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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

CONFERENCE COVERAGE

MoFo Hosts Mexico Energy Gathering

Deal watchers assessed the outlook for Mexican project financings at an event hosted by **Morrison & Foerster** last week. Page 2

PROJECT FINANCE

Pattern Plots Ontario Project Financing

Pattern Development aims to wrap financing for its 300 MW Henvey Inlet project in Ontario by the end of the year. Page 6

PEOPLE & FIRMS

Kreamer Leaves Spruce Finance

Nat Kreamer has departed residential solar finance company Spruce Finance, where he was president and ceo. Page 8

Invenergy CEO Blasts "Complete Lack of Discipline" in PJM

Olivia Feld

The founder and ceo of Invenergy has slammed the market for the abundance of capital flowing into **PJM Interconnection**, in an exclusive interview with *PFR* following the disappointing results of the recent capacity auction in the region.

"I feel there's a complete lack of discipline out there in the market," says **Michael Polsky**, referring to the large volume of greenfield project financings recently sealed for gas-fired facilities under development in the region.

The capacity auction for the service year 2020/2021, which took place on May 23, attracted 2,350 MW of new gas-fired generation. Several billion dollars were raised for new gas-fired projects in PJM last year alone.

"What's happening in PJM is that there is this sort of completely senseless build-out where people build plants without looking at market signals and the market itself," says Polsky. "I don't think the market can absorb all of this new capacity."

The auction yielded lower-than-expected results for sponsors, who saw prices fall from $100/MW-day to $76.53/MW-day in the RTO region. Other areas fared better, but prices in multiple zones still fell compared to recent auctions.

The flood of new supply is part of the reason why capacity prices have fallen in the region. The large number of projects under development is due to the shale gas revolution, writes **Toby Shea**, v.p. and senior credit officer at **Moody's Investors Service**.

Despite a surplus of capacity, developers believe their new plants, fueled with cheap gas produced from the Marcellus Shale, can compete with existing coal-based generation, reads the report on the auction published by the ratings agency on May 29.

Meanwhile, a fall in demand is helping to drive the decline in power prices, says Polsky.

Michael Polsky

"The market's supply-demand curve is working," he says. There has been a reduction in demand, rather than growth, and yet gas-fired capacity is growing on a seemingly limitless basis, he adds. "Pricing reflects this market situation."

What Polsky sees as overbuild will potentially cause issues in the future when plants come to be refinanced, he says.

"Everybody kind of thinks somehow we'll be immune from future problems. PAGE 5 »

EFH Seeks Commitments for $5B+ DIP Refinancing

Richard Metcalf

Two banks are marketing a refinancing of **Energy Future Holdings**' multi-billion dollar debtor-in-possession and term loan financing as an existing DIP facility approaches its due date.

EFH, which owns 80% of Texas transmission utility **Oncor Electric Delivery Co.**, initially obtained a $5.4 billion DIP loan in June 2014, shortly after filing for bankruptcy. The company's plan to exit bankruptcy involved the sale of Oncor, and the company hired **Evercore** to run the process (PFR, 10/3/14).

But three years later, despite reaching agreements first with **Hunt Consolidated** and then with **NextEra Energy**, EFH is still looking for a deal to be approved by the **Texas Public Utilities Commission**.

In October 2016, when NextEra had agreed to buy EFH's Oncor stake and was negotiating with the minority owners to purchase the remainder, PAGE 7 »

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CONFERENCE COVERAGE

MoFo: Mexico Power, Transmission Opportunities and Challenges Abound

Mandates and potential structural issues arising from the two recent power auctions in Mexico were discussed at a half-day conference hosted and moderated by **Jeffrey Chester**, partner at **Morrison & Foerster**, in the firm's New York office on June 14.

The Mexican government has held two auctions since its energy reforms began to be implemented in 2013, awarding $70 billion of contracts to various sponsors, said **Guillermo Zúñiga**, commissioner at the **Comisión Reguladora de Energía** (CRE), in a presentation on the new regulatory environment.

A third auction is scheduled for later this year, with the winners set to be announced on Nov. 22.

The main difference in the upcoming third auction is that qualified third parties will be able to act as offtake agreement counterparties through the creation of an energy clearing house. The bidding terms were published just over a month ago (PFR, 5/11).

The country's first post-reform bidding process for transmission projects is also underway, added Zúñiga. The 379-mile Yautepec-Ixtepec project will deploy 3 GW of wind generation in the southeast region of the country. Slated for competition in 2020, construction of the project is estimated to cost $1.6 billion.

CRE estimates that the final draft of the bidding documents for the transmission line will be ready to be reviewed this month.

A number of banks are lining up to provide financing for projects with long-term tenders.

"We want to be investing in Mexico," said **Jaya Viswanadha**, head of structured finance advisory in the Americas at **Crédit Agricole**, during a panel discussion, referencing **Enel** and other sponsors who are seeking non-recourse financing. "Many of us have been following the market our whole careers. The issue is how to make the structures work."

Enel, which has won a significant portion of the contracts awarded since 2013, has so far used its own corporate balance sheet to finance project development. However, Viswanadha noted that the company is looking to recycle capital by selling all of its generation assets in in Mexico and Panama (PFR, 5/25).

With record-breaking low power prices in the first two auctions, another issue for potential lenders is ensuring a sufficient return. The first auction yielded an average price of $45/MWh and the second $33.47/MWh.

However, banks remain ready to lend to sponsors looking to capitalize on the nascent market.

"[Quantitative easing] has put lot of money into the banks and that money has to be put to use," said Viswanadha. "The hardest part isn't with bankers, it's with sponsors who bid. We come in when all the unknowns are known." ■

Power Finance & Risk

EDITORIAL
Richard Metcalf
Editor
(212) 224-3259

Olivia Feld
Managing Editor
(212) 224-3260

Fotios Tsarouhis
Reporter
(212) 224 3294

Stuart Wise
Data Associate

Kieron Black
Sketch Artist

PRODUCTION
Gerald Hayes
Manager
Kaela Bleho
Designer
Sam Medway
Associate

ADVERTISING
Kevin Dougherty
U.S. Publisher,
Capital Markets Group
(212) 224-3288

PUBLISHING
Laura Spencer
Senior Marketing
Manager

Adam Scott-Brown
Director of Fulfillment

Nina Bonny
Customer Service
Manager
(212) 224-3433

SUBSCRIPTIONS/ ELECTRONIC LICENSES
One Year $3,670
Alyssa Rinaldi
Global Account Manager
(212) 224-3043

REPRINTS
Dewey Palmieri
Reprint & Permission
Manager [New York]
(212) 224-3675
dpalmieri@Institutional
investor.com

CORPORATE
Andrew Rashbass
Chief Executive Officer

John Orchard
Managing Director,
Capital Markets Group

Directors:
John Botts
(Chairman),
Andrew Rashbass
(CEO),
Sir Patrick Sergeant,
The Viscount Rothermere,
Colin Jones,
Martin Morgan,
David Pritchard,
Andrew Ballingal,
Tristan Hillgarth

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

Institutional Investor Hotline
(212) 224-3570 and (1-800) 437-9997 or Hotline@iiintelligence.com

Editorial Offices
1120 Avenue of the Americas, 6th Floor, New York, NY 10036
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Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

GENERATION AUCTION & SALE CALENDAR

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

Generation Sale DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Ares-EIF	Plum Point (670 MW Coal)	Osceola, Ark.	Citi	Bids for the portfolio were due the first week of June (PFR, 5/30).
	Carneys Point (262 MW Coal)	Carneys Point, N.J.		
	Logan (219 MW Coal)	Logan Township, N.J.		
	Morgantown (62 MW Waste coal)	Morgantown, W.Va.		
Apex Clean Energy	Portfolio (12 GW, mostly Wind)	U.S.	CohnReznick Capial	The company is looking to sell itself to a strategic investor (PFR, 5/1).
Ares-EIF, I Squared Capital	Oregon Clean Energy Center (869 MW Gas)	Lucas County, Ohio	Barclays, Credit Suisse	The two banks are running a sale process for the project (PFR, 5/15).
BTG Pactual Infraestructura II, Pátria Investimentos, GMR Group	Latin America Power (114 MW Hydro, Wind)	Chile, Peru	BTG Pactual, Morgan Stanley	Several bidders have been shortlisted in the sale of the company, which also owns an 803.9 MW development pipeline that includes its first solar asset (PFR, 2/13).
● Bolognesi Energia	Novo Tempo (1.2 GW Gas)	Pernambuco, Brazil		Prumo Logistica has revealed that it is in talks with Bolognesi to acquire the development-stage project (see story, page 6).
Canadian Solar	Portfolio (703 MW DC Solar)	U.S.		Canadian Solar has taken second-round bids for its U.S. portfolio (PFR, 6/12).
Cemig	Santo Antônio (3.5 GW Hydro, 18.13%)	Brazil		The company was expected to circulate a list of further assets for sale in May (PFR, 5/22).
	Taesa (Transmission company, 31.54%)			
Enel	Portfolio (2,010 MW Wind, Solar)	Mexico	Goldman Sachs, BBVA	The Italian company is selling all of its generation assets in in Mexico and Panama, which total over 2.3 GW (PFR, 5/30).
	Portfolio (352 MW Hydro, Solar)	Panama	Morgan Stanley	
Energy Future Holdings	Oncor (Transmission Utility)	Texas	Credit Suisse, BAML, Deutsche Bank, JPM, UBS, Wells Fargo (all buyer)	The Texas PUC has refused to reconsider NextEra's acquisition of Oncor, which it vetoed in April (PFR, 6/12).
Eversource	Portfolio (1.2 GW Coal, Hydro, Oil)	New Hampshire	JP Morgan	JP Morgan has distributed teasers in prepation for a two-stage auction for the portfolio (PFR, 3/6).
Exelon Corp.	ExGen Texas (3,476 MW Gas)	Texas	PJT Partners	Exelon plans to sell the distressed Texas portfolio (PFR, 5/8).
● First Reserve	First Reserve Energy Infrastructure Funds	U.S.		BlackRock's acquisition of the assets closed on June 1 (PFR, 2/7).
First Solar, SunPower	8Point3 Energy Partners (432 MW Solar)	U.S.	BAML (First Solar), Goldman Sachs (SunPower)	The yieldco's two sponsors are conducting a strategic review of their ownership interests (PFR, 5/8).
Infinity Renewables	(6.6 GW Wind, Solar)	U.S.	CIBC	The company is for sale (PFR, 6/5).
InterGen	Portfolio (2,200 MW Gas, Wind)	Mexico		InterGen is planning to launch a sales process for its Mexican portfolio (PFR, 5/30).
● Invenergy	Invenergy Renewables (3.4GW+ Wind, Solar, 3.07%)	U.S.		CDPQ is increasing its stake in the platform from 27.09% to 30.16% by buying additional shares from Invenergy (see story, page 7).
LS Power	Gridiron Generating (3.1 GW Gas)	Connecticut, Illinois, Kentucy, Virginia	Citi, Morgan Stanley (seller), Credit Suisse, Goldman Sachs (buyer)	A fund managed by LS Power sold the assets to a group of institutional investors through Gridiron Generating, a partnership also controlled by LS Power, in a transaction that closed on May 15 (PFR, 5/22).
Morgan Stanley	NaturEner USA (399 MW Wind)	Montana		Morgan Stanley is selling NaturEner, which owns development wind assets in Alberta as well as the 399 MW operational wind portfolio in Montana (PFR, 5/15).
● NRG Energy	GenOn (15.3 GW + Coal, Gas, Oil)	U.S.	Rothschild (NRG), Ducera Partners (creditors)	NRG subsidiary GenOn's creditors will assume control of the company's generation portfolio pursuant to a restructuring plan agreed to last week (see story, page 7).
Northland Power	Portfolio (1,754 MW Gas, Solar, Wind)	Canada, Europe	CIBC, JP Morgan	Analysts expect the company to make an announcement on a potential sale of the company this quarter (PFR, 5/15).
Odebrecht	Chaglla (406 MW Hydro)	Huánuco Region, Peru	Itaú, Scotiabank, SMBC Nikko Securities	Odebrecht is expected to select a buyer within the next two months (PFR, 6/12).
● SunEdison, Riverstone Holdings	Imperial Solar Energy Center West (150 MW, 40%)	Imperial County, Calif.		Tenaska's acquisition of the 40% stake in the project closed on June 8. Tenaska also owns the remaining 60% (PFR, 5/4).
Terra Firma	EverPower Wind (752.25 MW Wind)	U.S.	Barclays, KeyBanc	Terra Firma is marketing the U.S. wind shop, whose assets also include an up-to-1,759 MW development pipeline (PFR, 3/6).
TransCanada	Portfolio (3,818 MW Gas, 132 MW Wind)	U.S.	JP Morgan (seller)	LS Power Equity Advisors has closed its acquisition of the portfolio (PFR, 6/12).
York Capital Management Global Advisors	Idaho (54.6 MW DC Solar)	Ada County, Idaho	Whitehall & Co.	York Capital has mandated Whitehall to sell the project (PFR, 4/3).

● **New or updated listing**

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.
To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

● PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector.
A full listing of deals for the last several years is available at http://www.powerfinancerisk.com/Data.html

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS	Debt	TBA	TBA	GE EFS is left lead on the debt raise. Other joint lead arrangers will be selected later this year (PFR, 5/1).
AES Corp.	AES Southland (1.4 GW Gas, Battery Storage)	Los Angeles and Orange counties, Calif.	MUFG, JP Morgan, Citi	Term Loan	$520M	C+7-yr	MUFG, JP Morgan, Citi are marketing the loan at Libor+175 bps (PFR, 5/30).
				Letter of Credit	$300M	C+7-yr	
				Private Placement	$1.4B	C+20-yr	
Alterra Power Corp.	Flat Top (200 MW Wind)	Comanche and Mills counties, Texas	TBA	Tax Equity	TBA		The sponsor plans to close financing for the project soon, having obtained a 13-year hedge (PFR, 6/5).
American Power Ventures	Renaissance (1 GW Gas)	Greene County, Pa.	Fieldstone (adviser)	Debt, Equity	$900M		The sponsor has mandated boutique investment bank Fieldstone Private Capital Group to raise debt and equity for the project (PFR, 4/17).
Canadian Solar	IS-42 (73 MW Solar)	Bladen and Cumberland counties, N.C.	Prudential	Debt	$92M	TBA	CohnReznick Capital advised the sponsor on the financing of the project, which has a 10-year PPA (PFR, 5/1).
			US Bank	Tax Equity			
Capital Dynamics	Moapa (250 MW Solar)	Clark County, Nev.	MUFG	Private Placement	TBA	TBA	The deal represents Allianz Global Investors' first debt investment in a U.S. solar project (PFR, 6/12).
The Carlyle Group	Elgin (844 MW Gas)	Elgin, Ill.	GE EFS (lead), Investec (lead), CIT Bank, SunTrust	Debt	$280M	7-yr	The debt will back The Carlyle Group's acquisition of the portfolio (PFR, 5/22).
	Rocky Road (349 MW Gas)	East Dundee, Ill.					
	Tilton (180 MW Gas)	Tilton, Ill.					
Cheniere Energy	Midship (199.4-mile Pipeline)	Oklahoma	EIG Global Energy Partners	Equity	$500M		EIG has committed equity to the project (PFR, 6/12).
Enel Green Power North America	Rock Creek (300 MW Wind)	Atchison County, Mo.	BAML, JPM	Tax Equity	$500M		Enel has secured a tax equity investment backing Rock Creek, its first wind project in Missouri (PFR, 6/5).
● First Solar	Switch Station (179 MW)	Clark County, Nev.	JPM	Tax Equity			JP Morgan's tax equity investment in the project closed on June 13. First Solar is selling the project to EDF Renewable Energy (PFR, 4/17, PFR, 5/9).
Genneia	Madryn (220 MW Wind)	Argentina	TBA	Debt, Equity	TBA		Genneia is expected to raise project finance for its investment program (PFR, 6/12).
Iberdrola	Topolobampo III (766 MW Gas)	Sinaloa state, Mexico	TBA	TBA	TBA	TBA	Iberdrola is close to mandating banks to finance the project's construction (PFR, 4/3).
LS Power	Aspen Generating (1.5 GW Gas, Hydro)	Pennsylvania, Virginia	ING, BNP, Citi, MS	Term Loan	TBA	7-yr	The deal will finance LS Power's acquisition of the assets from FirstEnergy Corp. (PFR, 5/22).
			TBA	Private Placement		TBA	
NextDecade	Rio Grande (LNG 27 mtpa), Rio Bravo (137-mile pipeline)	Brownsville, Texas	Macquarie Capital, Société Générale	Debt, Equity	TBA	TBA	The debt-to-equity ratio is expected to be approximately 55%-45%, with some 20 to 25 banks participating (PFR, 5/30).
NRG Energy	Buckthorn (154 MW Solar)	Pecos County, Texas	Crédit Agricole, Santander, Keybanc, MUFG, SMBC	Mini-perm	$140M	C+7-yr	NRG Energy has completed project financing for the facility (PFR, 6/12).
				Tax Equity Bridge Loan	$55M	TBA	
				Letters of Credit	$35M	TBA	
● Pattern Development	Henvey Inlet (300 MW Wind)	Henvey Inlet First Nation, Ontario	TBA	Debt	TBA		Pattern is seeking debt for the project (see story, page 6).
Quantum Utility Generation	Moundsville (643 MW Gas)	Marshall County, W.Va.		Debt	TBA		
			BNP Paribas	Equity			
● Sunnova Energy Corp.	Portfolio (55 MW Solar)	U.S.	CIT Bank	Debt	$140M	TBA	Four banks participated in the loan, which closed earlier this month (see story, page 6).
Swift Current Energy	HillTopper (175 MW-200 MW Solar)	Logan County, Ill.		Debt, Tax Equity	TBA		The sponsor plans to finance the project with debt and tax equity (PFR, 2/13).
Tyr Energy	Hickory Run (1 GW Gas)	Lawrence County, Pa.	BNP, BAML	Debt	TBA		The deal was expected to come to the market shortly after the announcement of the PJM auction results (PFR, 6/12).
Vivint Solar	Portfolio (70 MW Residential Solar)	U.S.	TBA	Tax Equity	$100M		The commitment will be made by two of Vivint's relationship tax equity investors (PFR, 6/12).
Walsh & Co. (90%), VivoPower (10%)	NC-47 (47 MW Solar)	Maxton, N.C.	Starbucks	Tax Equity	>$28.2M		The commitment represents Starbucks' maiden tax equity investment (PFR, 5/30).

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To report updates or provide additional information on the status of financings, please call Managing Editor Olivia Feld at (212) 224-3260 or e-mail olivia.feld@powerfinancerisk.com

PROJECT FINANCE

Invenergy CEO Blasts "Complete Lack of Discipline" in PJM

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They don't care if there's a problem later on," he says, noting that the financings for most of the projects developed in PJM are supported by three- or five-year heat rate call options.

Late last year, Invenergy closed nearly $1 billion of project financing to fund the construction of its 1.5 GW Lackwanna combined-cycle gas-fired project in Jessup, Pa. The transaction won *PFR*'s award for North American conventional power project finance deal of the year (PFR, 1/6, PFR, 5/25). The project has a 10-year natural gas supply agreement with **Cabot Oil & Gas**.

"We developed the project when we saw the coal and nuclear retirements", says Polsky. "I'm not saying that our Lackawanna project is immune from future overbuild. The project has a 10-year agreement which makes it much stronger than other projects out there."

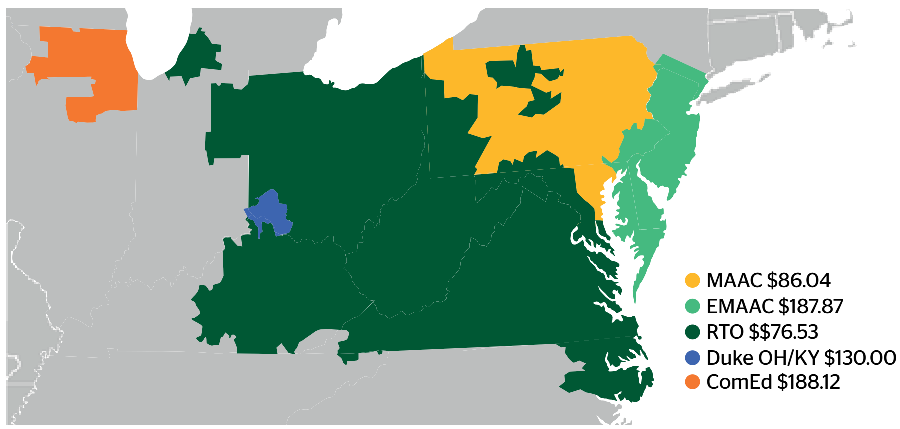
Beyond Lackawanna, which is due to be operational in the second quarter of 2018, the Chicago-based company has no further plans to seek financing for other projects in PJM.

Invenergy has another project in early stages of development in the region but has decided to halt development under the current market conditions, says Polsky, declining to name the project or provide other details such as its size and location.

"We not going to build anything based on what people are doing nowadays," he says. "We're not in the business to lose money and build something where the financials are uneconomical."

On the financial institutions which continue to fund new developments in PJM, he says: "I cannot believe that they are going to continue to fund these projects."

Clearing Prices/MWh in the Main Regions of PJM Interconnection Delivery Year 2020/2021



Source: PJM Interconnection

Moody's Upgrades Illinois Peaker, Citing PJM Auction Result

Moody's Investors Service has raised the credit rating of a gas-fired peaker in Illinois by one notch in the wake of the recent **PJM Interconnection** capacity auction.

The rating agency upgraded about $150 million of bonds associated with **J-POWER USA Generation**'s 1,350 MW Elwood Energy peaker from Ba3 to Ba2 on June 14, noting that the auction result would allow the project "to comfortably service debt through May 2021 from internal cash flow".

Although the clearing prices in the auction were lower than many market participants had expected, prompting a rethink of how new-build projects would be financed, some zones in PJM were less negatively affected than others (PFR, 5/24).

"STILL ROBUST"

The Elwood project is located about 50 miles southwest of Chicago in Elwood, which is in the Comed zone of PJM, where capacity cleared at $188/MW-day for delivery year 2020/2021.

While that is lower than the $203/MW-day price that cleared in last year's auction, Moody's described it as "still robust".

S&P Global Ratings revised the outlook on its BB- rating for the Elwood project from stable to positive in May, saying that an upgrade could follow if capacity continued to clear at a higher level in Comed than in the rest of the PJM market.

J-POWER has wholly owned the project since acquiring **Dynegy**'s 50% stake for $172.5 million in November (PFR, 8/8).

Four of the project's nine 150 MW simple-cycle units have been online since 1999, and five since 2001.

The output from seven of the units is sold spot in PJM, while the other two sell their generation to **Exelon Generation Co.** under a power purchase agreement which expires in August.

16-YEAR BONDS

The project was initially financed with $415 million of 16-year bonds in 2001, when the project was owned by a 50:50 joint venture between **Dominion Energy** and **Peoples Energy Resources Corp**.

The plant's output was fully contracted until 2012 and the financing includes structural features designed to mitigate merchant risk from that year on, including a PSA contingency reserve account and a one-year debt service reserve account. The bonds pay a coupon of 8.159%.

J-POWER acquired Peoples Energy Resources' stake in the project in 2007 and **Energy Capital Partners** subsidiary **EquiPower Resources** acquired Dominion's stake in 2013. Dynegy came to own a 50% stake in the plant when it acquired EquiPower from ECP in 2015.

J-POWER is a 50:50 joint venture between **John Hancock Life Insurance Co.** and **J-POWER USA Investment Co.**

PROJECT FINANCE

Sunnova Seals Project Financing for Multi-state Portfolio

Sunnova Energy Corp. has closed a $140 million senior secured term loan backing the development of a residential solar portfolio.

CIT Bank acted as the sole lead arranger and administrative agent on the financing, the latest of several capital raises arranged by the residential solar firm over the first half of this year.

CIT, **East West Bank**, **ING** and **Silicon Valley Bank** participated in the financing. The pricing and tenor of the loan could not be immediately established.

Houston-based Sunnova mandated CIT Bank to raise debt for the 55 MW portfolio — which comprises projects located throughout the continental U.S., as well as in Hawaii, Guam and Puerto Rico — in March of this year (PFR, 3/20, PFR, 3/23).

CohnReznick Capital advised Sunnova on the debt raise, as well as on an $80 million tax equity commitment from **U.S. Bank** that closed on March 14 (PFR, 3/16).

The Houston-based solar company also closed a $360 million warehouse credit facility on April 24, as well as an $80 million private placement on April 25, according to a company statement. The identities of the parties providing and arranging the warehouse facility and private placement could not immediately be learned.

Credit Suisse advised Sunnova on a $254.75 million three-tranche asset-backed securitization which was priced in April (PFR, 4/3, PFR, 4/14).

"TRADING BELOW VALUE"

The flurry of financings for Sunnova come as a number of residential solar companies are facing financial difficulties.

"Those that haven't filed for bankruptcy are trading below value," says a New York-based power and utilities banker who identifies Sunnova, a privately owned company, as one of the better performers in the residential space.

Residential solar companies "do not weather downturns well," adds the banker, noting that their transactional costs can pile up quickly, the result of the time and capital required for the acquisition and development of relatively small portfolios.

Representatives of Sunnova in Houston and CIT and CohnReznick in New York did not immediately respond to inquiries. ■

Pattern Seeks Debt for Canadian Wind Project

Pattern Development is seeking construction and long-term debt financing for a wind project in Parry Sound County, Ontario.

San Francisco-based Pattern and **Nigig Power Corp.**, a company established by the **Henvey Inlet First Nation** to develop the project, plan to have financing in place within six months to allow construction on the 300 MW Henvey Inlet project to commence before the end of the year.

The sponsors intend to bring the project online next year.

The Henvey Inlet First Nation created Nigig Power in 2010 and Pattern acquired a 50% stake in the Henvey Inlet project in 2014.

The facility will sell its output to the **Ontario Power Authority** under a 20-year power purchase agreement.

Pattern had initially planned to finance the project, which has been on yield company **Pattern Energy Group**'s right-of-first-offer list since November 2014, by the end of last year. The reason for the delay could not immediately be established. A spokesperson for Pattern in New York declined to comment. Representatives of Nigig Power in Ontario could not immediately be reached for comment.

Pattern closed a C$263 million ($196 million) financing for its 147 MW Mont Sainte-Marguerite wind project in Québec earlier this year (PFR, 3/7). ■

MERGERS & ACQUISITIONS

Prumo in Early-stage Talks to Buy Brazil Gas-fired Project

Infrastructure and logistics company **Prumo Logistica** is in preliminary talks with **Bolognesi Energia** to buy the rights to build and operate a 1.2 GW gas-fired project in Brazil, the company said in a securities filing.

The talks are still in early stages, according to Prumo's filing, which notes that the company has "no visibility on the completion of the business" and that it has not signed a binding document or a definitive contract for the project, which is called Novo Tempo and located in Ipojuca, Pernambuco.

Bolognesi won a long-term power purchase agreement for the project in a 2014 auction, under the terms of which the facility would come online in two phases in January 2019 and December 2020.

Under the PPA, the project would sell its output at a price of R$206.5/MWh ($63/MWh), according to the **Brazilian Association of Piped Gas Distributors**. The project was estimated to have a construction cost of R$3 billion (about $1.35 billion) at the time of the auction.

Prumo Logistica has received funding from a number of development and commercial banks in recent years, including a $350 million credit line from **Overseas Private Investment Corporation** in June 2015 and a R$2.8 billion (about $840 million) 18-year facility from **Banco Nacional de Desenvolvimento Econômico e Social** in July 2015. **Bradesco** and **Santander** acted as on-lenders in the latter deal. ■

STRATEGIES

EFH Seeks Commitments for $5B+ DIP Refinancing

« FROM PAGE 1 EFH refinanced the DIP facility, extending its maturity by nine months.

But earlier this month, the Texas PUC rejected NextEra's request for a rehearing after the regulator had blocked the acquisition, plunging the bankruptcy process back into uncertainty (PFR, 6/8).

ENCORE FOR ONCOR?

"We look forward to continuing to work with EFH and its creditors as the process continues," says a spokesperson for Oncor in Dallas, who declined to predict a timeline for a potential sale and Chapter 11 exit for EFH. "Depending on ultimately what happens with the bankruptcy court and proceedings, whether it's a plan for equitization or sale to another strategic, that would start the clock again on both federal and state approvals."

A spokesperson for EFH in Dallas did not immediately respond to a request for comment.

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Meanwhile, the existing DIP facility matures at the end of this month, so EFH has hired **Citi** and **Morgan Stanley** to arrange a $5.745 billion replacement which is slated to mature in June 2018 with a six-month extension option.

Assuming EFH exits bankruptcy before the loan matures, it will convert to a $4 billion term loan that matures seven years after the closing of the DIP financing.

The price talk for the loan is 275 basis points over Libor with a 0% Libor floor and a 99.75 new issue discount, with multiple 25 basis point step-ups if the company's credit ratings are not refreshed within 30, 60 or 90 days of close.

The deadline for commitments was initially June 16 but it has since been extended to June 23 at noon Eastern Time. The loan will require the approval of the **U.S. Bankruptcy Court for the District of Delaware**.

Officials at Morgan Stanley and Citi either declined to comment or did not respond to inquiries. ■

GenOn Files Restructuring Plan with Bankruptcy Court

GenOn Energy filed for Chapter 11 bankruptcy protection on June 14 after formally entering into a restructuring agreement with its creditors earlier last week.

The Princeton, N.J.-based company entered into a consensual restructuring agreement with parent **NRG Energy** and GenOn's senior noteholders on June 12, agreeing to the terms of a plan outlined last month (PFR, 5/23).

Rothschild is advising NRG on the restructuring, while New York-based boutique investment bank **Ducera Partners** is advising the creditors.

GenOn, which was acquired by NRG in 2012, will emerge from bankruptcy as an independent company under the terms of the agreement, which was filed with the **U.S. Bankruptcy Court for the Southern District of Texas** in Houston.

The restructuring will wipe out over $2 billion of debt, including approximately $1.75 billion of GenOn Energy notes, as well as $695 million of affiliate **GenOn Americas Generation**'s notes, which were due June 15.

NRG is providing GenOn with a credit facility of up-to-$330 million to backstop the issuance of new and replacement letters of credit.

The bankruptcy proceedings have been expected for some time, and GenOn itself openly weighed the option as far back as last August (PFR, 8/10).

GenOn's assets account for approximately 35% of NRG's generation portfolio, comprising over 15.3 GW of merchant generating capacity located primarily in the northeastern U.S. ■

MERGERS & ACQUISITIONS

CDPQ Ups Stake in Invenergy Renewables Platform

Caisse de dépôt et placement du Québec is increasing its passive equity stake in **Invenergy**'s renewables platform.

The Canadian investment firm, which owns 27.09% of **Invenergy Renewables**, the wind and solar arm of the Chicago-based developer, plans to up its stake to 30.16% by acquiring additional shares from Invenergy, according a filing with the U.S. **Federal Energy Regulatory Commission**.

CDPQ acquired its initial 24.73% interest in the company in 2014 (PFR, 6/12/14).

Invenergy owns a portfolio of wind solar assets totaling more than 3.4 GW in the U.S. through the platform.

Liberty Mutual and **Leaf Clean Energy Co.** own 16.26% and 2.3% passive interests, respectively, in Invenergy Renewables.

Invenergy is also active in Latin America, having recently acquired a 64 MW solar project called La Jacinta in Uruguay (PFR, 3/15).

Representatives of Invenergy in Chicago and CDPQ in in Québec did not immediately respond to requests for comment. ■

PEOPLE & FIRMS

Spruce Finance Chief Exits Company

Nat Kreamer, the president and ceo of Spruce Finance, has departed the San Francisco-based residential solar lender, two months after *PFR* revealed that the company is for sale.

Darren Thompson, who joined Spruce in June 2016, has taken over as president of the company in conjunction with his role as cfo. Whether Thompson will also be named Spruce's ceo could not immediately be learned.

The exact date of Kreamer's departure could not be established, though his **LinkedIn** profile states that he left Spruce in June.

Spruce hired **Goldman Sachs** to advise on a potential sale of the company earlier this year (PFR, 4/12). Thompson served as an m.d. at Goldman from 1998 to 2001.

Spruce was created in 2015 as a result of a merger between **Clean Power Finance**, where Kreamer had been ceo since 2011, and **Kilowatt Financial**.

Neither Kreamer nor Thompson could be reached for comment by press time. A spokesperson for the company in San Francisco did not respond to inquiries. ■

JPM Nabs Natixis P.F. Banker

JP Morgan has hired a former Natixis project finance banker as a v.p. in its infrastructure finance and advisory team in New York.

The banker, **Abraham Prada**, joined JP Morgan in mid-May, a spokesperson for the bank in New York confirmed. Whether he was hired to replace someone who had left or as part of an expansion of the team could not be learned.

JP Morgan launched its global infrastructure finance and advisory team in October 2015 under the leadership of **Daniel Zelikow**, who is also vice chairman, public sector, and **Huw Richards**, who is also co-head of investment grade finance.

Other bankers, including **Fuat Savas**, an executive director who was responsible for JP Morgan's development finance initiative, were brought into the team at its formation.

A year later, the bank recruited a junior banker, **Nick Chen**, from **Macquarie**'s infrastructure, utilities and renewables team, where he had worked for two years.

The latest hire, Prada, had worked in Natixis' global infrastructure and project finance team since joining the French bank's New York office as an associate in 2014. He was promoted to v.p. last year.

Whether Natixis intends to replace the departed banker could not be learned. A spokesperson for the bank in New York did not immediately respond to a request for comment. ■

ALTERNATING CURRENT

Solar on Mexican Wall Branded 'Impossible'—but is it?

AC

Bankers have shot down plans reportedly floated by President **Donald Trump** to festoon his controversial Mexican border wall with solar panels, but not everyone is so skeptical.

Project finance bankers say the idea, reported by *Axios* on June 6, is all but impossible.

"The layout proposed, the money needed, it just won't happen," said one, while another added that banks would steer clear of funding such a project.

Another puzzle is where the output from a border-spanning solar project would go, said a third project finance banker.

But it it really that outlandish?

At the end of last year, **Jigar Shah**, co-founder at **Generate Capital**, was listening to a discussion about the wall on **American Public Media**'s 'Marketplace' radio program.

"**John Carney** jumps in and says that if we sell the solar power from the Wall to Mexico we can technically say that Mexico paid for that wall," Shah wrote in a **LinkedIn** post in January, referring to the former *Wall Street Journal* reporter who is now an editor at *Breitbart*.

That got Shah thinking, and he calculated that the 1 GW project could raise $15.8 billion—more than Trump reckons the wall will cost—over a 40-year period.

And that's before taking into account "tax credits already in place for solar, low cost debt from the **North American Development Bank** or escalating value of daytime power in Mexico," he wrote.

If it comes off, Trump might one day be remembered as the greenest politician in U.S. history. Take that, **Al Gore**. ■

STRATEGIES

Apple Raises $1B with Second Green Bond

Apple priced a $1 billion 10-year green bond on June 13, building on its $1.5 billion inaugural offering last year. The technology company plans to use the proceeds for one or more renewable and energy efficiency projects.

The company issued the bonds privately, 16 months after its $1.5 billion offering in February 2016, which was also to raise funds to help meet its goal of using solely renewable generation for its operations (PFR, 2/18/16).

Bank of America Merril Lynch, **Goldman Sachs** and **JP Morgan** are bookrunners on the fixed-rate notes. Price talk on the bonds was between 95 and 100 basis points over Treasurys, guidance was in the area of 85 bps and the final price was 82 bps.

Apple was granted authority to sell generation wholesale last year, after filing with the U.S. **Federal Energy Regulatory Commission**. The company said it plans to sell generation and other grid services in **PJM Interconnection**, **New York Independent System Operator**, **ISO New England**, **California Independent System Operator**, **Midcontinent Independent System Operator** and **Southwest Power Pool** (PFR, 8/4).

Apple has a combined 315 MW of operational renewable projects and long-term power purchase agreements with renewable facilities. It has a further 618 MW of renewable projects under construction, according to its 2017 Environmental Responsibility Report covering the company's activities in the previous year.

Moody's Investors Service and **S&P Global Ratings** rate Apple Aa1 and AA+, both with a stable outlook. ■