

Power Finance & Risk

The weekly issue from **Power Intelligence**

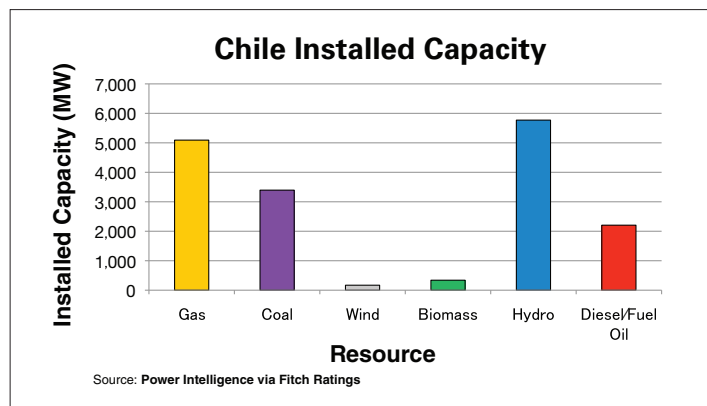
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AES Gener Circles Funds For Chile Hydro

AES Gener is talking to banks to secure roughly \$1 billion of financing for its \$1.4 billion, 531 MW Alto Maipo hydro project about 30 miles east of Santiago. The sponsor is pursuing a deal that would include a multilateral tranche and a commercial bank tranche and expects to close the financing this year.

The **Inter-American Development Bank** is considering an up to \$200 million loan. The **International Finance Corp.** and the U.S. **Overseas Private Investment Corp.** are also considering lending. **Juan Payeras**, principal investment officer at the IFC, declined to comment and **Geoffrey Tan**, director in the structured finance department at OPIC, did not return a call by press time.

The project is split into two run-of-river facilities, the 264



(continued on page 12)

THE BUZZ

The uncertainty stemming from a presidential election year is bearing down upon the power industry. **Energy Transfer Equity** is gearing up to put two gas distribution utilities on the market and industry officials say this could be one of the only, if not the only, chances at corporate M&A until after the election in November. After a couple years of seeing a handful of mergers, executives are sitting back to take stock of how the **Duke Energy** and **Progress Energy** and the **Northeast Utilities** and **NStar** mergers play out. Both have had obstacles in the approval process and the industry is cautious about hotly pursuing other transactions, says one official.

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

Energy Transfer Targets Mass., Mo. Gas Utilities Sale

Energy Transfer Equity is looking to sell two gas distribution utility subsidiaries acquired in its \$7.9 billion takeover of **Southern Union Co.** **Credit Suisse** has been retained to handle the sale.

Energy Transfer Equity wants to sell **New England Gas Co.** and **Missouri Gas Energy** because it does not want to be in the regulated utility sector, industry officials say. Energy Transfer Equity operates primarily in the mid-stream gas space. The sale should be gearing up soon, industry officials say. A timeline for teasers could not be learned.

Missouri Gas Energy is a natural gas distribution utility based in Kansas City, Mo., that serves roughly 500,000 customers in western Missouri. New England Gas Co. serves about 50,000 residential and commercial customers in Massachusetts, with

(continued on page 12)

Summit Seeks Tax Equity For IGCC

Summit Power is looking for \$500M in tax equity for its 400 MW IGCC in Texas.

See story, page 5.

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

IN THIS ISSUE

PROJECT FINANCE

- 5 | Sempra Seals PV Funding
- 5 | Summit Tunnels For Tax Equity

MERGERS & ACQUISITIONS

- 6 | Heavyweights Sell Landfill Gas Stakes
- 6 | BrightSource, NextEra Rope Solar Assets
- 7 | Renewables Shops Eye JVs
- 8 | Citi, GS Peg Coal-Fired Deadline
- 8 | Details Emerge On Bicent Pre-Pack

- 8 | Ky. Utilities Nix LS Gas Purchase
- 9 | Harbert Circles July Day For GWF Bids

PEOPLE & FIRMS

- 9 | Pair Departs CS

DEPARTMENTS

- 3 | General Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 11 | News In Brief
- 12 | Alternating Current

THE BUZZ

Political uncertainty and the latest round of expiring tax credits are also irking the project finance side of the industry. Renewable developers have long complained about the notoriously small universe of tax equity investors and global economic distress has only compounded the problem as financial woes compress the balance sheets, and thus the tax capacity, of many potential investors. These issues, however, are not hindering Seattle-based **Summit Power** from looking for \$500 million of tax equity investment for its 400 MW integrated gasification combined cycle project in Texas.

Dubbed the Texas Clean Energy Center, the facility will use coal gasification technology that qualifies it for credits under a 2006 statute known as 48a, as well as carbon capture and sequestration. **Tenaska** and **Southern Co.** subsidiary **Mississippi Power** also qualified for hundreds of millions of dollars of the credits in 2010, though it's unclear whether they found a way to utilize them. While these 48a credits are not necessarily buoying entire industries like the PTC, the challenge to find investors may be even more difficult due to the amount of tax equity sought and the investor perception of unproven technology.

Despite the focus on Capitol Hill, the generation asset M&A market is rolling along. The handful of deals already in play—**Exelon's** coal-fired assets, **CalPeak Power**, **Brooklyn Navy Yard** and **GWF Energy**—are drawing the most attention. Turn-out for gas-fired plants is robust, investors and bankers say, explaining there is a lot of cash and only a few assets that have been floated this year.



Brooklyn Navy Yard

ThinkStock/Comstock

TELL US WHAT YOU THINK!

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.

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GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/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).
Apex Wind Energy	Canadian Hills (298 MW Wind)	Oklahoma City, Okla.	TBA	Atlantic Power is issuing shares, debentures to fund purchase (PI, 6/25).
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).
Capital Power	Miller Creek (33 MW Hydro) Brown Lake (7.2 MW Hydro)	British Columbia British Columbia	CIBC	Innergex is buying the facilities although BC Hydro has first refusal rights for Miller Creek (PI, 6/25).
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 (PI, 6/18).
Edison Mission Group	Homer City (1.884 GW Coal)	Homer City, Pa.	Barclays	Looking to exit the facility as its lessee (PI, 3/12).
▶ 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	Second round set for July 19 (see story, page 8).
▶ First Reserve, CalSTRS, Abu Dhabi Investment Authority	Stakes (146 MW Landfill Gas-to-Energy)	Various	TBA	IPP is buying out the investor's stakes (see story, page 6).
GSO Capital, Starwood Energy, Tyr Energy	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).
▶ GSO Capital, Strategic Value Partners	San Joaquin (48 MW)	Lathrop, Calif.		San Joaquin, from Bicient, is part of the CalPeak sale (see story, page 8).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) Senate (150 MW Wind) Minonk (200 MW Wind)	Pocahontas County, Iowa Blair County, Pa. Texas Illinois	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, Merit Capital Advisors	July 13 pegged for first round bids (see story, page 7).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	CIBC	GDF has tagged CIBC on the sale (PI, 6/25).
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).
▶ LS Power	Bluegrass (495 MW Gas)	LaGrange, Ken.	TBA	Kentucky Utilities, LG&E cease the process to buy (see story, page 8).
Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Bidders are in due diligence (PI, 6/18).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	The sale launched recently (PI, 5/21).
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (PI, 3/5).
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).
Recurrent Energy	Various (100 MW Solar PV)	Ontario	None	PI, 6/25).
▶ 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	BrightSource, NextEra each net projects (see story, page 6).
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).
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).
Wind Capital Group	Various (1.3 GW Wind)	Various	Energy Advisory Partners	Put the pipeline on the block as a way to raise capital (PI, 5/7).

▶ New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@iintelligence.com.

PROJECT FINANCE DEAL BOOK

Deal Book is a matrix of energy project finance deals that *Power Intelligence* is tracking in the energy sector. A full listing of deals for the last several years is available at <http://www.powerintelligence.com/projectfinancedeal.html>

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
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).
	Alta Maipo (531 MW Hydro)	Chile	TBA	TBA	TBA	TBA	IFC, IDB and OPIC are participating in multilateral tranche. Sponsor also talking to commercial lenders (see story, page 1).
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).
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).
LSP Madison	Doswell (879 MW Gas)	Ashland, Va	Credit Suisse, Morgan Stanley, Citigroup	Refi/Term	\$750M	7-yr	Commitments due on June 25 (PI, 6/25).
	Riverside (500 MW Gas)	Louisa, Ky.					
	Blythe (507 MW Gas)	Blythe, Calif.					
	Cherokee (98 MW Gas)	Gaffney, S.C.					
	Safe Harbor (421 MW Hydro)	Conestoga, Pa.					
	Wallingford (225 MW Gas)	Wallingford, Conn.					
	University Park North (540 MW Gas)	University Park, Ill.					
	University Park South (300 MW Gas)	University Park, Ill.					
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).
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).
Rockland Capital, Broadway Electric Co.	Mass Solar (Solar PV)	Massachusetts	TBA	TBA	\$200M	TBA	Sponsors talking to four lenders about financing (PI, 5/14).

New or updated listing

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PROJECT FINANCE

Sempra Reportedly Seals Nevada PV Debt

Sempra U.S. Gas & Power has reportedly wrapped a \$130 million financing backing its 92 MW Copper Mountain 2 solar photovoltaic project in Boulder City, Nev. The 18-year deal is priced at 250 basis points over LIBOR, a banker notes.

Bank of Tokyo-Mitsubishi, Crédit Agricole and **Sumitomo Mitsui Banking Corp.** participated in the deal. The tenor was in line with what the **Sempra Energy** subsidiary had sought ([PI, 5/18](#)). While most project finance banks have scaled back tenors,

BTMU has continued to go beyond the 10-year tenor or mini-perm structure ([PI, 3/2](#)).

Pacific Gas & Electric has a power purchase agreement with Copper Mountain 2, which is slated for operation early next year. PG&E is also the offtaker for the next 58 MW of Copper Mountain that Sempra plans to add by 2015. The first 48 MW phase of Copper Mountain went online in 2010. Bank officials and a spokesman for Sempra in San Diego did not return calls by press time.

Summit Hunts Tax Equity For Texas IGCC

Summit Power is looking for \$500 million in tax equity investment for its \$2.4 billion, 400 MW integrated gasification combined-cycle project in Odessa, Texas.

The project falls under a 2005 statute known as 48a that allows projects using coal gasification technology to qualify for tax credits that could defray up to 30% of the projects costs, says **Keith Martin**, partner at **Chadbourne & Parke** in Washington, D.C. Developers had to submit applications by 2009 to the U.S. **Internal Revenue Service** for the agency to allocate credits for these projects.

Summit garnered \$313.4 million of 48a credits for the project in 2010. **Tenaska's** 630 MW Taylorville Energy Center in Christian County, Ill., qualified for \$417 million of credits and **Mississippi Power's** 582 MW Kemper IGCC qualified for \$279 million of the credits that year. Kemper also received \$133 million in 48a credits in 2009. Details on 48a credits awarded in 2009 could not be learned. An IRS spokeswoman in New York did not return a call by press time.

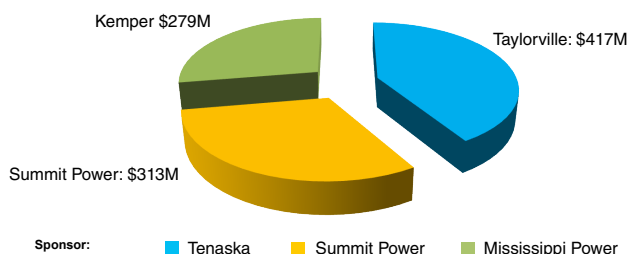
The Seattle-based sponsor is working with **Royal Bank of Scotland** as financial advisor on a \$1.3 billion financing for the Texas Clean Energy Center. The company, which owns the project along with **CW NextGen**, has been looking for equity investors for the last three years ([PI, 2/15](#)). The U.S. **Department of Energy** awarded \$450 million to the project under its 2010 clean coal initiative.

The financing would be the first to back a project that features carbon capture and sequestration technology, though the size of

the project and the technology may hinder tax equity investment, Martin says. "The difficulty is that it's an enormous project and tax equity investors generally shy away from technology that isn't proven," Martin explains.

CW NextGen is an affiliate of oil and gas production and exploration company **Clayton Williams Energy**. RBS officials in Stamford, Conn., declined to comment or did not return calls. **Ann Banks**, chief commercial officer of Summit, did not return a call. The status of the financing and the equity hunt could not be learned.

2010 Tax Credit Allocations Under 48a

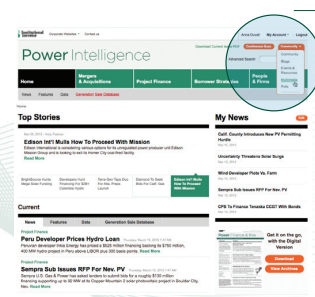


Source: Power Intelligence via the U.S. Internal Revenue Service

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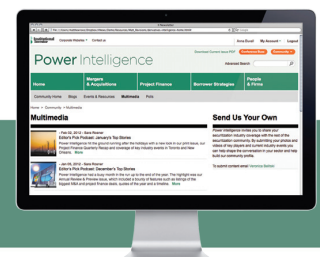
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MERGERS & ACQUISITIONS

Landfill Management Team To Buyout Fund Stakes

The management team of **Ingenco**, a Richmond, Va.-based company, is buying out the majority stakes in a portfolio of landfill gas-to-energy facilities from a group of heavyweight investors. **California State Teachers' Retirement System**, **First Reserve**, and the **Abu Dhabi Investment Authority** are among those selling an aggregate 90.61% in the facilities.

The 16 facilities in Maryland, North Carolina, Pennsylvania and Virginia are owned by Ingenco affiliate **Ingenco Wholesale Power**. Following the buy-out **Charles Packard**, ceo of Ingenco, will own 80.2% of the facilities, according to a filing with the U.S. **Federal Energy Regulatory Commission**. A message left for Packard was not immediately returned.

All but one of the facilities sell power into PJM. The 6 MW New Bern facility in North Carolina has a power purchase agreement with **Progress Energy Carolinas**.

Currently the management team owns 9.39% of the plants. CalSTRS owns 10% while an affiliate of First Reserve along with the ADIA own minority stakes in a holding company with a stake

Ingenco Landfill Gas-to-Energy Assets

Facility	Size	State	Facility	Size	State
Amelia	16 MW	Virginia	Mountain View	16 MW	Pennsylvania
Brunswick	12 MW	Virginia	New Bern	6 MW	North Carolina
Charles City	16 MW	Virginia	Petersburg	3 MW	Virginia
Chesterfield	16 MW	Virginia	Pine Grove	6 MW	Pennsylvania
Dinwiddie 1	3 MW	Virginia	Rockville 1	4 MW	Virginia
Dinwiddie 2	7 MW	Virginia	Rocville 2	7 MW	Virginia
Henrico	4 MW	Virginia	Virginia Beach	12 MW	Virginia
King and Queen	12 MW	Virginia	Wicomico	6 MW	Maryland

Source: Power Intelligence via U.S. Federal Energy Regulatory Commission

in Ingenco Wholesale Power. Affiliate funds of First Reserve have minority stakes in the company as well.

First Reserve bought into Ingenco in 2006 ([PI, 12/3/07](#)).

A First Reserve spokeswoman was not reached via phone and an ADIA spokesman in Abu Dhabi was not reached via e-mail. A CalSTRS spokesman could not immediately comment.

Judge OKs BrightSource, NextEra For Solar Trust Assets

BrightSource Energy and **NextEra Energy Resources** have each been cleared to buy solar projects from **Solar Trust of America**. The purchases totaling \$20 million in cash and up to \$60 million in earn-outs were approved by a federal judge in the U.S. **Bankruptcy Court District of Delaware**.

The acquisitions are expected to close in July.

NextEra's initial stalking horse \$5 million cash bid for the 1 GW Blythe solar project in Blythe, Calif., was contested by debtor-in-

possession lender **Mason Capital** in the court-run auction at the offices of law firm **Young Conaway Stargatt & Taylor** in Wilmington, Del. on June 27.

NextEra will pay \$10 million in cash



BrightSource's Coalinga Project

for Blythe with the promise of \$40 million that is contingent upon the California **Public Utilities Commission** approving a new power purchase agreement for the project, says a deal watcher. **Southern California Edison**, the original offtaker, canceled its PPA with Blythe in the days before Solar Trust filed for bankruptcy April 2. Blythe was originally developed as a concentrating solar project but is being converted to photovoltaic, which will lower its costs.

Under the purchase agreement, NextEra will pay the earn-

out even if the project does not go online, says the deal watcher, noting the stipulation was a concession for NextEra. There were no individual offers for Solar Trust's two other projects, the 500 MW Amargosa in Amargosa Valley, Nev., and the 250 MW Ridgecrest in Ridgecrest, Calif., and they will be included in the NextEra package.

BrightSource's \$10 million cash plus up to \$20 million earn-out offer for the 500 MW Palen project in Desert Center, Calif., was uncontested. This offer was a surprise to Solar Trust and its creditors **Chevron Energy Solutions Co.** and **Solarhybrid U.S. Holdings**, because value had expected to come only at the Blythe project, say observers.

BrightSource plans to transfer an existing power purchase agreement to Palen. The Palen project is currently being developed as a solar thermal parabolic trough project and BrightSource has plans to convert the project to solar thermal technology.

NextEra has been interested in the Blythe project from the outset of the bankruptcy proceedings, initially coming in with DIP financing. Mason replaced the initial DIP agreement with NextEra with \$25 million of DIP financing after creditors balked at the proposed auction timeline ([PI, 4/17](#)).

RPA Advisors, a boutique restructuring firm in Paramus, N.J., worked with Solar Trust and the creditors worked with **Marathon Capital** ([PI, 4/30](#)). BrightSource is working with law firm **Orrick, Herrington & Sutcliffe**.

Officials and spokespeople or the entities could not be reached or declined to comment

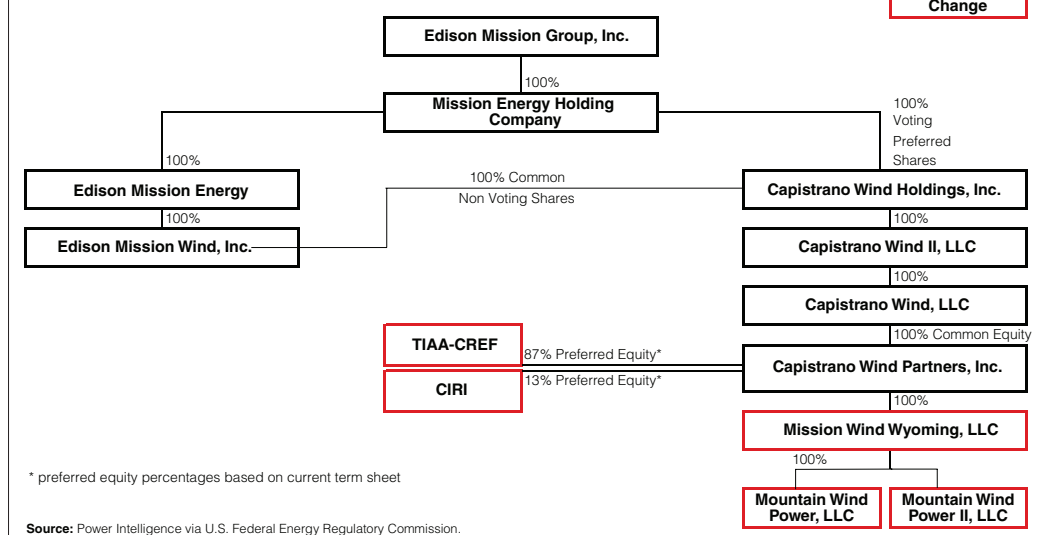
M&A Players Target JVs For Renewables

Joint venture structures are going to become more popular as developers look for creative ways to garner capital as they face constrained financial markets, bankers and developers said at **Platts' 6th Annual Utilities M&A** conference in New York June 26. "The JV is the transaction of choice," noted **Brent Alderfer**, ceo of **Community Energy**.

Players are looking at **First Wind's** JV with **Emera** and **Edison Mission Group's** similar arrangement with **TIAA-CREF** and **Cook Inlet Region, Inc.**, as rough templates. Halifax, Nova Scotia-based Emera took a 49% stake in **Northeast Wind**, a JV comprising 370 MW of First Wind's operating assets in the Northeast, for \$333 million ([PI, 1/31](#)). Emera will pay the developer 49% of the costs of every project it brings into operation and then adds to the JV. "It seemed like an ideal marriage," said **Pete Keel**, senior v.p. of strategy and investor relations at **First Wind**.

TIAA-CREF and CIRI took a \$480 million preferred equity stake in EMG that is backed by two operating wind farms in Wyoming ([PI, 2/22](#)). Partnerships like these which provide stakes in operating assets are ideal because they provides liquidity for cash-strapped developers

Edison Capital Structure After TIAA Deal



and forego the development risk for the investor, explained **Justin DeAngelis**, director at **Denham Capital Management**.

The First Wind transaction came after the Boston-based developer pulled its initial public offering ([PI, 12/17/10](#)). The transaction funded last week, Keel said. The EMG deal ended a 16-month long process run by **Marathon Capital** to raise capital for the company.

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Date Set For Final Exelon Bids

Co-advisors **Citigroup** and **Goldman Sachs** will be taking final round bids for 2,648 GW of Exelon coal-fired plants in the middle of July. Entities in the second round were recently told that bids would be due July 19, says one industry official.

Shops that have been active in the process and are reportedly still in the process of due diligence include **Energy Capital Partners**, **LS Power**, **NRG Energy** and **Riverstone**, according to industry officials. **New Wave Energy Capital Partners**, a financial player based in Pittsburgh, Pa., was looking at the assets but is no longer in the chase, says a deal watcher.

Exelon is required to sell the 1,273 MW Brandon Shores in Anne Arundel Co., the 976 MW H.A. Wagner in Anne Arundel County, and the 399 MW C.P. Crane in Baltimore County under its merger agreement with **Constellation Energy** (*PI*, 3/13).

The combination of low capacity prices coupled with some environmental issues at the Wagner and Crane plants saw some drop out earlier (*PI*, 5/31). The timeline of the auction shifted by a few weeks to allow bidders to see the outcome of the PJM capacity auction that put power at \$167 per MW in the Middle Atlantic region. Exelon is still on a 180-day schedule from March 12 to find a buyer per its merger agreement.

Prospective buyers have had at least two financing packages to peruse, one from **UBS** and another from an undisclosed group of lenders.

Spokesmen for Citi and Exelon declined to comment

while a Goldman spokesman could not comment. Officials or spokespeople for the prospective buyers either declined to comment or didn't return calls.

Ky. Utilities Nix LS Gas-Fired Purchase

Kentucky Utilities and **Louisville Gas & Electric's** planned acquisition of three simple cycle gas-fired plants totaling 495 MW from **LS Power** has been scrubbed.

The \$110 million purchase of the Bluegrass facility in LaGrange, Ky., was terminated after the deal received a conditional approval from the U.S. **Federal Energy Regulatory Commission** that stipulated that the entities re-address questions regarding how the acquisition would impact the state's wholesale power market. The buyers did not re-file an updated wholesale power analysis to FERC.

KU and LG&E, subsidiaries of **PPL Corp.**, had agreed to buy the facilities in the fall as a way to mitigate the amount of power lost when three coal-fired plants are taken offline by 2016 (*PI*, 11/14). The Kentucky **Public Service Commission** approved the purchase in early May.

The utilities pursued the facilities because the purchase price of \$222/kW was markedly below simple cycle new build at \$850/kW, according to the KPSC order.

Both the seller and the buyers had an option to terminate the agreement if it was not closed by June 30. An LS official in New York did not return a call while a spokeswoman for PPL could not comment.

GSO, SVP Ready Detail On Bicent Asset Takeover

Creditors are gearing up to take control of two **Bicent Holdings** generation assets as part of its pre-pack bankruptcy. First lien and debtor-in-possession lenders **GSO Capital** and **Strategic Value Partners** will own up to 68.8% of the San Joaquin gas-fired plant and the Hardin coal-fired plant. A hearing is set for July 30 in the U.S. **Bankruptcy Court District of Delaware** to approve the restructuring.

GSO will own up to 48.9% and SVP up to 19.9% of the 120 MW Hardin coal-fired plant near Billings, Mont., and the 48 MW San Joaquin gas-fired plant in Lathrop, Calif. Other first lien lenders will round the entities that own 95% of the plants although each will own less than 10%, according to a document filed with the U.S. **Federal Energy Regulatory Commission**. Second lien lenders will have stakes in the remaining portion. The identities of the other first and second lien lenders could not be learned.

One of the assets, San Joaquin, is being auctioned alongside the **CalPeak Power** fleet in California (*PI*, 5/21). GSO, the credit unit of **Blackstone**, is a common investor and is looking to sell the assets. It's unusual for an asset to be carved out of the

bankruptcy sale and placed on the market with unrelated assets, says a deal watcher. Prospective buyers will have the option to bid for portions of the portfolio, the watcher says, explaining that it's a move to maximize the value and to ensure the transaction goes through.

Scotiabank is running the sale for GSO, who owns the CalPeak plants alongside **Starwood Energy** and **Tyr Energy**. **Seth Keller**, managing director and co-head of the U.S. power and utilities investment banking group, is running the sale.

Moelis & Co. is advising Bicent on the restructuring and **RPA Advisors** is working with the first lien lenders.

Bicent Holdings is the parent of **Bicent Power**, the independent power producer affiliate of **Paul Prager's Beowulf Energy**. It filed for bankruptcy April 23 after breaching a covenant when it missed a term loan payment (*PI*, 4/24).

GSO and SVP provided \$57 million in DIP financing (*PI*, 4/30).

Bank and investor officials and spokespeople either could not immediately comment or didn't reply to inquiries.

Harbert Advisors Schedule GWF Bidder Deadline

Co-advisors **Morgan Stanley** and **Merit Capital Advisors** have set a date for initial bids for **Harbert Power's GWF Energy** gas-fired fleet in California. The bankers recently told prospective buyers that July 13 would be the deadline, says one industry official. A variety of investors from infrastructure funds to more risk-averse shops are

FAST FACT

➤ GWF owns the 95 MW Hanford peaker and the 97 MW Henrietta in Kings County, Calif., as well as the 314 MW Tracy combined cycle facility in Stockton, Calif.

scoping the asset, deal watchers say.

Shortly after teasers went out in late May there was a fire in the air filter at the Tracy facility ([PI, 6/11](#)), although the damage was not significant and isn't expected to deter interested parties, says one deal watcher.

Harbert will consider a full sale of the assets as well as bringing in a minority

investor, according to the teaser. A sale is anticipated to be closed in the fourth quarter.

GWF owns the 95 MW Hanford peaker and the 97 MW Henrietta in Kings County, Calif., as well as the 314 MW Tracy combined cycle facility in Stockton, Calif., that is undergoing an upgrade and expansion from a simple cycle to combined cycle that is expected to be completed in September. All three facilities have offtake

contracts structured as tolling agreements with **Pacific Gas & Electric** through 2022.

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 finance a 145 MW expansion at the Tracy facility, which originally generated 169 MW ([PI, 11/30/10](#)). The debt is backed by all three plants although Hanford and Henrietta have no project level debt and will be released from the Tracy construction financing collateral when the facility goes online, according to the teaser. The Tracy debt is prepayable.

Merit Capital is a boutique advisory shop based in New York that was recently founded by **Ed Ludwig** who left his role as managing director at **Dexia Global Structured Finance** in late April ([PI, 5/24](#)). **David Whitcher**, executive director at Morgan Stanley, is the firm's primary contact, deal watchers say.

A spokesman for Morgan Stanley could not immediately comment while a Harbert spokesman in Birmingham, Ala., and officials at the advisors either declined to comment or did not respond to inquiries.

PEOPLE & FIRMS

Two More CS MDs Exit

Two managing directors from **Credit Suisse** are leaving. **Reiner Boehning**, managing director and co-head of global project finance, will start a new position with **Global Infrastructure Partners**, industry officials say. **Robert Miller**, managing director from the high yield capital markets team, left about two weeks ago and is headed to **Deutsche Bank** as a managing director.

In a shuffling aimed at bolstering the power team, **Michael Proskin**, a managing director in the equity capital markets team with a focus on power, renewables and telecommunications, has been shifted to client coverage for power and renewables investment banking team, officials say. Spokesmen for Credit

Suisse and Deutsche Bank declined to comment. The bankers could not be immediately reached.

The departures come after the exit of **Ray Wood**, head of global alternative energy, **Gavin Wolfe** and **Jason Satsky** from the power and renewables investment banking team to **Bank of America** ([PI, 5/18](#)). **John Cogan** and **Ahmad Masud**, managing directors, have been named co-heads of power and utilities in the Americas ([PI, 6/1](#)).

FAST FACT

➤ **John Cogan** and **Ahmad Masud**, managing directors, have been named co-heads of power and utilities in the Americas.

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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.

• New Jersey Governor **Chris Christie** plans to sign a bill this week that will jumpstart solar projects and prevent job loss in the industry. The state budget for renewable energy will be increased to \$59 million this year (*NorthJersey.com*, 6/28).



Chris Christie

• **NextEra Energy's** proposed 750 megawatt McCoy solar project outside of Blythe, Calif., is receiving mixed reviews from residents worrying about environmental effects. The McCoy project, plus a 1,000 MW project NextEra bought last week, will cover 1,000 acres (*MyDesert*, 6/28).

• Gas-fired plants produced the same amount of generation as coal in April for the first time in the U.S. The biggest decline of coal-fired generation occurred in the Northeast, where output declined 88% in April compared to the same time last year (*Reuters*, 6/27).

• **Equatorial Energia** has placed a formal bid on bankrupt power distributor **Celpa** after receiving exclusive rights to negotiation. Celpa provides service to the northern Brazilian state of Para (*Reuters*, 6/27).

• An initiative to increase the renewable portfolio standard to 25% from by 2025 from 10% by 2015 in Michigan is facing opposition due to the estimated corresponding \$10 million increase in utility bills. The **Michigan Energy Michigan Jobs** coalition, which supports the initiative, has enough signatures to ensure its place on the ballot (*Crain's Detroit Business*, 6/26).

• A three-judge panel on a federal appeals court ruled unanimously in favor of the U.S. **Environmental Protection Agency's** emission regulations, stating that the EPA is allowed to regulate greenhouse gases under the Clean Air Act. The coal industry and other companies claim that no scientific data was used for the regulations and the policies will stunt job growth (*The Wall Street Journal*, 6/26).

• **Gregory Jaczko**, the outgoing chairman of the U.S. **Nuclear Regulatory Commission**, allegedly contradicted statements made to Congress when talking to other agency officials, according to a report that was compiled at the request of Senator **James Inhofe**. Jaczko also reportedly created an uncomfortable work environment for fellow commissioners (*The Wall Street Journal*, 6/26).

• The city of Chicago is considering leaving **Commonwealth Edison Co.** in search of better rates. If Chicago opts for another power supplier, ComEd will lose 70% of its customers by 2013 (*Chicago Tribune*, 6/26).

• An initiative to increase the renewable portfolio standard to 25% from by 2025 from 10% by 2015 in Michigan is facing opposition due to the estimated corresponding \$10 million increase in utility bills. The **Michigan Energy Michigan Jobs** coalition, which supports the initiative, has enough signatures to ensure its place on the ballot (*Crain's Detroit Business*, 6/26).

• Brazilian company **Petrobras** plans to expand its generation portfolio to 7.8 GW by 2020. Expected investments for the projects are \$900 million, and include an expansion of the Baixada Fluminense thermoelectric plant in Rio de Janeiro (*Power Engineering*, 6/26).

• **Pacific Gas & Electric** is facing hundreds of millions of dollars in fines from the California **Public Utilities Commission** relating to the San Bruno pipeline explosion in September 2010. The CPUC says that staffers failed to conduct a strength test or keep good records of the pipeline, had control room breakdowns and a faulty emergency response (*San Francisco Chronicle*, 6/26).

• A Chilean environmental commission has suspended **Endesa's** \$1.4 billion, 740 MW Punta Alcalde project in Chile's Atacama region due to findings in an environmental impact report. Endesa will appeal to the country's government regarding the decision (*Reuters*, 6/25).

• **Pattern Energy's** Ocotillo wind project, consisting of 112 turbines on 10,000 acres of public land near San Diego, is facing its fourth lawsuit. **Renewable Energy Stewardship** claims the project has violated various provisions of the National Environmental Protection Act (*Energy Central*, 6/25).

• Brazilian company **Eletrobras** and Uruguayan company **UTE** signed a memorandum to jointly operate a 100 MW wind farm in Uruguay which will connect the countries' power grids. Eletrobras is waiting for an environmental permit before its portion of the construction begins, while UTE has already started working on the project (*Power Engineering*, 6/25).



Thinkstock/Comstock

• **Minnesota Power** has completed its baseload diversification study, which will help to conduct a planning process for the company's 2013 Integrated Resource Plan. The company's generation fleet was 95% coal-fired in 2005 and will be 74% coal-fired by next year (*Power Engineering*, 6/24).

• **New Energy Technologies Inc.**, based in Maryland, has enhanced its transparent solar cell system including higher speed, lower cost, and greater durability. The technology is still in development for commercial deployment (*Power Engineering*, 6/24).

• **Liberty Utilities**, a subsidiary of **Algonquin Power & Utilities Corp.**, will be taking over **National Grid** electric and gas properties in New Hampshire this summer. Approximately 130,000 New Hampshire residents will be affected by the takeover (*New Hampshire Union Leader*, 6/23).

Energy Transfer *(Continued from page 1)*

headquarters in Fall River, Mass.

Prospective buyers will probably case the companies as separate purchases given the disparities of size and location, one utility observer says. There are companies with existing gas distribution footprints in the area such as **Black Hills Corp.**, which has operations in nearby areas of Iowa and Kansas, and **Algonquin Power & Utilities Corp.**, which is currently in the process of buying gas distribution utility assets from **Atmos Energy** in Illinois, Iowa and Missouri totaling about 84,000 customers for \$123.9 million.

A different breed of buyer could angle for New England Gas Co., says the utility observer. It would be the right size for some infrastructure buyers looking for a stable asset or as an add-on for Canada-based companies that have been shopping for utility opportunities in the northeast such as **Fortis** or **Algonquin**. New England Gas Co.'s area of operation sits near the Massachusetts border with Rhode Island.

Credit Suisse was a natural choice because it advised Energy Transfer Equity's buyout of rival Southern Union, deal watchers say. The sale will likely be run out of the Houston office where **Tim Perry** is the head of oil and gas. The names of the bankers on the team could not be immediately learned.

A Credit Suisse spokesman declined to comment while Energy Transfer spokesmen in Dallas and New York did not reply to requests for comment.

—**Holly Fletcher**

AES Gener *(Continued from page 1)*

MW Alfalfal I and the 267 MW Las Lajas, that will require a total of up to 70 kilometers of tunnels. The amount and complexity of the tunneling is unusual for a hydro project, a banker notes, adding this aspect of the deal is giving some lenders pause. "We're a little wary of the construction risk. It's one of the most important elements of the construction because you don't know what kind of rock they're going to hit," one financier said. A softer rock could affect the structural integrity of the project, he adds.

Brian Blakely, team leader at the IDB, declined to comment on pricing or tenor, but did say the sponsor is working on securing a power purchase agreement. Construction is expected to start this year and operation in 2017. The identity of potential offtakers or commercial and private lenders looking to participate in the deal could not be learned.

The Santiago-based sponsor is also working with **HSBC** on a \$1 billion financing backing its \$1.43 billion, 532 MW Cochrane coal-fired plant in northern Chile ([PI, 6/11](#)). A spokeswoman in Santiago declined to comment and a spokesman for parent **AES Corp.** in Arlington, Va., did not return a call by press time.

—**Sara Rosner**

ALTERNATING CURRENT

Cape Wind To Aid Commercial Fishing Under Settlement

Cape Wind has reached a settlement with **Martha's Vineyard / Dukes County**

Fishermen's Association, a group of fishermen long opposed to the development of the 420 MW project in the Nantucket Sound. Under the agreement, Cape Wind will establish **Martha's Vineyard Permit Bank**, a trust that operates as a commercial permit bank for local fisherman.

Warren Doty, president of the association and a retired fisherman, said there are a limited number of available permits and that younger fishermen cannot apply for them—they have to buy them from established fisherman, creating a high cost of entry. The trust will buy permits for fish such as sea scallops, conch, squid and sea bass and lease them out to fisherman. Cape Wind will donate an undisclosed amount to the trust which will also be seeking private investors, Doty said in a conference call. Similar permit banks in the area have an endowment between \$3-12 million and this one is expected to be on the smaller end of the scale.

The fishermen group opposed the wind project for years because the fishermen thought it would bar them from fishing any part around the turbines, including a plume spot called Horseshoe Shoal. Now, the group has thrown its support behind the project after talks with Cape Wind and the U.S. **Coast Guard** about what can be done to allow fishing to continue, such as burying the cables six to eight feet so fishermen can fish over them, Doty said. A Cape Wind spokesman said offshore wind farms in Europe are finding that the underwater turbine towers act as a surrogate reef and may increase the number of fish living in the area.

The association has withdrawn its litigation with the U.S. **Department of Interior** although several other litigants remain although the litigation is not expected to delay the long-awaited start of construction now scheduled for next year, the spokesman said.



courtesy of Cape Wind

QUOTE OF THE WEEK

"It seemed like an ideal marriage."—**Pete Keel**, senior v.p. of strategy and investor relations at **First Wind** on the company's joint venture, **Northeast Wind**, with **Emera**. In addition to the 370 MW of operating assets in the JV, Emera will purchase 49% of operating assets the developer drops into Northeast Wind (see story, page 7).