

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● AT PRESS TIME

● MERGERS & ACQUISITIONS

● STRATEGIES

Westar Solicits Bids For Renewables In Kansas

Westar Energy has launched an RFP to acquire or enter into PPA for wind, solar, biomass and landfill gas projects in Kansas. Page 2

SunEdison Gets Feet Wet With Central America's GME

As SunEd waits to see how Mexico's energy reform will pan out, its buyout of a renewables roll-up in Costa Rica marks its Central America debut. Page 5

Sempra Unit Issues Bonds For \$6B Capex

SoCalGas has sold a \$600 million bond duo, is the fourth utility to come to market in a week, ahead of an anticipated interest rate hike. Page 6

AES Brasil Circles Petrobras' Thermal Portfolio

Nischinta Amarnath

AES Corp. subsidiary **AES Brasil**, officially known as **Cia Brasileira de Energia S.A.**, is mulling a bid for **Petróleo Brasileiro S.A.**'s portfolio of thermal facilities, which could soon be launched for sale, according to two sources familiar with the situation.

The portfolio on the market could include three facilities in Rio de Janeiro. These are the roughly 379 MW Electrobolt natural gas fired merchant facil-

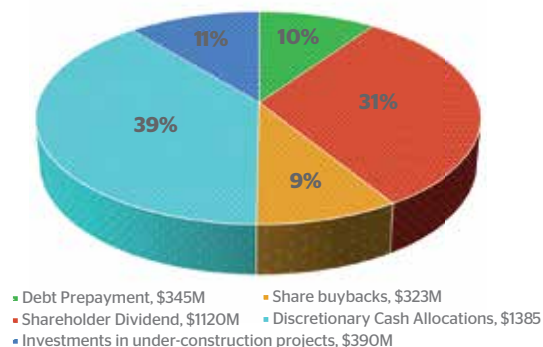
ity originally owned by **El Paso**, the 290 MW Termoeceará combined cycle gas fired project, originally owned by Brazilian private investing group **EBX Capital** and **MDU**, and the 928 MW Macaé gas fired merchant plant originally owned by **Enron Corp.**, according to one source.

Petróleo Brasileiro, also known as **Petrobras**, incurred losses amounting to more than BRL 1 billion (\$3.2 billion) after it purchased the project trio on separate occasions in the mid

and late-2000s. The losses are largely attributed to the unviability of Petrobras' role as an offtaker for the Termoeceará project, as well as problems arising from government-mandated gas supply agreements.

Meanwhile, **AES Brasil** will most likely turn to local financiers for a bridge financing facility that will partly help it fund the portfolio acquisition, if Petrobras' sale goes through, according to PAGE 5 »

Planned Discretionary Cash Investments at AES Corp. from 2015-2018



Source: Company Filings & Presentations

8point3 Raises \$420 Million In IPO

Olivia Feld

First Solar and **SunPower's** joint yield company **8point3 Energy Partners** raised \$420 million in its initial public offering of 20 million Class A shares priced at \$21 a share, the high end of the target range of \$19 to \$21.

Goldman Sachs and **Citigroup** are lead bookrunners on the IPO and advisors to 8point3. **Deutsche Bank Securities**, **JPMorgan**, **Crédit Agricole**, **HSBC**, **MUFG Union Bank**, **Mizuho Securities** and **Baird** are acting as joint book runners on the offering. Shares began trading under the symbol CAFD on the **NASDAQ** on 19 June.

Underwriters have a 30-day option to purchase up to an additional 3 million shares. 8point3 estimates that it could raise a further \$56.3 million from PAGE 8 »

\$700M+ PF Deal Nixed After Acquisition

Olivia Feld

The project finance deal backing the 755 MW Keys Energy Center, which was days away from being inked is "dead", following **PSEG Power's** acquisition of the project from **Genesis Power** and **Ares EIF Management**, financiers tell PFR.

PSEG Fossil, a subsidiary of **PSEG Power**, acquired the gas fired combined cycle project which will be built in Brandywine, Md., and renamed it the PSEG Keys Energy Center. The independent power producer, which has investment grade credit ratings, will finance construction of the project PAGE 8 »



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● AT PRESS TIME

Westar Calls For Kansas Renewables

Westar Energy is soliciting bids to either acquire or contract a mix of renewable projects across Kansas. A notice of intent to submit bids is due June 22, and the deadline for submitting those bids is July 20.

While there is no capacity target in view, the Topeka, Kan.-based investor owned utility will exercise a preference for wind facilities that have a minimum nameplate capacity of 50 MW, while also considering biomass projects greater than 25 MW, and landfill gas, hydro and solar assets that are no less than 5 MW.

"Being in Kansas, what we've seen is that wind projects provide us with the best economics," **Don Ford**, renewable business solutions director and RFP manager at Westar in Topeka, Kan., tells *PFR*.

Westar hopes to select winning bids by September. It is then targeting November for either acquiring full ownership interest in a newly constructed, fully interconnected facility, or entering into power purchase agreements with the selected projects.

Ford says production, maintenance and operation costs would be lower if the utility is able to acquire one or more projects.

Westar does not have a specific target on how many projects it proposes to acquire or contract. More important is a project's scope for economic efficiency. Qualifying projects are required to enter service by

Dec. 31, 2016, and be eligible for the federal production and/or investment tax credit.

While proposals can use various private developer controlled sites, Westar will favor bids that show promise in terms of developing its 168 MW Ironwood wind farm site in the Ford and Hodgeman counties, Kan.

For projects that it will decide to contract, Westar is eyeing an initial term of at least 20 years from the date of commercial operation, and will be more favorably disposed to bidders willing to keep to the original terms of the agreement for an additional five years, and/or transfer the ownership of their projects at a fair market value price, 10 or 15 years after commercial operation begins.

The utility has a portfolio of coal, natural gas, uranium, landfill gas, wind and solar assets totaling roughly 7.2 GW. Wind accounts for a large proportion of its renewable generation. Projects that Westar has contracted over the past year include the 201 MW Post Rock wind facility in Ellsworth and Lincoln Counties, Kan. (*PFR*, 5/19), **Apex Clean Energy's** 300 MW Kay wind project in Kay County, Okla. (*PFR*, 3/23) and **EDP Renewables North America's** 201 MW Meridian Way wind farm in Cloud County, Tx.

Westar also owns 99 MW of wind generation from the Central Plains site in Wichita County, Kan., and 50 MW of the 470 MW Flat Ridge wind farm in Barber County, Kan. ■

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Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback.

Feel free to contact **Nischinta Amarnath**, Managing editor, at (212) 224-3293 or namarnath@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	Advisor	Status/Comment
AES Corp.	Armenia Mountain (101 MW Wind)	Pennsylvania		Allete Clean Energy is buying the asset (PFR, 4/27).
Bankers Commercial Corp.	Rising Tree I (79 MW Wind)	Kern County, Calif.		An affiliate of Slate Street is buying tax equity stakes in the projects (see story, page 5).
	Rising Tree II (19 MW Wind)			
Brookfield Infrastructure Partners	Cross Sound Cable (24-Mile Transmission)	Long Island, N.Y. to New Haven, Conn.		Argo Infrastructure Partners is the buyer. Deal is set to close later this year (PFR, 4/27).
Caithness Energy	Long Island Energy Center (350 MW Gas)	Brookhaven, N.Y.	BNP Paribas	Caithness has taken first-round bids last week (PFR, 6/8).
Cia Positiva de Energia	Various (1.2+ GW Gas, Biomass)	Brazil		Barclays' private equity unit will buy a stake in the company (PFR, 6/15).
Clean Energy Future	Lordstown (800 MW Gas)	Lordstown, Ohio	Whitehall & Co.	The sponsor expects to wrap the deal by September (PFR, 6/8).
Community Energy	Butler (103 MW Solar)	Taylor County, Ga.		Southern Power has bought the facility (PFR, 6/1).
Enercon	Niagara (230 MW Wind)	Ontario		Boralex has bought a buy/sell option for a 25% stake in Niagara (PFR, 6/15).
GCL Solar, SolarReserve	Portfolio (140 MW Solar)	California		Con Ed has acquired the portfolio (PFR 5/18).
GE Capital	Saranac (251 MW Gas)	Plattsburg, N.Y.		BHE Renewables is buying a 5% partnership interest in Saranac (PFR, 6/15).
Genesis Power, Ares EIF Management	Keys Energy Center (755 MW Gas)	Brandywine, Md.		PSEG Power is buying the project (see story, page 1).
Geronimo Wind Energy	Grand Prairie (400 MW Wind)	Holt County, Neb.		Berkshire Hathaway Energy subsidiary BHE Renewables is acquiring the portfolio (PFR, 6/1).
	Walnut Ridge (225 MW Wind)	Bureau County, Ill.		
	Portfolio (Capacity unknown, Solar)	Minnesota		
	Courtenay (200 MW Wind)	Jamestown, N.D.		
Integrus Energy Group	Portfolio (23 MW Solar)	U.S.		TerraForm is acquiring the portfolio (PFR, 6/15).
Invenergy	Sandringham (13 MW Solar)	Kawartha Lakes, Ontario		TerraForm Power has agreed to buy both assets (PFR, 5/25).
	Woodville (12 MW Solar)			
Marubeni Power International	Sr. Charles Center (725 MW Gas)	Charles County, Md.		An affiliate of Osaka Gas is buying a 25% stake in the project (PFR, 5/11).
Mesoamerica Power, Actis Capital	Portfolio (650+MW Wind, Solar)	Central America		SunEdison is buying the portfolio (see story, page 5).
Ormat Technologies	Portfolio (106 MW Geothermal)	U.S.	UBS Investment Bank	Northleaf Capital Partners has acquired a 36.75% stake (PFR, 5/11).
Pattern Development	Amazon Farm (150 MW Wind)	Benton County, Ind.		Pattern Energy Group bought a 77% stake in the farm (PFR, 5/11).
Petrobras	Portfolio (1.5+ GW Thermal)	Brazil		The portfolio could be in the market soon, according to a source (see story, page 1).
Pristine Sun	Portfolio (572 MW Solar)	U.S.	Whitehall & Co.	The sale launched on June 11. No timeline has been determined for bids (PFR, 6/15).
RPM Access	Elk (42.5 MW Wind)	Iowa		BlackRock is acquiring a 90% stake in both wind farms (PFR, 4/27).
	Hawkeye (37.5 MW Wind)	Iowa		
Wind Capital Group	Post Rock (200 MW Wind)	Kansas		Pattern Energy Group bought a 60% stake. The deal has now closed (PFR, 5/25)
	Lost Creek (150 MW Wind)	Dekalb County, Mo.		Pattern Energy Group bought a 100% stake. The deal has now closed (PFR, 5/25)

● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

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)	Loan	Loan Amount	Tenor	Notes
8minutenergy Renewables, D.E. Shaw Renewable Investments	Springbok (133 MW Solar)	Kern County, Calif.	A syndicate comprising KeyBank, OneWest Bank, CoBank and Siemens Financial Services	Term Loan A	\$160M	7-yr	The deal has been set to wrap the week of June 8 (PFR, 6/15).
			U.S. Bank	Tax Equity	TBA	TBA	The deal could be worth between \$125M and \$127M (PFR, 6/15).
Clean Energy Future	Lordstown (800 MW Gas)	Lordstown, Ohio	TBA	TBA	TBA	TBA	The deal is expected to close in December (PFR, 6/8).
Competitive Power Ventures	Valley Energy Center (720 MW Gas)	Orange County, N.Y.	MUFG Union Bank, Crédit Agricole	Mini-perm	\$985M	TBA	The deal has closed (see story, page 7).
	Fairview (980 MW Gas)	Cambria County, Pa.	TBA	TBA	Debt, Equity	TBA	The sponsor will be in the market for debt when the deal launches in Q3'16 (PFR, 6/15).
EDP Renewables North America	Rising Tree III (99 MW Wind)	Kern County, Calif.	JPMorgan	Tax Equity	TBA	TBA	The deal has closed (PFR, 6/1).
Freeport LNG	Quintana Island (LNG Export Facility)	Texas	A consortium that includes Bank of America, CIBC, BBVA, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, and HSBC.	Senior debt, Mezzanine financing	\$4.56B	7-yr	The deal has wrapped (PFR, 5/4).
Gasoducto Sur Peruano	Gasoducto Sur Peruano (700-Mile Gas Pipeline)	Pipeline	Various	TBA	\$4.1B	TBA	The deal is slated to close by the end of June (PFR, 4/6).
Genesis Power, Energy Investor Funds	Keys (735 MW Gas)	Brandywine, Md.	Natixis, MUFG Union Bank	TBA	TBA	TBA	Deal nixed following PSEG Power acquisition of the project (See story page 1)
Invenergy	Buckeye (200 MW Wind)	Ellis County, Kan.	Morgan Stanley	Construction	TBA	TBA	The deal has closed (PFR, 5/25).
Invenergy	Lackawanna (1.3 GW Gas)	Lackawanna County, Pa.	TBA	TBA	TBA	TBA	Invenergy is in the market for debt (PFR, 5/18).
ISA	Interchile (590 Miles Transmission)	Chile	BBVA	International Capex tranche, VAT facility	\$800M	TBA	BBVA is leading the club deal, which is expected to wrap in the next few months (PFR, 4/6).
Moxie Energy	Freedom (900 MW Gas)	Luzerne County, Pa.	TBA	TBA	TBA	TBA	The project's construction costs are pegged at \$900M (PFR, 6/8).
NTE Energy	Middletown (525 MW Gas)	Butler County, Ohio	BNP Paribas, Crédit Agricole	Debt	TBA	TBA	NTE Energy is in the market for debt. Each project is pegged at \$400M+ (PFR, 6/1).
	Kings Mountain (475 MW)	Cleveland County, N.C.	MUFG Union Bank, ING	Debt	TBA	TBA	
Panda Power Funds	Hummel (1 GW Gas)	Snyder County, Pa.	TBA	TBA	TBA	TBA	The developer is considering a term loan B or other structure (PFR, 5/25)
Power Evolution	One project (40 MW Solar)	Utah	TBA	Term loan B, RCF	Up to \$13M	10-yr	Deal expected to wrap in six months (PFR, 5/25)
	Three projects (30 MW Solar)	Louisiana, New Jersey, New York	TBA	TBA	TBA	TBA	
RPM Access	Marshall Wind (74 MW Wind)	Marshall County, Iowa	TBA	Construction /Term, Tax Equity	TBA	TBA	RPM Access is currently in talks with commercial banks (PFR, 4/27).
Soriana, GEMEX	Le Mesa (49 MW Wind)	Mexico	North American Development Bank, BANCORTE	Construction /Term	\$130M	TBA	The deal has closed (PFR, 6/15).
	Victoria (49 MW Wind)	Mexico			\$130M	TBA	
Western Energy Partners	Clean Path (750 MW Gas, Solar)	Waterflow, N.M.	TBA	TBA	TBA	TBA	The sponsor will seek debt once it secures a PPA for the project (PFR, 5/4).

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MERGERS & ACQUISITIONS ●

AES Brasil Circles Petrobras' Thermal Portfolio

◀ FROM PAGE 1

the second source, who questions how long such an arrangement could last. "I don't think that's sustainable unless they manage to stick to their commitments for shareholder activity," he says. "They've cited a 10% dividend payout every year."

AES Brasil will also begin construction work on an unnamed 550 MW gas fired facility in Sao Paulo to import liquefied natural gas and use Petrobras' regasification terminals, if it achieves its target price at an upcoming auction. AES Brasil's strategy to raise financing for this project could include a bond issuance as

well as financing from the **Banco Nacional de Desenvolvimento Econômico e Social**, the first source tells *PFR*.

Meanwhile, the second deal-watcher thinks that AES Brasil will most likely raise debt from one or more local banks for the new project, even as it looks for acquisition financing for the Petrobras portfolio that it is targeting.

"Whether they [AES Brasil] get financing or not will depend on the chances of getting sustained gas supply at an optimal cost," the second source says.

AES also owns 46% of a partially running 640 MW Uru-

guaiana combined cycle natural gas fired plant in the state of Rio Grande de Sul. AES Brasil's generation unit **AES Tiete** sells output from the Uruguiana facility to **ElectroPaulo Metropolitana S.A.**, a distribution center where AES Brasil holds a 16% stake.

While AES has been circling an expansion into Latin America over the past year, its credit profile has weakened because of high geopolitical and sovereign risks, another deal watcher says, adding that AES will be assigned a stable ratings outlook if it strikes a judicious balance between its debtholders and shareholders, and brings more clarity to how it will allocate future capital.

In April, AES issued \$575 mil-

lion in senior unsecured notes in the U.S. at a fixed coupon of 5.5% to refinance portions of outstanding senior notes in an offering led by **Goldman Sachs** (PFR, 4/7). The Arlington, Va.-based utility also has 100 MW of distributed solar projects under development across the U.S., Latin America and the Caribbean from its acquisition of **Main Street Power** (PFR, 3/16).

AES Brasil currently has a BB-rating and a negative outlook from **Fitch Ratings**.

Petrobras' target price of the sale was not disclosed. Officials at Petrobras could not be reached for comment by press time. A spokeswoman at AES Corp. in Arlington, Va., and officials at AES Brasil did not respond to inquiries. ■

EDP Seals Tax Equity For Wind Duo

Antrim Corp., a subsidiary of Boston-based **State Street**, has taken tax equity stakes in **EDP Renewables North America's** 79 MW Rising Tree I and 19 MW Rising Tree II wind projects from **MUFG Union Bank** subsidiary **Bankers Commercial Corp.**

San Diego-based BCC sold its stakes in April through a special vehicle called **Vento XII**, after investing in the projects the previous November (PFR 4/16).

Houston-based **EDPRNA** sealed tax equity from **JPMorgan** for the adjacent 99 MW Rising Tree III project in May (PFR, 5/27). Rising Tree III has changed hands a number of times. The project, originally named the Addison wind project, was originally sold to **Terra-Gen Power**, only for EDPR-

NA to buy it back within the last two years (PFR, 2/24).

Rising Tree I and II came online on Jan. 12 and Rising Tree III is due to come online in June. All three projects have 20-year power purchase agreements with **Southern California Edison**.

EDPRNA with **EDF Renewable Energy** co-owns a portfolio of 10 wind farms totaling 1.2 GW (PFR, 4/6).

Boston-based **Antrim Corp.** has previously invested tax equity in wind projects developed with **E.ON Climate & Renewables** and **NextEra Energy Resources** (PFR, 2/12/2013), (PFR, 10/29/2012).

Spokespeople for **State Street** in Boston and **EDPRNA** in Houston did not respond to inquiries. ■

SunEdison Advances Into Central America To 'Feed The Beast'

SunEdison is buying **Globeleq Mesoamerica Energy** from **Mesoamerica Power** and **Actis Capital** in a deal that marks the start of its expansion into Central America.

Mesoamerica Power, a renewables developer in Costa Rica, has agreed to transfer its 70% stake in GME to **SunEdison**, while London-based **Actis Capital** will transfer hand over the 30% it owns. The deal is slated to wrap in the third quarter of this year, pending regulatory and third-party approvals.

SunEdison is keen to expand into Mexico but is waiting to see the results of changes in the country's energy legislation, according to a deal watcher. It is taking up other opportunities in Central America in the meantime.

"The idea of going outside the U.S. for deals is to find more yield," says a second source of the GME buyout. "And there's increasingly more yield in emerging markets like Central America."

SunEdison, which is trying to ramp up its wind power production globally, has been scoping international acquisition opportunities the past year, **Paul Gaynor**, executive vice-president of North America utility and global wind for the company told *PFR* earlier this year (PFR, 2/27).

The company will scoop GME's development and asset management portfolio consisting of wind and solar assets totaling 651 MW across Central America. These include four wind facilities totaling 243 MW, an 82 MW solar project in Costa Rica, PAGE 6 »

● MERGERS & ACQUISITIONS

SunEdison Advances Into Central America To 'Feed The Beast'

« FROM PAGE 5

Honduras and Nicaragua, wind farms under construction totaling 80 MW in Costa Rica, and 246 MW of wind farms under development in other locations across Central America.

All operating and construction projects have long term U.S. dollar denominated contracts with local utilities or suppliers. SunEdison plans to assign all of GME's wind and solar facilities to its emerging markets yield company, **TerraForm Global**, once the acquisi-

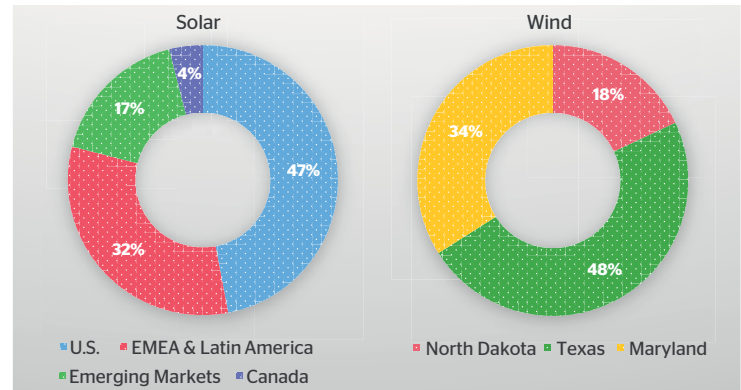
tion is complete.

"SunEd has to feed the beast," said a deal watcher of the company's enthusiasm for supplying projects to its yieldco, "and this deal is a good place to get their feet wet."

SunEdison is preparing an IPO of TerraForm Global and has signed up **JPMorgan, Barclays, Morgan Stanley and Citigroup** as joint bookrunners for its initial public offering (PFR, 5/12). The yieldco's portfolio comprises roughly 1 GW of contracted wind, solar and hydro facilities across Peru, Brazil, Uruguay, South Africa, China, India, Malaysia and Thailand.

Last month, SunEdison also issued a pair of convertible bonds totaling \$750 million in a private placement offering led by **Barclays, Deutsche Bank, Morgan**

Geographical Split of SunEdison's Project Pipeline - Q1'15



Source: SunEdison Presentations

Stanley and Goldman Sachs. Proceeds from that issuance will partly be channeled toward TerraForm Global's growth (PFR, 5/15).

SunEdison expects the GME deal to strengthen its position in the wind space. Over the last five years, GME has grown its capacity

sixteen-fold.

SunEdison declined to comment. Spokespeople for GME in San Jose and Costa Rica, did not respond to inquiries. A spokeswoman for Actis Capital in London could not be reached for comment by press time. ■

● STRATEGIES

Community Scoops Amazon Utility Scale PPA

Community Energy has secured a long term power purchase agreement worth \$150 million with **Amazon Web Services** for its 80 MW solar project under development in Virginia.

The e-commerce cloud services company has signed the PPA for its utility scale Amazon Solar Farm US East project in Accomack County, Virginia. The duration of the agreement has not been disclosed.

The Amazon Solar Farm, which will power current and future AWS data centers, is estimated to cost approximately \$200 million to build. It could not be established how Community Energy plan to finance the cost of construction.

Construction is slated to start

in late 2015 and be completed in latter part of 2016. The project has received local authority permit approvals, according to Community Energy's website.

The offtake agreement follows Amazon's recent 13-year PPA with **Pattern Development** for the 150 MW Amazon Wind Farm, formally known as the Fowler Ridge project, in Benton County, Ind., (PFR, 2/20). Pattern's yield company Pattern Energy Group Inc. purchased a 77% stake in the project in May (PFR, 5/16).

AWS came under fire from **Greenpeace** last year for being behind its competitors in terms of its environmental footprint. The Seattle-based company has since made a long-term commitment to use entirely renewable generation

and has an interim goal that at least 40% of its consumption will be from renewables by the end of 2016. In April AWS announced it is conducting a pilot using Tesla's energy storage batteries in its US west region in northern California.

Radnor, Pa.-based Community Energy has developed in excess of 1,000 MW of wind and solar projects in the U.S. The developer recently sold its 103 MW Butler solar project in Taylor County, Ga., to **Southern Company** affiliate **Southern Power** (PFR, 5/26).

Tech companies are continuing to provide a steady trickle of PPAs, with **Google, Apple** and **Yahoo** signing offtake agreements with a number of renewable projects in the U.S. (PFR, 2/20) (PFR, 11/7).

A spokesperson for Amazon Web Services declined to comment and Community Energy did not respond to inquiries. ■

Sempra Unit Rolls Out Bonds For \$6B Capex

Sempra Energy's Los Angeles-based affiliate, **Southern California Gas Co.**, has issued \$600 million in a pair of first mortgage bonds as part of its \$6 billion five-year capital expenditure program.

The transaction, which is yet another example of a U.S. utility coming to market in response to an anticipated rise in the Federal fund rate, closed on June 18.

Mizuho Securities USA, BNP Paribas Securities Corp., Castle Oak Securities, Crédit Agricole and **UBS** are joint bookrun-

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STRATEGIES ●

Sempra Unit Rolls Out Bonds For \$6B Capex

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ners on the deal, while **Mischler Financial Group**, **Great Pacific Securities** and **SMBC Nikko Securities** are co-managers.

The financing comprises \$250 million of three-year senior secured series QQ notes due 2018, and \$350 million of 10-year senior secured series RR notes, which will mature in 2025. The \$250 million and \$350 million tranches have fixed coupons of 1.5% and 3.2%, respectively.

“On both bonds, the orders came in two times more than the amount of bonds we wanted to issue,” **Bob Schlax**, vice president of finance at SoCalGas tells *PFR*, adding that the investor-owned utility will channel roughly 70% of proceeds from both tranches toward its capex program, and 30% to retire \$200 million in out-

standing commercial paper.

Schlax says that SoCalGas wants to spend \$400 million on pipeline safety and transmission and distribution integrity management by the end of 2015, and a total amount of \$2 billion to \$3 billion over the next five years. Some \$300 million has been earmarked through 2015 and 2016 for an advanced meter initiative aimed at monitoring natural gas consumption, and roughly \$85 million will be pumped into the Aliso Canyon natural gas storage facility, which is on track for completion in late 2016. The remaining capex facility will be spent on maintenance and upgrades as well as infrastructure.

Three other utility issuers — **DTE Energy**, **SouthernCo.**, and **Pacific Gas & Electric** — came to market last week ahead of the anticipated interest rate hike and a burgeoning optimism among investors (*PFR*, 6/9).

SoCalGas sold a \$500 million first mortgage bond with a 10-year tenor and a fixed coupon of 3.15%



Bob Schlax

last September, and issued \$250 million in a 4.45% 30-year bond earlier in March 2014.

As SoCalGas ramps up its expenditure program, it is reducing its upstream dividend payment to parent Sempra. As a result, Sempra, which wants to grow outside the U.S., has been looking for alternatives to compensate for the loss of dividends from SoCalGas. “The goal for Sempra will involve getting dividends from its overseas subsidiaries,” a deal-watcher

notes.

Sempra’s Cameron LNG, a liquefied natural gas export facility in Hackberry, La., which it co-owns with **Mitsui & Co.**, **GDF Suez S.A.**, and **Japan LNG Investment** (*PFR*, 5/21/13), is set to spread its tentacles to free-trade agreement countries across Asia and Europe. The LNG project, which comprises three train terminals, is fully subscribed and slated to begin commercial operation by 2019 (*PFR*, 3/4/14).

Sempra is also investing \$1.3 billion to construct three pipelines in Mexico. Its affiliate **IEnova** has placed into service the Los Ramones and Los Ramones I pipelines in Nuevo Leon (*PFR*, 11/6/13), as well as a section of the 500-mile, Gasoducto Sonora pipeline network connecting the northwestern states of Sonora and Sinaloa.

SoCalGas has been assigned a stable outlook and senior secured ratings of AA- and Aa2 from **Fitch Ratings** and **Moody’s Investors Service**, respectively. ■

PROJECT FINANCE ●

CPV Lands \$1B For NY CCGT

Competitive Power Ventures has sealed close to \$1 billion in debt and equity financing for its 720 MW Valley Energy Center combined-cycle gas-fired project in Orange County, N.Y.

MUFG Union Bank and **Crédit Agricole** are joint lead arrangers on the \$985 million deal, which was closed on Friday. The mini-perm is priced at 325 basis points over LIBOR and will have approximately a five year tenor once

construction is complete, a deal watcher tells *PFR*.

The quasi-merchant project, which will serve **NYISO**, has a hedge in place with an undisclosed party. The deal was arranged with a 55/45 debt-to-equity ratio, the deal watcher adds. The Silver Spring, Md.-headquartered sponsor did not use an advisor.

Diamond Generating Corp., a wholly owned subsidiary of **Mitsubishi Corporation**, provided equity for the project. Los Angeles-based DGC owns a portfolio of 11 operating projects comprising of two wind and nine gas fired facilities totaling 5.8 GW.

Pricing on the debt is in line with similar deals backing gas fired

projects, including **Advanced Power’s** 700 MW Carroll County project and **Genesis Power** and **Energy Investor Funds’** 735 MW Keys Energy Center (*PFR*, 4/9), (*PFR*, 5/19).

The deal is the first to close since **Global Infrastructure Partners** became CPV’s principle owner. The infrastructure fund manager has aggressive goals for CPV’s continued development (*PFR*, 6/11). GIP bought out **Warburg Pincus’** majority stake in CPV in April (*PFR*, 4/7).

The project, which will connect into **New York Power Authority**, is slated to come online in early 2018.

CPV is developing a number

of projects in neighboring PJM, including the 725 MW St. Charles combined-cycle gas-fired project in Charles County, Md.

A subsidiary of **Osaka Gas** made its first investment in a merchant power facility in May when it picked up a 25% equity stake in St. Charles from **Marubeni Power International** (*PFR*, 5/5). CPV is planning to launch financing for its 980 MW Fairview Energy Center, a combined cycle gas fired project in Cambria County, Pa., next summer (*PFR*, 6/11).

Spokespeople for CPV in Silver Spring, Md., MUFG and Crédit Agricole in New York either did not respond to inquiries or declined to comment. ■

8point3 Targets \$19-21 Share Price For IPO

« FROM PAGE 1 the additional proceeds.

8point3's initial portfolio includes 432 MW of operational solar projects in the U.S. The yieldco has a development pipeline of approximately 13.7 GW and has a right of first offer on 1,136 MW of advanced development stage projects in the U.S., Chile and Japan (PFR, 4/30).

The company will use the net proceeds of the IPO to purchase the common units of **8point3 Operating Company**, the entity that holds 8point3's project assets. 8point3 Operating Company will use the proceeds from the sale of its common units to make a cash distribution to First Solar and SunPower and for general corporate purposes including funding future acquisitions, according to paperwork filed with the US Securities and Exchange Commission.

First Solar and SunPower will own 31.1% and 40.7% of total Class A and B shares, respectively, after the offering.

8point3 filed its S-1 form with the SEC in March, after 12 to 18 months of planning (PFR, 3/11).

Spokespeople for First Solar in Tempe, Ariz., SunPower in San Francisco either declined to comment or did not respond to inquiries. ■

\$700M+ PF Deal Nixed After Acquisition

« FROM PAGE 1 slated to cost \$825 to \$875 million with its own capex program, a deal watcher says, adding "It [PSEG Power] can finance this project on its own."

Financiers involved in the deal were reeling after hearing about the sale on the day it closed, June 16. The acquisition was publicly announced the following day. It is "extremely rare" for an acquisition to take place near debt financing closing, a project finance banker tells PFR.

Natixis and **MUFG Union Bank** were joint lead arrangers on the now defunct debt financing worth in excess of \$700 million. The JLAs had been working on the deal for over six months. The deal, which was due to be sealed imminently, was comprised of 12 banks, including **Mizuho**, **Crédit Agricole** and **Société Générale**. Many of the participants also backed EIF and **I Squared Capital**'s 869 MW Oregon CCGT project in Oregon, Ohio. Price talk was a 325 basis points over LIBOR, the same as the deal backing Oregon (PFR, 5/19).

Project finance bankers were waiting for final environmental approvals to be in place before inking the loan. The **Maryland Public Service Commission** approved construction of the project in October. On May 15 the **Maryland Department of Environment** issued the proj-

ect's permits, pending a 30-day appeal period which was due to end soon. The financing was expected to close immediately after the appeal period.

"This was not your typical M&A transaction", the deal watcher says, adding that PSEG Power tends to use its internal team for acquisitions rather than an external advisor. Genesis Power and Ares EIF Management used an unidentified financial advisor.

PSEG has not used the strategy of buying the rights to construct a power project for "some time", the deal watcher says, adding that the acquisition of development rights to build a new project is rare in the M&A market. Genesis Power and Ares EIF Management were not inviting bids to acquire the project, although they were actively exploring a variety of alternatives to finance the project, according to the deal watcher.

PSEG Fossil will operate and maintain the project, which will serve PJM. The Newark, N.J.-based subsidiary operates PSEG Power's portfolio of natural gas, coal and oil fired electric generating facilities. PSEG Power owns more than 13,000 MWs of capacity.

Needham, Mass.-based Genesis Power is in the early stages of developing further projects in PJM, according to another deal watcher.

New York-based **Ares Management** completed its acquisition of **Energy Investors Funds** for an undisclosed sum in January (PFR, 11/7). ■

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