declined comment on the move. Palumbo will report to **Andrew Schaeffer**, head of the credit platform at Natixis North America. She will be based in New York and will start by month-end. It is unclear whom Adam will report to.

The French bank has been relatively quiet in project finance because of the financial crisis and restrictions on banks in the wake of Basel III. Natixis' recent activity includes working on a **Starwood Energy** and **Fiera Axium Infrastructure** \$140 million debt deal backing a 35 MW solar facility in Ontario ([PI, 4/30](#)).

The strategy of the bank was unclear to observers after **Jeffrey Knowles** left to join **Bank of Tokyo-Mitsubishi-Union Bank** ([PI, 11/29](#)).

Crédit Agricole recently added **Mark Koneval**, managing director, to the loan syndications team as a senior originator. The bank is also in active recruitment of a senior LatAm originator and officials expect to be in a position to announce the appointment shortly, according to Herzog.

Freeport LNG *(Continued from page 1)*

equity play for firms with an eye on infrastructure assets, says an analyst. Freeport recently received approval from the U.S. **Department of Energy** to export to non-free trade countries.

The sale was kicked off before the company goes to the debt market to finance the second train so the prospective investor can be in on the financing talks, say observers. The second train is expected to be online in 2018. It's awaiting final approval from the U.S. **Federal Energy Regulatory Commission**. Investors are excited about one of the first opportunities to buy into one of the LNG export projects planned for the U.S., observers say.

Midstream investments are getting a lot of attention from a variety of funds—infrastructure, pension and private equity shops alike—even those that have been traditionally focused on power investments such as **ArcLight Capital Partners**. **Blackstone Energy Partners** has a \$1.5 billion stake in **Cheniere Energy's** Sabine Pass LNG project.

Recently, LNG developers have sold stakes to the offtakers. **Sempra LNG** is selling a minority stake totaling 49.8% in its Cameron LNG project to three offtakers ([PI, 5/24](#)). The second train on Quintana Island is expected to bring in a North American entity that wants a contracted asset stake as a third party investor, deal watchers say.

The three trains proposed by Freeport LNG are set to cost a total \$10 billion. **Dominion Resources** is targeting a 60:40 debt to equity split for its LNG export expansion project at its Cove Point terminal in Lusby, Md. Under a similar structure, the second train costing about \$3.3 billion would require roughly about \$1.32 billion.

Osaka Gas Co. and **Chubu Electric Power Co.** are the

ALTERNATING CURRENT

The Power Of Poop

Alternative energy doesn't get much more alternative than this: poop. But that is exactly what forward thinking scientists and students with too much imagination have been trying to use to generate power.

As part of a recent competition run by airplane manufacturer Airbus, students from Australia developed the idea of using cow flatulence to power airplanes. The team developed a way to use liquefied methane expelled by cows to be used in specially-created refrigerated pods that sit next to the plane's engines. It gives a whole new meaning to the word turbulence.

Using the power of cow dung is not new, however. Machines called digesters use anaerobic digestion to extract the gas from manure and burn it to power generators. Dairy farmers then use the electricity to power their farms. There are about



Thinkstock Image

nine million dairy cows in the U.S. On any given day each of those cows will poop 24 gallons of manure, which contains the nitrous oxide and methane necessary to power the digesters. Cows also produce

about 280 liters of methane per day through burps. There are enough cows in California to generate up to 1,971 GW hours of electricity each year—enough to cover about 0.7% of the state's electricity needs.

All we need now is a way to combine dairy farming and airports and we will be flying around the world on flatulence. You can almost picture it. Cows grazing in between the myriad runways at JFK International Airport delaying flights due to a lack of, well, poop.

offtakers for the first train expansion ([PI, 9/21](#)).

ConocoPhillips has a 50% stake in **Freeport LNG GP**, the upstream owner of the existing Quintana Island terminal. **Michael Smith**, who is chairman and ceo of Freeport LNG Development, owns the other 50% of Freeport LNG GP.

Neither a Credit Suisse spokesman nor a Macquarie spokeswoman could comment. A spokeswoman for Freeport LNG Development did not respond to an inquiry.

—Holly Fletcher

ONE YEAR AGO

Harbert Power had been looking to sell its stake in independent power producer **GWF Energy** and **Morgan Stanley** was running the sale. [**Highstar Capital** bought the IPP ([PI, 10/15/2012](#)) and then sold a 25% stake in the asset to the **Government of Singapore Investment Corp.** ([PI, 5/6](#)).]