

# Power Finance & Risk

The weekly issue from **Power Intelligence**

[www.powerintelligence.com](http://www.powerintelligence.com)

## Riverstone Scopes Sale Options For Pattern

**Riverstone Holdings** is looking at ways to monetize its investment in **Pattern Energy**. The New York-based shop is working with **Morgan Stanley** and a pair of Canadian advisors to evaluate options for the wind developer that could include an initial public offering on the **Toronto Stock Exchange** or a sale to a strategic investor.

The move makes sense for Riverstone, bankers say, given that the private equity shop is not a natural long-term owner of a wind developer and the relative success of Pattern. The San Francisco-based developer has secured more than \$600 million in financing across four projects since it was acquired by Riverstone in 2009, a solid feat for a midsized developer in a market environment that favors larger players with big balance sheets. The developer also has some transmission assets, including the 400-mile Southern

### Riverstone Holdings Generation Assets

Asset	Type	Year Acquired
AES Solar	Solar	2008
Bottle Rock Power	Geothermal	2006
Topaz II	1.9 GW IPP	2006
Coastal Carolina Power	Coal to Biomass	2006
Davenport Newberry Holdings	Geothermal	2008
Emerald Clean Power	Coal to Biomass	2009
Kramer Junction	Solar Thermal	2005
Pattern Energy	Wind	2009
ReEnergy Holdings	Biomass	2008
Sapphire Power Holdings	Gas-fired IPP	2011
Topaz Power Group	3.35 GW portfolio	2004
Velocita Energy	Wind	2011

Source: Power Intelligence via Riverstone Holdings

(continued on page 8)

## THE BUZZ

**M**erchant generation is in many ways one of the best forward predictors for the power market. If financing is free and easy to acquire and even build merchant facilities, it's easy to argue a slump is not too far down the track. The converse may be true as well. That's what **Beal Bank** appears to be thinking when looking at the paucity of merchant lenders. We reveal this week that Beal is on the hunt for merchant financing opportunities. That could be a good signal for the market.

In other positive news, **Riverstone** is looking at cashing out in some way from its highly successful investment in wind and transmission developer **Pattern Energy**. The

*PFR's take on the market continues on page 2.*

### The Comeback

## Beal Targets Merchant Financing Opportunities

**Beal Bank** in Texas and affiliate **Beal Bank USA** in Nevada have been getting back into project finance with a focus on deals backing merchant assets. The privately held banks were active financiers of generation in the run-up to the height of cheap credit, but wound down activity as loan margins contracted.

**Steve Harvey**, executive v.p. of **CSG Investments**, an affiliate of the banks that identifies potential transactions for the lenders, says the renewed effort is being driven by many transactions in the sector terming out. Falling power prices and expiring hedges are also creating opportunities.

"The way we assess the value of the plants is without any contracts.

(continued on page 8)

### REFF Wall Street

Check out our coverage of the event hosted by **Euromoney Energy** in New York June 19-20 at the Conference Buzz page at [www.powerintelligence.com](http://www.powerintelligence.com)



### 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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## THE BUZZ

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shop could put the company on the **Toronto Stock Exchange**, a more welcoming venue to pure play developers than the U.S. exchanges. The TSX is being noticed as an option by some U.S.-based developers that are looking to leave private equity umbrellas or raise capital, bankers in New York say.

In other M&A news, **Harbert Power** is taking its three gas-fired plants in California to market—one of the first portfolios that neither needs to meet regulatory approval nor has a level of distress. The portfolio of two peakers and one combined cycle facility is expected to attract a number of players who have an interest in CAISO although it will compete with **Starwood Energy** and **GSO Capital's CalPeak Power**.

Financing renewable projects in the last few years has been rife with challenges stemming from the financial crisis in the U.S. in 2008 to the woes in Europe today and various shudders in the economy in between. As the latest hurdle looms in the form of expiring production tax credits that can defray up to 30% of a project's cost, financiers and developers continue to look for new or revised financing options, including the real estate investment trust.

**Green REIT**, a start-up out of Kansas City, Mo., is in talks with the U.S. **Internal Revenue Service** for a private letter ruling that would allow it to add generation assets to a REIT (see story, page 5). Several other entities have been in talks with the IRS about the structure, though the agency has declined to comment on the status of any rulings (PI, 8/5). The REIT structure surfaced in the power sector via **Hunt Oil** subsidiary **Sharyland Utilities**, which was looking for ways to fund its transmission lines in the Competitive Renewable Energy Zones in Texas (PI, 2/13/09).

Other project financing options, such as financing through the capital markets, are also gaining more traction, according to analysts at **Standard & Poor's** (see story, page 5). Issuing bonds in conjunction with bank loans has ushered some of the largest transactions, such as **MidAmerican Energy's** \$1.25 billion Topaz solar deal, through the market in the past 12 months. **AES Solar** and **8minutenergy Renewables** are also considering bonds for a roughly \$700 million deal backing their Mount Signal photovoltaic project in Imperial Valley, Calif.



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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.

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Institutional Investor, LLC

Issn# 1529-6652

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## GENERATION AUCTION &amp; 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](http://www.powerintelligence.com/AuctionSalesData.html)

Seller	Assets	Location	Advisor	Status/Comments
▶ Alcoa	Calderwood (140.4 MW Hydro) Cheoah (118 MW Hydro) Chilhowee (52.2 MW Hydro) Santeetlah (40.4 MW Hydro)	Little Tennessee River, Tenn. Little Tennessee River, N.C. Little Tennessee River, Tenn. Cheoah River, N.C.	JPMorgan	Final round bids expected soon (PI, 6/11).
BVP Property	Big Valley (7.5 MW Biomass or development)	Bieber, Calif.	Barrier Advisors	NexBank foreclosed on the asset in Q1 and is looking to sell it (PI, 5/21).
Calpine	Riverside (600 MW Gas)	Beloit, Wis.	TBA	WPL is paying \$393 million for the plant (PI, 5/21).
▶ Cleco Evangeline	Coughlin (775 MW Gas)	St. Landry, La.	TBA	Cleco Power is considering buy the facility in a request for proposals it will release this summer (see story, page 7).
Energy Investors Funds	Loring BioEnergy (70 MW Gas-and Diesel)	Maine	Pierce Atwood	A jet fuel pipeline is for sale along with the cogeneration project (PI, 6/4).
Exelon	Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal)	Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md.	Citigroup, Goldman Sachs	Bidders have been notified as to whether they are in the second round (PI, 6/4).
First Wind	Steel Wind II (49.9% stake of 15 MW Wind)	Lackawanna, N.Y.	TBA	A minority stake is being put into the JV with Emera (PI, 5/28).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) N/A (Wind) N/A (Wind)	Pocahontas County, Iowa Blair County, Pa.	JPMorgan	Algonquin Power & Utilities a controlling interest in the four projects.
▶ Harbert Power	Hanford (95 MW Gas) Henrietta (97 MW Gas) Tracy (314 MW Gas)	Kings County, Calif. Kings County, Calif. Stockton, Calif.	Morgan Stanley	Harbert is looking to sell its stake in GWF Energy, the owner of the plants (see story, page 7).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	TBA	Talking to prospective advisors about a sale (PI, 6/4).
Iberdrola Renewables	Klamath (636 MW CoGen)	Klamath Falls, Ore.	Royal Bank of Canada	First round bids are in (PI, 6/4).
LS Power	Blythe (507 MW CCGT)	Blythe, Calif.	Credit Suisse	LS is looking to flip the plant it bought in a portfolio in the fall (PI, 4/16).
▶ Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Bidders are in due diligence (see story, page 6).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	The sale launched recently (PI, 5/21).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas)	Brooklyn, N.Y.	Credit Suisse	Teasers went out recently for the stake (PI, 5/28).
Perennial Power	Mid-Georgia (300 MW CoGen)	Kathleen, Ga.	Fieldstone	Arclight, GE EFS and GIC are buying the facility although Georgia Power has first refusal rights (PI, 5/21).
▶ Recurrent Energy	Various (Solar PV)	Ontario	N/A	Seller has compiled a shortlist of buyers (PI, 6/11).
Solar Trust of America	Blythe (1 GW Solar PV) Palen (500 MW Solar PV) Amargosa (500 MW Solar PV) Ridgecrest (250 MW Solar PV)	Blythe, Calif. Desert Center, Calif. Amargosa, Nev. Ridgecrest, Calif.	RPA Advisors Marathon Capital	RPA is working with the company; creditor committee with Marathon (PI, 5/7).
Stark Investments	Batesville (837 MW CCGT)	Batesville, Miss.	Lazard	Bids came in for a court-run sale (PI, 6/11).
Starwood Energy	Neptune (65-mile Transmission)	Sayreville, N.J. to Long Island, N.Y.	Barclays	Recently hired Barclays to run the sale (PI, 6/11).
Starwood Energy, Tyr Energy, GSO Capital	Vaca Dixon (49 MW Peaker)  Panoche (49 MW Peaker) Border (49 MW) Enterprise (49 MW)	Vacaville, Calif.  Firebaugh, Calif. San Diego, Calif. Escondido	Scotiabank	The portfolio sale will launch soon (PI, 5/28).
SunPower	McHenry (25 MW Solar PV)	Modesto, Calif.	TBA	K Road has bought the project and lined up financing from three lenders (PI, 5/21).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial County, Calif	Royal Bank of Canada	Tenaska is looking to bring in a minority owner that has tax appetite (PI, 6/4).
Westmoreland Coal Co.	ROVA (230 MW Coal)	Weldon, N.C.	Gleacher & Co.	Wants to sell the plant by the end of the year (PI, 5/14).

## ▶ New or updated listing

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## 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
AES Gener	Cochrane (532 MW Coal)	Chile	TBA	TBA	\$1B	TBA	Sponsor taps HSBC as financial advisor ahead of deal and eyes equity (PI, 6/11).
AES Solar, 8minutenergy Renewables	Mount Signal (200 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	\$700M	TBA	Mandates expected soon (PI, 5/21).
BP, Sempra	Flat Ridge 2 (419 MW Wind)	Wichita, Kan.	TBA	TBA	TBA	TBA	Lenders submit financing proposals to sponsors (PI, 6/4).
	Mehoopany (141 MW Wind)	Wyoming County, Penn.	BTMU, CoBank, Mizuho	TBA	\$200M	18-yr	Pricing, tenor emerge (PI, 4/16).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound,	Barclays	TBA	TBA	TBA	Financing to be re-ignited (PI, 4/16).
Cheniere Energy	Unidentified (Export LNG Facility)	Sabine Pass, La.	Agricole, BTMU, Credit Suisse, HSBC, JPMorgan, Morgan Stanley, RBC, SocGen	Mini-Perm	\$3.2B	7-yr	Sponsor seeks second tier of lenders (PI, 5/7).
Cogentrix	Portsmouth (110 MW Coal)	Portsmouth, Va.	RBC, Scotia	Refi	\$120M	5-yr	Sponsor tags RBC to lead refi, with Scotia as co-lead (PI, 5/7).
Dalkia Canada, Fengate Capital	Ft. St. James (33 MW Biomass)	Ft. St. James, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
	Merritt (33 MW Biomass)	Merritt, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
Diamond Generating Corp.	Mariposa (200 MW Gas)	Alameda County, Calif.	SMBC, DZ, CoBank, Sumitomo Trust	TBA	\$150M	10-yr	Sponsor mandates four lenders (PI, 5/14).
Duke Energy Renewables	Los Vientos (402 MW Wind)	Willacy County, Texas	TBA	TBA	TBA	TBA	Sponsor circles \$220 million NADB tranche (PI, 5/28).
enXco	Shiloh 3 (102.5 MW Wind)	Solano County, Calif.	BayernLB, NordLB, Rabo, Union Bank	Mini-Perm	\$150M+	7-year	Deal wraps (PI, 6/11).
Finavera Wind Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (PI, 4/2).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	Deal to wrap this week (PI, 5/28).
Inkia Energy	Unidentified (500 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC	TBA	\$600M	12-yr	A dozen lenders expected to make commitments (PI, 4/30).
InterGen	Unidentified (Gas Pipeline)	Zacatecas, Mexico	TBA	TBA	\$200M	TBA	Sponsor considering club deal (PI, 6/11).
Odebrecht	Chaglia (406 MW Hydro)	Peru	BNP	Term	\$650M	17.5-yr, 20-yr	Two more lenders joint deal (PI, 5/21).
Panda Energy	Temple (600 MW Gas)	Temple, Texas	TBA	TBA	\$1.2B	TBA	Sponsor is looking to line up debt and equity (PI, 5/28).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	Mini-Perm	\$400M	C+ 7-yr	Sponsor targets \$400 million financing; 10 lenders eye deal (PI, 5/14).
Primary Energy Recycling	Various (Cogen)	Indiana	RBC, Scotia	Refi	\$110M	5-yr	Deal wraps (PI, 6/11).
Ridgeline Energy	Meadow Creek (120 MW Wind)	Bonneville County, Idaho	TBA	TBA	\$180-200M	TBA	Sponsor discusses financing with lenders, equity with Diamond Generating Corp. (PI, 5/28).
RPM Access	Hawkeye (36 MW Wind)	Fayette County, Iowa	BayernLB, Rabobank	Construction, Term & Bridge	\$116M	TBA	Deal wraps (see story, page 5).
	Rippey (50 MW Wind)	Greene County, Iowa					
Rockland Capital, Broadway Electric Co.	Mass Solar (Solar PV)	Massachusetts	TBA	TBA	\$200M	TBA	Sponsors talking to four lenders about financing (PI, 5/14).
Sempra U.S. Gas & Power	Copper Mountain 2 (92 MW PV)	Boulder City, Nev.	TBA	TBA	\$130M	17-18-yr	BTMU, Crédit Agricole and SMBC likely lenders (PI, 5/21).
Solarpack	Various (22 MW Solar PV)	Tacna and Moquega, Peru	TBA	TBA	\$120M	20-yr	Sponsor is talking to lenders for funds for two projects (PI, 4/30).
Standardkessel, Green Energy Team	Unidentified (6.7 MW Biomass)	Koloa, Hawaii	TBA	TBA	TBA	TBA	WestLB exits deal; sponsor tap another bank as lead (PI, 5/21).

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## PROJECT FINANCE

## Kansas City Shop Eyes Generation REIT Strategy

**Green REIT** is in talks with the U.S. **Internal Revenue Service** to get a private letter ruling allowing the Kansas City, Mo.-based entity to put five to eight generation and transmission assets into a real estate investment trust. Several entities have been kicking around the idea of adding power assets to REITs due to the real estate slump and a need for generation financing (PI, 8/5).

"From our point of view they're willing to talk. They're still trying to decide the best way to move forward with this asset class but at least the door is not shut," says **Shane Spencer**, founder and ceo of Green REIT, of discussions with the IRS. Green REIT will look to formally file for a private letter ruling from the IRS in the next few months, Spencer notes, adding that the process can take up to a year.

An IRS spokeswoman in New York declined to comment and the status of any private letter ruling regarding generation asset-based REITs could not be learned.

Contracted assets that have a capacity of up to 10 MW and

an investment slug of \$20-30 million hit the shop's sweet spot, Spencer says, adding that he has commitments of roughly \$100 million from private equity investors for the REIT. If a favorable private letter ruling is not issued next year, Green REIT will look to other structures, such as a master limited partnership or a private equity fund, to invest in the assets. He declined to identify the assets or potential investors.

Prior to starting Green REIT two years ago, Spencer worked for commercial real estate developer **Heise-Meyer** in Lee's Summit, Mo., where he modeled financing for development projects. Some of the projects had energy components, Spencer says, which gave him the opportunity to explore funding options and identify potential investors for those types of entities.

### FAST FACT

➤ Contracted assets that have a capacity of up to 10 MW and an investment slug of \$20-30 million hit the shop's sweet spot, he has commitments of roughly \$100 million from private equity investors.

## S&P: PF Shuffle, Landscape Change Continues

The cast of project finance lenders and how they function in U.S. deals is changing, according to **Standard & Poor's** analysts in a webinar last week. Regional U.S., Canadian and Japanese banks are becoming more active in the U.S. as the market increasingly looks to tap the capital markets in place of pure bank loan deals.

"We're definitely seeing who's playing is changing and how they're playing is changing," says **Trevor d'Olier-Lees**, director in New York. European banks, which have traditionally dominated U.S. project finance, are curtailing their appetite and tenors in light of regulations such as Basell III. The gap leaves room for other lenders, particularly Japanese banks that are taking advantage of improved liquidity and capital positions relative to European competitors to offer tighter pricing and longer tenors, d'Olier-Lees notes.

**Mitsubishi Financial Group UFJ** and its affiliates **Bank of Tokyo-Mitsubishi** and **Union Bank** have led more than 40% of the project finance deals that have closed this year. Meanwhile, regional lender **Associated Bank** out of Green Bay, Wis., is looking to do wind and possibly solar deals (PI, 6/8).

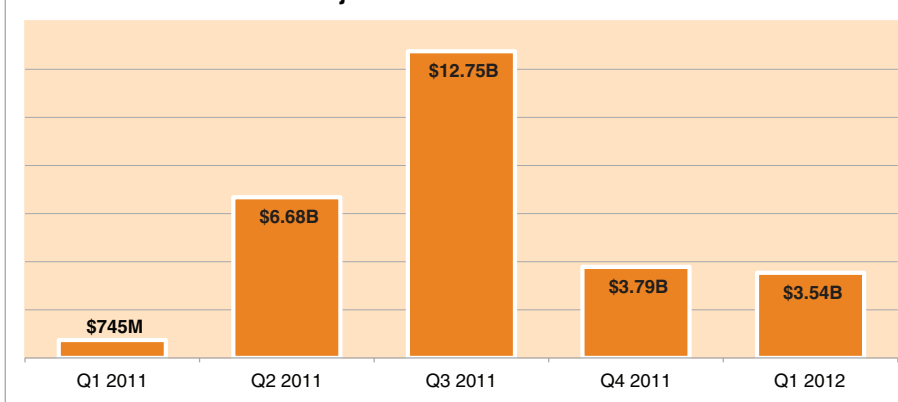
While these players are counteracting some of the pressure of the European debt crisis, increased pricing and shortening tenors still persist and are causing borrowers and relationship banks to more closely consider funding from the capital markets. "Historically project finance has been generally funded with a lot of bank debt. But there are a variety of changes, not the least of which is the European

debt crisis, which could push a lot more lending into the public space," says **Anne Selting**, a director at S&P out of San Francisco.

Bank loan pricing, with the cost of impending regulation, is making those facilities less competitive against bonds or notes, d'Olier-Lees says, adding that government backing in the forms of the U.S. **Department of Energy** loan guarantee has made investors more comfortable with new technologies and markets. **MidAmerican Energy** and **ElecNor** have tapped the private placement market for project financing this year (PI, 2/24 & 5/24).

Despite the handful of deals that have secured, or are in the process of securing, capital markets funding some developers will likely still have to put projects on hold. "You may actually see some projects actually not be able to proceed because the funding isn't there," d'Olier-Lees says.

Project Finance Deal Volume



Source: Project Finance Deal Book

## E.ON Finalizes BofA Tax Equity Wind Package

**E.ON Climate & Renewables** has finalized a tax equity transaction with **Bank of America Merrill Lynch** for a wind farm in Illinois.

BofA is the sole tax equity investor via a \$150 million stake.

Under the deal, E.ON created Class A and Class B memberships units in Pioneer Trail, of which BofA bought 100% of the passive Class A units (PI, 3/22).

Pioneer Trail uses **General Electric** 1.6 MW turbines and went online in late 2011. Three electric cooperatives, **Prairie Power**, **Southern Illinois Power Cooperative** and **Wabash Valley Power Association**, have an offtake agreement for 40 MW of

Pioneer Trail's generation.

BofA has been dabbling more in wind tax equity transactions and took a minority stake in a **NextEra Energy Resources** tax equity deal that was originally led by **JPMorgan** (PI, 3/19/10).

Whether E.ON has agreements for the remaining 110.4 MW couldn't be learned. A spokesman didn't immediately respond to an inquiry.

### FAST FACT

▶ E.ON created Class A and Class B memberships units in Pioneer Trail, of which BofA bought 100% of the passive Class A units (PI, 3/22).

## RPM Access Wraps Iowa Wind Package



Nordex Turbine

RPM Access has secured roughly \$116 million in financing backing two wind projects in Iowa via lenders **BayernLB** and **Rabobank**. The deal includes construction and term loans and a bridge loan to the U.S. **Department of Treasury's** investment tax credit cash grant.

"We went out to numerous banks and screened them and it pretty quickly came down to people we thought could close

deals," says **Stephen Dryden**, principal at RPMA in West Des Moines, Iowa. He declined to comment on the pricing and tenor of the deal.

RPM began looking to finance the 50 MW Rippey wind project in Greene County and the 36 MW Hawkeye in Fayette County in January (PI, 1/5). The projects are slated for operation later this year and will use **Nordex** 2.5 MW turbines. **Central Iowa Power Cooperative** is the long-term offtaker for the projects.

**Tony Muoser**, managing director at Rabo, and **Matthew Ptak**, v.p. at BayernLB, worked on the deal. **Kaye Scholer** is legal counsel to RPM and **Milbank Tweed Hadley McCloy** is legal counsel to the lenders. Bank officials did not return calls by press time.

## MERGERS & ACQUISITIONS

### Bidders In Due Diligence For Bosque

Several bidders are conducting due diligence on **Luminus Management** and **CarVal Investors'** Bosque gas-fired plant in Texas. Initial bids for the plant came in a few weeks ago, says a deal watcher. **Bank of America** is running the sale, which the sellers want to be a quick process (PI, 4/24). Final offers are expected in early July although no date has been set, says one official.

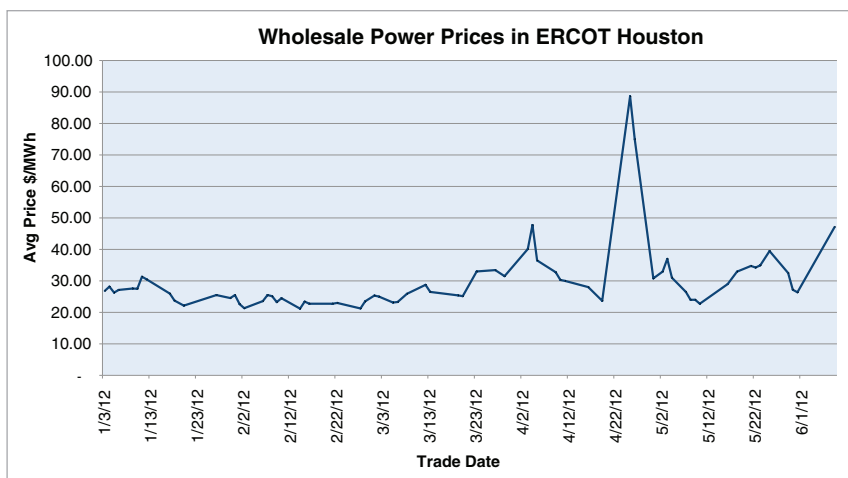
A few prospective buyers are talking with investment banks about advisory roles, deal watchers say. Strategics and financial players are said to be in the mix. Over the last two years, valuations from these transactions put gas-fired plants in the range \$335-410 per kW for combined cycle plants although the purchase price could be higher this year given anticipated power shortages.

Generation in ERCOT has drawn investor appetite in the last year as the state looks to tackle a power shortage that is predicted by 2016. Record temperatures last summer caused rolling blackouts in parts of the state, which could lead to an increase wholesale power prices set by the Texas **Public Utilities Commission**.

**Fortress Investment Group** also has a stake in the plant.

Lenders took control of Bosque from private equity shop **Arcapita** and **Fulcrum Power Services'** in 2010 when the facility was in bankruptcy.

The identity of the buyers and banks involved were not disclosed. Calls to officials and spokespeople for Luminus, CarVal and Bank of America were not returned.



Source: Power Intelligence via U.S. Energy Information Administration

## Harbert Markets GWF Fleet

**Harbert Power** is looking to sell its stake in **GWF Energy**, an independent power producer in California that owns three gas-fired plants. **Morgan Stanley** is running the sale; teasers went out recently.

GWF owns the 95 MW Hanford peaker and the 97 MW Henrietta in Kings County, as well as the 314 MW Tracy combined cycle facility in Stockton. GWF is wholly owned by several funds at Harbert, including the Harbert Power Fund IV, Harbinger Independent Power Fund II and Harbert Power Fund III.

Harbert completed a \$410 million refinancing in late 2010 in

order to fund a 145 MW expansion at the Tracy facility, which originally generated 169 MW (PI, 11/30/10).

**Pacific Gas & Electric** is the offtaker for Tracy.

Initial bids will likely be due in around the start of July. A spokesman for Morgan Stanley could not comment while a Harbert spokesman in Birmingham, Ala., did not return a call

### FAST FACT

Harbert completed a \$410 million refinancing in late 2010 in order to fund a 145 MW expansion at the Tracy facility.

## Cleco To Consider Affiliate CCGT In RFP

**Cleco Power** will consider buying a 775 MW combined cycle plant in St. Landry, La., from an affiliate in the request for proposals it expects to release this summer.

Cleco Power awarded the Coughlin plant a three-year power purchase agreement for 730 MW out of the 2011 RFP. Developer **Cleco Evangeline**, an affiliate of Cleco Power, had submitted a proposal for a PPA with an acquisition option, according to an RFP draft document. The utility determined that including an acquisition option in the offtake agreement would be more expensive than signing a regular PPA.

Following the signing of the PPA, Cleco Power accepted an offer from Cleco Evangeline to consider the acquisition in the upcoming RFP. The Coughlin plant is **Cleco Corp.**'s only merchant facility, according to the Web site.

The 2012 RFP will seek roughly 800 MW of long-term resources and will consider proposals for acquisitions as well as tolling and offtake agreements that will last at least 20 years

(PI, 5/10). The RFP could open as early as July 10 with bidders notified in early November.

Including a Coughlin acquisition in the new RFP has been approved by state regulators. Cleco will review the economics of the acquisition against other entrants, according to the RFP, which says the acquisition will be awarded if the plant is the "lowest reasonable cost and most reasonably reliable resource."

**Richard Sharp**, director of capacity planning in Pineville, is the utility's administrator for this RFP. The utility has retained **Energy Associates** as the independent monitor for the RFP and will ensure that Cleco Evangeline does not receive preferential treatment. **Elizabeth Benson** is managing that effort for Energy Associates.

The three-year PPA with Coughlin took effect May 1 and will run through May 2015.

A Cleco Corp. spokeswoman in Pineville, La., did not return a call.

## NEWS IN BRIEF



News in Brief

News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but **PFR** does not guarantee its completeness or accuracy.

- **SPI Solar** acquired rights from **Solar Hub Utilities** to develop 68 solar projects totaling 28 MW on Oahu, Kona, and Maui. Construction will begin next quarter and the projects' generation will contribute to the state's renewable portfolio standard (*Green building Elements*, 6/13).

- Utilities with a big portfolio of coal-fired generation claim that railroad companies are charging high transportation costs to deliver coal. The utilities claim railroads are using a lack of competition to hike up the prices (*Forbes*, 6/13).

- California's **Department of Water Resources** will not be renewing its contract to buy power from **NV Energy's** Reid Gardner coal-fired plant, as the agency looks to reduce greenhouse gas emissions. The contract expires in 2013 (*MercuryNews.com*, 6/13).

- The cost of offshore wind generation could be reduced by up to 33% by 2020, according to reports from the wind industry and the UK government. The price of generation could drop to GBP100 (\$155) per MWh from GBP140 (\$217) per MWh (*The Guardian*, 6/13).

- Roughly 506 MW of solar were installed in the U.S. in Q1 representing an 85% boost over the same period last year, according to the **Solar Energy Industry Association**. The U.S. has 4,940 MW of solar installed (*MarketWatch*, 6/13).



ThinkStock/Stockphoto

## Beal Targets *(Continued from page 1)*

We're lending against the long-term value of the asset. We look in to the future and try to speculate as best we can about pricing," says Harvey.

CSG and its affiliates have originated deals or taken primary or secondary pieces of debt in several assets that are on the block or have sold in the past two years. These include a \$160 million term loan backing **MACH Gen**, the operating company of a trio of merchant combined-cycle plants, wrapped in February. MACH Gen has since put the 1 GW Harquahala combined cycle facility in Arizona on the block via **Goldman Sachs** (PI, 5/18). CSG and its affiliates also originated a \$205 million term loan and revolver backing **Energy Capital Partners'** 1 GW merchant Odessa Power in Texas which it bought from **PSEG Power** in June.

"It's a game changer because they're valuing it differently," says one banker of Beal's strategy, adding that most lenders shy away from deals with merchant risk. **Doug Sherman**, director at **Deutsche Bank** in New York, was a director at CSG working on project finance deals when the bank was in its last spate of activity (PI, 5/11/07). **Nazar Massouh**, a principal at ECP, was also banker in Beal Bank's energy project finance group.

Natural gas-fired assets 500 MW and larger hit the sweet spot for CSG and the Beal banks, which can deploy \$50-700 million per transaction. "The things we've done have been refinancing. We haven't seen a lot of new-build activity. If we flip it around, we're just not particularly comfortable with construction risk," Harvey says.

The firm is looking at several potential transactions and expects to do at least one more deal before year-end. —**Sara Rosner**

## Riverstone Scopes *(Continued from page 1)*

Cross line from Texas to Mississippi, in its development pipeline which would increase its appeal to investors, observers say.

Riverstone committed roughly \$400 million to Pattern after acquiring the team and portfolio from the defunct **Babcock & Brown**. Pattern is currently in the market with a roughly \$400 million deal backing its 315 MW Ocotillo wind project in Imperial Valley, Calif. (PI, 5/9).

The dearth of successful renewable IPOs—and of IPOs in any sector recently—has some bankers skeptical of that option though. Even if the TSX is deemed a better bet than a U.S. exchange because of a general malaise in the economy, "IPOs haven't exactly been flying off the shelves these days," says one banker. **First Wind** opted for a \$333 million joint venture with **Emera** after pulling its IPO due to lower than expected prices (PI, 12/17/10). More recently, solar developer **BrightSource Energy** nixed its plans for an IPO in April, citing poor market conditions.

Pattern is always looking to raise capital for its business, a Pattern spokesman says. He says that the company is not undergoing a strategic review and declined further comment. Spokesmen for Riverstone and Morgan Stanley declined to

## ALTERNATING CURRENT

### Don't Waste Your Breathe, Charge Your Phone



Yoga gurus are always extolling the power of breathe, but they probably never imagined that you could literally breathe life into your cell phone. The AIRE mask, created by industrial designer **Joao Lammoglia**, translates the wearer's exhalations into power via tiny wind turbines. The power is transferred to the cell phone from the mask through a connecting cable.



AIRE Mask

The mask encourages the wearer to exercise, Rio de Janeiro-based Lammoglia notes on his Web site, because more breathe generates more power. It also makes the wearer more aware of how much power his or her mobile devices really require.

For those of you who are not prone to breaking a sweat, the mask can also be worn reading a book or sleeping, perhaps lending a new meaning to the concept of the 'power nap.' Lammoglia did not respond to email and details, such as when the mask will be available for sale, cost and the amount of breathing it takes to charge a cell phone could not be learned.

comment.

**Royal Bank of Canada** and **BMO Capital Markets** are reportedly also working out of their Toronto offices with Morgan Stanley on its efforts with Pattern. Spokesmen and officials for RBC and BMO did not return calls. A timeline for any decision regarding Pattern Energy could not be learned.

—**Holly Fletcher & Sara Rosner**

## QUOTE OF THE WEEK

"We went out to numerous banks and screened them and it pretty quickly came down to people we thought could close deals."—

**Stephen Dryden**, principal at **RPM Access** in West Des Moines, Iowa on choosing **Rabobank** and **BayernLB** to finance two of its wind projects in Iowa (see story, page 5).

## ONE YEAR AGO

**Recurrent Energy** began talking to lenders about financing 60 MW of photovoltaic projects in California. [The subsidiary of **Sharp Corp.** snagged financing from a quartet of banks (PI, 8/31/11) and is now looking to offload a portfolio of PV projects in Ontario as its parent aims to focus its business in Japan (PI, 6/8).]