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Calpine Wraps Connectiv Deal

Calpine sealed its \$1.63 billion purchase of **Connectiv Energy** from **Pepco Holdings** and began converting two coal-fired plants to natural gas-fired facilities.

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CITI RE-ENTERS MART WITH \$650M TERRA-GEN STAKE

Citigroup is taking a \$650 million equity stake in Terra-Gen's 720 MW Alta wind project. The commitment may give Citi a chance to lead the financing for the second largest wind project on the market and to reassert itself as a major player in project finance.

Although the bank is also participating in a best-efforts financing backing **GE Energy's** and **Caithness Energy's** \$2 billion 909 MW Shepherds Flat wind project, bankers note that Citi is taking on a lot of exposure in a single asset with the Alta deal. "It's a pretty extraordinary risk—and one that I wouldn't take," says one financier. Citi is currently trying to sell pieces of its equity stake in the \$1.2-1.5 billion project in Tehachapi, Calif., another banker notes. The identity of potential buyers could not be learned. A Citi official declined

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REFF-Wall Street Confab

INDUSTRY ABUZZ OVER IPOs

Bankers and developers are zeroing in on initial public offerings for renewables developers as the industry begins to emerge from the financial crisis and companies look for ways to capitalize their increasing development pipelines. Several companies could file for an IPO this year, including the smart grid company **Silver Springs Network** and **eSolar**, and investor interest will largely depend on how they set themselves apart, bankers said. Clean tech companies have typically looked to the exchanges for an exit strategy from private equity or venture capital backers but renewable developers don't have that history.

"Public markets don't view [renewable energy] as clean tech but as infrastructure tech, and the amount of capital needed is daunting," said **Gennaro D'Agostino**, a banker with **Deutsche Bank Securities' Asset Financing & Leasing**, at the *Renewable Energy Finance*

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VOLCKER RULE THREATENS TAX EQUITY PLAYS

Financiers and renewables developers are worried a regulatory reform bill provision restricting proprietary trading in commercial banks will reduce the already limited amount of tax equity investment.

The Volcker rule, a variation of a proposal by former **Federal Reserve** Chairman **Paul Volcker**, would restrict commercial banks' investment in private equity and hedge funds to the equivalent of 3% of their Tier 1 capital, which is a measure of banks' financial strength. Bankers are unclear whether tax equity investments in private entities such as wind projects would be included in the restriction, said **John Eber**, **JPMorgan's** managing director of energy investments, at a session at the conference on Tuesday.

JPMorgan, which has dominated tax equity investment, reportedly would need to cut principal investment in hedge funds and private equity funds to \$4 billion from \$7.3 billion,

(continued on page 5)

Check www.iipower.com during the week for breaking news and updates.

At Press Time

DTE Pockets Calif. Coal Plant

DTE Energy Services is planning to start retrofitting a 44 MW coal-fired plant to burn biomass after finalizing the purchase of the plant from **NextEra Energy Resources**. The conversion of the facility in Stockton, Calif., is expected to be complete in two years. The acquisition wrapped Tuesday, says a spokesman for DTE Energy in Detroit. The spokesman declined to comment on the costs of the upgrade or the acquisition.

The Port of Stockton District Energy Facility, or **POSDEF Power**, has a renegotiated 25-year offtake agreement with **Pacific Gas & Electric Co.** that qualifies it as a renewable power generator (PFR, 6/7).

Boutique investment bank **New Harbor** ran the sale (PFR, 1/30/09).

Calpine Seals Conectiv Deal

Calpine inked its \$1.63 billion purchase of the **Conectiv Energy** from **Pepco Holdings** on Thursday, marking its entrance into PJM. It has started converting two coal-fired plants in the portfolio to natural gas-fired facilities. "We will never burn coal," says **Norma Dunn**, spokeswoman in Houston. Calpine will set up a regional office in Wilmington, Del.

The Conectiv portfolio is comprised of 19 plants, including the two coal plants and one solar installation (PFR, 4/21). **Credit Suisse**, **Citigroup** and **Deutsche Bank** wrapped a \$1.3 billion, seven-year term B loan and a \$100 million revolver backing the purchase. Pricing includes a coupon of 550 basis points over LIBOR, a 1.5% LIBOR floor and an original issue discount of 98 (PFR, 6/11).

EU Solar Shop Seeks North America Entrance

Berlin-based solar developer **Green Enersys** is looking to break into the U.S. and Canadian markets. Impending renewable portfolio standards in the U.S. and feed-in tariffs in Canada are attractive, says **Ahmet Yalçın**, ceo.

The company is looking to build projects in the range of one to five MW and is working on developing facilities in Ontario and New Jersey, which provides state incentives and subsidies for solar development. Green Enersys is also looking to fund the development and is in talks with relationship German lenders and private equity investors, Yalçın adds. The identity of potential lenders and investors could not be learned and a development timeline has not been set.

The company has an 868 kW plant online in Brandenburg, Germany. **E.ON** is the offtaker for the plant, which came online last year.

Rosner Named Managing Editor



Sara Rosner has become managing editor of *Power Finance & Risk* effective July 1. She was previously a senior reporter with sister publication *Total Securitization & Credit Investment* in New York. She joined *Institutional Investor News* in 2008 from the *Nantucket Inquirer & Mirror* and is a graduate of Pepperdine University in Malibu, Calif.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Invenergy Lines Up CS Tax Equity

A **Credit Suisse** unit has agreed to take a tax equity stake in a wind project Invenergy is building in Washington. **CS Leasing** will own 100% of the passive stake in the 90 MW Vantage project in Kittitas County, according to documents filed June 25 with the U.S. **Federal Energy Regulatory Commission**. Invenergy and Credit Suisse requested approval by July 26 to facilitate an initial transaction in August.

At current tax equity pricing, CS is likely to get a return between 13% and 15% on the levered project, says a tax equity banker in New York. Invenergy wrapped a \$115 million financing package earlier this year with **Dexia Crédit Local**, **Rabobank** and **UniCredit HVB** (PFR, 2/4). Vantage will sell power to **Pacific Gas & Electric** for 15 years. A 13.5 MW expansion is planned.

CS Leasing, an affiliate of Credit Suisse, will pay an initial amount that is less than \$10 million before buying the remainder of the tax equity stake, according to the document. The remaining cash investment will likely be made when the project goes online in October, says a banker.

The Vantage transaction mirrors an earlier deal in which CS Leasing took a full tax equity stake in a 100.5 MW Grand Ridge project in Illinois that was also funded by Dexia and UniCredit (PFR, 1/8).

Calls to officials at Invenergy in Chicago and Credit Suisse were not returned before press time.

Wind Capital Preps Financings

Wind Capital Group is planning to approach lenders to finance several hundred megawatts of U.S. wind projects in the fall. The company will likely look to relationship lenders, says **Rory O'Connor**, head of corporate finance for parent company Dublin-based NTR.

Banco Santander, **BayernLB**, **NordLB**, **Rabobank** and **Union Bank** wrapped \$240 million in financing backing St. Louis, Mo.-based Wind Capital's \$300 million, 150 MW Lost Creek wind farm in Missouri (PFR, 10/26). A **Credit Suisse** affiliate also bought a tax equity stake in the project (PFR, 6/10). The company has also worked with **Goldman Sachs** and **Standard Chartered** O'Connor notes, adding it is working on getting a cash grant to refund up to 30% of the project's cost from the U.S. **Department of Treasury** for Lost Creek.

Bank officials either declined to comment or did not return calls. Details such as the location and number of projects and the amount of debt sought for the projects could not be learned by press time.

Separately, Wind Capital sister company **Tessera Solar** is moving forward with financing the first \$900 million, 300 MW phase of its Imperial Valley solar project in Imperial

County, Calif., via the U.S. **Department of Energy's** loan guarantee program for innovative projects. Under the program, the **Federal Financing Bank** will provide up to 80% of the debt financing of the project and O'Connor expects to have approval for the deal before the program expires at the end of the year. The Scottsdale, Ariz.-based company is also seeking a Treasury cash grant for the project.

The Imperial Valley project has power purchase agreements with **San Diego Gas & Electric** and **Southern California Edison** and will eventually be built out to 850-900 MW. The first phase is slated for operation next year.

Leads Look To Add ArcLight Lenders

Lead banks **Crédit Agricole** and **WestLB** have sent out teasers to lenders to take \$50-75 million tickets in a \$370 million debt package backing **ArcLight Capital Partners'** 512 MW gas-fired peaker in Bayonne, N.J. **Hess Corp.** is a partner in the project, which is being developed by ArcLight-backed company **Pure Energy Resources**. Commitments are due July 12.

The facility has an eight-year tenor, a project financier notes and deal watchers have been anticipating a coupon of 300-350 basis points over LIBOR (PFR, 6/11). Officials at **Crédit Agricole** and **WestLB** did not return calls and the identity and number of lenders which received teasers could not be learned.

The partners re-ignited the financing after Hess agreed to be the offtaker for a portion of the generation from the plant. A call to **Dan Revers**, managing director of ArcLight in Boston, was directed to a spokeswoman who did not return calls by press time. **Paul Barnett**, managing director at Pure Energy in Burlington, Mass., also did not return a call.

Developer Sets Equity In Texas Line

Wind Energy Transmission Texas, which is developing almost 300 miles of transmission lines in West Texas, plans to invest 40% equity in the \$400 million project, a deal watcher says. WETT has yet to settle on the debt structure it will seek, though lenders say the developer has begun gauging interest from banks (PFR, 6/2).

WETT, a joint venture of Toronto-based renewables asset manager **Brookfield Asset Management** and Spanish engineering company **Isolux Corsan Concesiones**, will build about 13% of Texas' planned Competitive Renewable Energy Zones in the Odessa area—2,400 miles of lines transmitting nearly 18,500 MW.

Developers chosen from a request for proposals must complete the approval process, including applying for certificates of convenience and necessity, before they can wrap financing, deal watchers say. A definitive route for the 345 kV conductor wires spanning the WETT project hasn't been finalized.

Jeff Rosenthal, senior v.p. at Brookfield in Toronto,

declined to comment. Representatives of WETT couldn't be reached for comment at press time and efforts to contact Isolux were unsuccessful.

SunEdison To Add Another Financier

SunEdison is looking at hiring another financier, six weeks after tapping **Bruno Mejean**, NordLB's head of structured finance origination in the Americas, as managing director for project finance outside North America. The Beltsville, Md.-based solar company is looking to add the staffer alongside Mejean in New York. The rationale for the move and precise scope of the role could not be immediately determined.

SunEdison has been active in a slow market: it closed an \$80 million financing with NordLB for 20 MW of photovoltaic projects in Ontario (PFR, 6/11). The company is also believed to be among the bidders on a **New York Power Authority** request for proposals for 100 MW of solar (PFR, 5/7).

Bankers are getting bullish on solar, citing the plummeting price of panels. Several bankers and attorneys at the Renewable Energy Finance Forum-Wall Street this week said

they anticipate a flurry of solar deals coming later this year and 2011 (see story, page 7).

Union Wraps Debut Lease, Scouts More

Union Bank is on the hunt for more leveraged lease opportunities after it has wrapped the wind industry's first single-investor leveraged lease with **enXco**, says a banker. Union Bank will be the lessor for its 201 MW Lakefield project in southwestern Minnesota.

Union Bank is arranging the debt for the project, says the banker. The acquisition payment from the lessor is generally used by the developer to pay construction loans. Leveraged leases are emerging as developers look for ways to raise capital and investors want to take advantage of tax benefits. **Citigroup** and **Barclays Capital** are working to arrange a leveraged lease for **Terra-Gen** (see story, page 1).

The status of the debt financing or whether there are additional participants could not be learned before press time. Calls to officials at Union Bank and enXco were not returned.

Corporate Strategies

Puget Reschedules Bonds To Lock-In Coupon

Puget Sound Energy moved up a bond issuance planned for September to take advantage of attractive rates on 30-year notes. PSE had anticipated issuing a 10-year batch this fall, but acted now to secure the debt with a coupon below 6%, says **Don Gaines**, treasurer in Bellevue, Wash.

"It's a good time to sweep in and get good prices on long-term money. . . With rates where they are now, we wanted to make sure they didn't go up before [the fall]. We decided to do it now," he says, explaining that long-term U.S. **Treasuries** are still low.

The \$250 million bonds carried a 5.764% coupon; they priced 167.5 basis points over Treasuries. **Moody's Investors Service** and **Standard & Poor's** rated the notes Baa1 and A-, respectively. This is the third, 30-year issuance that Puget has landed below the 6% mark in the last nine months, Gaines notes. There was an issuance in March with a 5.795% coupon and one in October with a 5.757% coupon (PFR, 3/12).

The proceeds will pay down the outstanding balance of \$242 million on a \$400 million capex credit facility, Gaines says. The utility is building the \$850 million, 343 MW Lower Snake River wind project in Garfield, Wash. It's also replacing the original turbines in the 44 MW Snoqualmie Falls hydro facility that came online in 1898. The \$200-\$250 million project will increase output to 54 MW.

Puget looked to banks that have tickets of \$75 million or

more on its credit facilities to line up its underwriters, Gaines says, adding the aim is to balance the ticket size with a bond offering at some point over the life of the credit facility. **Bank of New York Mellon** and **Royal Bank of Scotland** were up in the rotation and were joined by **Mitsubishi UFJ Securities**—its first time as bookrunner for PSE.

AEP Skips Refi Risk With Loan Replacement

American Electric Power entered a new, three-year \$1.5 billion credit agreement June 23 to reduce refinancing risk. The facility replaces the Columbus, Ohio-based company's \$1.5 billion revolver which was due to mature in nine months.

Bankers familiar with the credit facility say AEP sought to avoid a potential slip in ratings. "You don't want to wait until the last second," says **Jim Hempstead**, senior v.p. at **Moody's Investors Service** in New York, which rated AEP Baa2 in April.

JPMorgan Chase, **Royal Bank of Scotland**, **KeyBank Capital Markets** and **Citibank** underwrote the revolver, which is priced at 225 points over LIBOR and includes a commitment fee of 35 basis points, a deal watcher says. An additional 21 banks participated in the deal, an AEP spokesman notes. JPMorgan also helped arrange AEP's previous revolver. A banker at RBS and a KeyBank spokeswoman declined to comment. Spokesmen at JPMorgan and **Citibank** did not return calls at press time.

REFF Wall Street Conference

The need for government policy, the effects of legislation on renewables and the possible revival of a market for initial public offerings created all the buzz at the American Council On Renewable Energy's Renewable Energy Finance Forum. Hundreds of developers, bankers, investors, regulators and utility executives gathered at the Waldorf-Astoria Hotel in New York City for the event on June 29-30. Brian Eckhouse, Holly Fletcher and Sara Rosner filed the following stories.

VOLCKER RULE

(continued from page 1)

perhaps drastically shrinking its tax equity investment appetite. The Senate likely will vote on the bill this week; the House of Representatives passed it Wednesday. President **Barack Obama** has indicated he will sign the bill if approved by the Senate.

“‘Proprietary trading’ is such a vague concept that it could include tax equity,” says **Keith Martin**, partner at **Chadbourn & Parke** in Washington, D.C. The uncertainty prompted the **American Wind Energy Association**, the **Geothermal Energy Association** and the **Solar Energy Industries Association** to ask Congressman **Henry Waxman** in late June to exempt tax equity or at least clarify whether it would be considered private equity. Waxman is the chairman of the House **Energy and Commerce Committee**.

The tax equity market for renewables projects nearly halved in 2009, falling from \$3.4 billion the previous year to \$1.98 billion, Eber reported. He anticipates a modest return this year to \$2.5 billion as companies recover from the downturn and have more demand for tax relief. Eber counts 16 institutions in the space, including banks, utilities and insurance companies—at least double the institutions involved after the crash. Although utilities and companies including **Google** are expected to remain participants in the tax equity market, losing JPMorgan and other banks would deliver a blow to renewable project financing, developers and lenders said.

—**Brian Eckhouse**

Leaner Renewables Sector Emerges From Crunch

The shake-up associated with the credit crunch has driven developers to operate leaner, more efficient teams that focus on high quality projects, said **Peter Duprey**, ceo of **Acciona Energy North America**, on the “CEO Insight” panel on Wednesday. The renewables industry is stabilizing into what one panelist described as the “new normal,” after the volatility of the financial crisis.

The financial upheaval triggered “a flight to quality,” said **John Woolard**, ceo of **BrightSource Energy**, who commented that financiers and investors have upped the rigors of project due diligence. The thoroughness will weed out the projects that shouldn't get done, allowing developers to focus on reducing

costs and tackling the problems surrounding transmission. “We dealt with the gold rush and we dealt with the fallout of projects getting financed that shouldn't have,” said **Jeff Broin**, ceo of ethanol manufacturer **POET**, adding that sound due diligence will only help streamline the market.

Developers, solar and wind alike, expect costs to continue to come down as companies prepare to compete at lower power prices and bring renewable generation to grid parity, said **Duprey**, who expects “terrific” reductions in photovoltaic costs over the next 36 months. Over the last several years, the wind industry has shifted from cost reduction mode to pursuit of high margins back to a cost reduction path again, he noted.

GE Sub Snares Idaho Wind Portfolio

GE Energy Financial Services has purchased a majority stake in a portfolio of wind farms near Hagerman and Burley, Idaho, for an undisclosed amount from **Exergy Development Group**. **Kevin Walsh**, the head of power and renewable energy for **GE EFS**, announced the purchase at the **American Council on Renewable Energy's Renewable Energy Finance Forum** in New York this week.

The 11-project portfolio developed by Exergy will utilize 122 1.5 MW GE turbines and has a combined development cost of roughly \$500 million. Walsh directed questions about the purchase to a spokeswoman who declined to specify the size of the stake.

Affiliate **GE Capital Markets** had been slated to provide the tax equity for the projects and had also been canvassing **ING**, **WestLB** and **Bank of Tokyo Mitsubishi-UFJ** to provide debt financing for the portfolio earlier this year (PFR, 5/7). The reasons behind **GE EFS'** decision to buy the project could not be learned.

GE EFS has yet to close the debt portion of the deal backing the projects, Walsh notes. He declined to specify the debt-to-equity split and which banks are likely participants in a club deal. Additional information, including pricing and tenor, could not be learned. Bankers at **ING**, **WestLB** and **Mitsubishi** either declined comment or couldn't be reached at press time.

The project is expected to qualify for the U.S. **Department of Treasury's** cash grant program, which stipulates that

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REFF Wall Street Conference (cont'd)

renewables projects must be in construction before year-end. The farms have 20-year offtake contracts with **Idaho Power**, **Exergy** and **Reunion Power**, the manager and operator of the farms, own minority equity stakes.

An official at Exergy in Boise, Idaho, did not return calls by press time.

PV Finds More Banker Interest

Bankers are less hesitant to finance solar photovoltaic plants as they become more comfortable with the technology, pricing on panels continues to drop and state renewable portfolio standards increase the number of projects with investment-grade utility offtakers.

The number of solar projects coming across bankers' desks has increased as utilities put out calls for renewables to meet state RPS, said **Gisela Kroess**, director of power and environment at **UniCredit** in New York. Lenders are becoming more familiar with the technology and its performance, she noted on a panel on project finance, adding that the cost of developing PV is decreasing as the industry and the technology continues to mature.

Daniel Mallo, managing director of project and energy finance for **Société Générale** in New York, anticipates multiple 30-75 MW photovoltaic deals next year. PV, which produces its output during the day, naturally meets peak demand hours for utilities, he said.

Kevin Walsh, **GE Energy Financial Services'** head of power and renewable energy in Stamford, Conn., is among several investors hoping to expand in PV. Some bankers predict competition among lenders will prompt the extension of tenors and drops in debt-coverage ratios, or the amount of capital necessary for a borrower to have on hand to cover debt and lease payments.

Some obstacles remain. One financier complained Monday that a \$5 million PV project often takes five times the work of a billion-dollar debt deal on conventional gas-fired projects. An attorney representing solar developers says he gets multiple calls a week from prospective lenders, but few deals come to fruition. "I always wonder, if you have all this money, why haven't you done anything yet?" a developer asked of bankers.

Most solar financing in the U.S. has originated from a small group of banks and institutions, a syndicator in New York notes, including **Dexia Crédit Local**, **NordLB** and **Union Bank**—and much of the financing is heavily reliant on government incentives such as the U.S. **Department of Energy's** loan guarantee program or the U.S. **Department of Treasury's** cash grant program. "I want a system that doesn't rely

on incentives," said **Carlos Domenech**, president of **SunEdison**, at a panel featuring renewables developers.

Europe Debt Crisis Hits Pricing, Tenors

The sovereign-debt crisis afflicting several European countries could reverse a trend of falling prices and longer tenors in the U.S., project financiers said Tuesday.

"We've hit a bump with the sovereign-debt crisis," said **Daniel Mallo**, managing director of project and energy finance for **Société Générale** in New York, suggesting that tenors could tighten again. Ratings analysts have either downgraded several Spanish, Greek and Irish banks or placed them on negative watches, prompting price increases on deals in the pipeline (PFR, 6/11). "European banks' funding costs have increased," added **Gisela Kroess**, director of power and environment at **UniCredit** in New York. European banks are the primary financiers of U.S. renewables projects.

Loan tenors for renewables projects with 25-year power purchase agreements crept up to 14 to 16 years today from seven to 10 years last year, Mallo reported. Pricing for renewables this year has slipped below 300 basis points over LIBOR compared to 350 to 375 bps in the third quarter of last year, noted **Antonio Garcia Mendez**, global head of project finance at **Santander Investment Securities**. LIBOR itself, the rate at which banks fund themselves, reached a 10-month high of about 53 bps last month.

Caution Rules Investors

Today's institutional investor errs on the side of caution, reiterated **Ira Ehrenpreis**, general partner at **Technology Partners**, as he pointed out that three speakers on his panel—"Investor Perspectives On Renewable Energy"—used "caution" to describe today's rule of thumb. Investors are "hesitant to take the lead if they don't think the rest of the market is coming with them," said **Jeffrey Holzschuh**, vice chairman of the investment banking division at **Morgan Stanley**.

Developers with big balance sheets and existing portfolios still attract some investors' attention. However, investors are generally wary of equity investments and, as of now, are unwilling to open themselves to exposure, panelists agreed. "At the end of the day, it's more of a safe harbor type of investment," said **Gennaro D'Agostino**, of the asset financing & leasing at **Deutsche Bank Securities**.

The panel agreed that now is a good opportunity for all investors—private equity, venture capital and stockholders—to get in ahead of the curve. But investors are not only unwilling to front

REFF Wall Street Conference (cont'd)

equity, they also want prospects with near-term revenue, said **Nancy Floyd**, founder and managing director at **Nth Power**, adding that it takes about five to seven years for a VC firm to see results. "Institutions are run by people; people are influenced by emotions more than intellect. That's why people are hesitant to invest now," said **Neil Auerbach**, managing partner at **Hudson Clean Energy Partners**, adding investors are hesitant despite data showing it is a historically good time to get involved in the industry.

The market could be invigorated by sparking interest in tax equity in more entities and reviving project finance within U.S. banks, said **Holzschuh**, noting that only about a half dozen European banks are lending—and even that could shrivel given the turmoil on the other side of the Atlantic. U.S. banks just haven't gotten comfortable with lending yet, he said.

Wind Set For Consolidation

More consolidation is expected in the wind industry as developers struggle to pull projects across the finish line. They're also likely to look for deeper pockets as federal stimulus programs expire and power prices remain low. "We think it's a very good time for investors to get in," **Ray Wood**, co-head of global alternative energy at **Credit Suisse** told the audience at the Renewable Energy Finance Forum—Wall Street conference.

Developers are finding offtake agreements elusive as wind can't compete with the current low power prices. Financing delays—no PPA, no money—are putting strains on development wallets and is likely to spur M&A amongst developers "who can't wait for the promised land," when wind is in demand, said **Wood**.

Companies that can finance construction on balance sheet will be likely suitors for developers as they would have a leg up in funding projects. Construction could start while in the PPA was in negotiations, with a refinancing upon completion, **Brian Bolster**, managing director at **Goldman Sachs**, told *PFR* on the sidelines. Companies that can use that model—mostly used by **NextEra Energy Resources**—could step in and scoop up projects.

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. Feel free to contact

Sara Rosner, managing editor, at (212) 224-3165 or srosner@iineews.com.



Reporter's Notebook

- Two sets of panelists were described by moderators as being "where rubber meets the road" in the renewables industry. We know rubber is vegan, but is it green?
- Security was tight in the REFF portion of the **Waldorf-Astoria**. **ACORE** and **Euromoney** staffers walked around asking to see a name badge if it was not prominently displayed—bouncers (a.k.a. staffers) waited at the edge of the stage to escort panelists away. The muscle men were also present at the door to **St. Bart's Café** during the networking reception. Rule of thumb: anyone can wander around the Waldorf, just keep your mittens out of REFF.
- Session chatter occasionally strayed from pricing and tenor to a more spirited subject: the World Cup. **Carlos Domenech**, president of **SunEdison**, asked the audience if Spain or Paraguay had broken a nil-nil game. Spain had just clinched a 1-0 win and Domenech, a native of Spain, threw up his arms in victory. He then proceeded to discuss solar incentives.
- If you see a long, missile-like silver blade zipping down the freeway, don't fret. It's probably a turbine that the GE has turned into a petition for renewable energy. **Kevin Walsh**, head of power and renewable energy at **GE Energy Financial Services**, explained that the turbine blade/petition has garnered 6,000 signatures.
- Foodies had to be pleased at REFF. **Cipriani Wall Street** featured succulent lamb chops and tuna tartare, while lunch at the Waldorf boasted a fruit-vegetable medley in a cookie crust. But the winner had to be **Café St. Barts**, which offered a lobster bar, oysters and a selection of fine cheeses.
- Before launching into his presentation on how Colorado plans to revamp its generation mix, **Ron Binz**, chairman of the state's **Public Utilities Commission**, warned the audience, "I am confused by many things and have not made up my mind on much at all... I don't even agree with some of the things I say."
- Networking is a workout. One banker turned to a project finance attorney before starting a press conference and commended him for his participation in the conference thus far. "You can still walk and chew gum after moderating two panels? Incredible!" Both men miraculously managed to endure a tough half-hour of questioning from reporters.

REFF Wall Street Conference (cont'd)

All Eyes On Uncle Sam Industry Homes In On Gov't Guidance

Developers, financiers and utility executives are looking to Washington, D.C., and state capitals for guidance on a myriad of issues affecting the pace of renewables development. From the pending expiration of cash grants to renewable portfolio standards and carbon pricing, deal watchers are focusing on legislative support now more than ever as they aim for long-term development and finance strategies.

"It is absolutely clear that these subsidies are driving the price point... It is extremely important that we garner all of the support we can," said **John Cavalier**, co-managing partner of **Hudson Clean Energy Partners** on a panel discussing the expiration of the U.S. Department of Treasury's cash grant program.

The \$5 million cost of the program, which is set to expire on December 31, is a paltry sum compared to the hundreds of millions of dollars it has spurred in renewables project investment and development, said **Neil Auerbach**, co-managing partner of HCEP. "It was probably the best investment the U.S. government ever made. They got a lot of bang for their buck,"

Auerbach said. **Parker Weil**, managing director of energy and power at **Bank of America Merrill Lynch**, said the cash grant was one of the most attractive options for financing given the premium put on liquidity after the credit crunch.

State and federal RPS was the focus of panels that featured executives and state regulators. Utilities have begun to back off from renewable development as low gas prices have made wind and solar less competitive and gas-fired generation cheaper and more attractive. Plans for renewable generation mixes should be based on RPS as opposed to fluctuations in gas prices, said **Michael Polsky**, president and ceo of **Invenenergy**. "With the lack of policy, we're going nowhere. We cannot rely on high gas prices and we cannot rely on investors," Polsky said.

Some industry players contend that instituting a viable market for carbon credits or renewable energy credits would also boost renewables development. Reliable income from RECs could give another revenue stream to leverage against, while a carbon market would create more incentive for utilities to replace coal and gas-fired generation with renewables. "A price on carbon would really provide incentive," said **Steve Corneli**, senior v.p. on market and climate policy at **NRG Energy**. "It's a very elegant solution," he noted.

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Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iinews.com.*

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES	Mong Duong II (1,200 MW coal)	Vietnam	TBA	TBA	TBA	TBA	Bankers anticipate the project to cost at least \$2.4B (PFR, 5/24).
ArcLight Capital Partners	Various (Gas and Transmission)	Various	Barclays, BofA	Term Loan	\$220M	7-year	Loan closed ahead of drop-dead date (PFR, 6/21).
ArcLight Capital Partners, SGR Holdings	Southern Pines Energy Center (Gas Storage)	Greene County, Miss.	TBA	TBA	TBA	TBA	Developers seeking up to \$365 million for new cavern and refinance maturing debt (PFR, 6/28).
BP, Ridgeline	Goshen II (90 MW Wind)	Bonneville County, Idaho	BTMU, Caja Madrid, Commerzbank and Mizuho	Roughly \$260M	TBA	15-yr	Financial close reached on Idaho wind farm (PFR, 6/21).
BrightSource Energy	Various (1.3 GW Solar)	Southern California	TBA	TBA	TBA	TBA	Financial close expected by year-end (PFR, 6/21).
Brookfield Asset Management, Isolux Corsan	CREZ Transmission	Texas	TBA	TBA	\$240M	TBA	Developers plan 40% equity stake in \$400M project (see story, page 3).
Catalyst Renewables, Hannon Armstrong	50 MW Hudson Ranch I (geo)	Salton Sea, Calif.	WestLB, ING, SocGen	Mini-Perm	\$297M	7-yr	Financial close reached on \$401 million deal (PFR, 5/24).
Cannon Power Group	Aubanel Wind Farm (1 GW wind)	Mexicali, Baja California	TBA	TBA	TBA	TBA	Cannon puts out feelers to banks about 100 MW phase 1 (PFR, 6/28).
enXco	Lakefield (201 MW Wind)	Minnesota	Dexia, SocGen, Banco Santander, CoBank	TBA	TBA	TBA	enXco considering a leveraged lease for structure (PFR, 6/28).
Fishermen's Energy	Various (20 MW Offshore Wind)	Atlantic City, N.J.	Fieldstone Capital	TBA	TBA	TBA	Financing hinges on renewables credits (PFR, 6/7).
GE Energy Financial Services	Various (183 MW Wind)	Idaho	TBD	TBA	\$350M	TBA	GE, majority equity owner, still working on debt part (see story, page 5).
Hudson Transmission Partners	Hudson Transmission	Ridgefield, N.J.-New York	RBS, SocGen	TBA	TBA	TBA	Competing project Cavallo Energy challenges worthiness of project (PFR, 6/28).
Invenergy	Beech Ridge (100.5 MW Wind)	Greenbrier County, W. Va.	TBA	TBA	TBA	TBA	PPA rejected by Virginia over cost to ratepayers (PFR, 6/7).
Kruger Energy	Chatham (100 MW Wind)	Ontario	Deutsche Bank	Mini-Perm	\$220M	3-yr	Financial close reached, marking Deutsche Bank's reemergence into power mark (PFR, 5/31).
Northland Power	Saskatchewan (265 MW Combined Cycle)	North Battleford, Saskatchewan	CIBC, BMO, Union Bank	Mini-Perm	\$500-600M	TBA	Selected co-leading banks (PFR, 6/7).
Pure Energy	Bayonne Energy Center (512 MW gas)	Bayonne, N.J.	Crédit Agricole, WestLB	Mini-Perm	\$370M	TBA	Teasers sent to lenders trumping \$50-75 M tickets (see story, page 3).
Rollcast Energy	Piedmont Green Power (50MW biomass)	Barnesville, Ga.	Natixis, Union Bank	\$100M	TBA	TBA	Financial close approaching (PFR, 6/14).
Terra-Gen Power	Alta Phases 2-4 (570 MW Wind)	Tehachapi, Calif.	Crédit Agricole, Natixis	TBA	TBA	TBA	Financial close approaching for the second through fourth phases (PFR, 6/21).

For a complete listing of the Project Finance Deal Book, please go to iipower.com.

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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.

Americas

- **Peter Mandelstam**, president of **NRG Energy's** wind unit, says permitting for its proposed \$1 billion farm off the coast of Delaware may take three times longer in the aftermath of the BP oil spill in the Gulf of Mexico. The spill prompted the Obama Administration to split the **Minerals Management Service**, which regulates offshore energy, into three divisions (*Bloomberg*, 7/1).
- Executives of **ZipCar** and **Akamai Technologies** are among several business leaders backing **Cape Wind's** proposed offshore farm off Cape Cod, Mass., tempering opposition from **Wal-Mart** over higher costs for offshore power (*Boston Globe*, 7/1).
- **First Solar** has named **Jens Meyerhoff**, cfo, as president of a division focusing on utility-scale solar. The panelmaker has been pushing into development, highlighted by its purchase of **NextLight Renewable Power** in April (*Dow Jones Newswires*, 7/1).
- **Larry Weis** and **David Wright**, the prospective new heads of **Austin Energy**, are set to carry out a plan to aggressively invest in renewables. Weis is the head of **Turlock Irrigation District** in California, while Wright is general manager of **Riverside Public Utilities Department**, also in California (*Austin American-Statesman*, 7/1).
- **Enbridge** has agreed to invest \$500 million in **RES Americas'** 250 MW Cedar Point wind project in Colorado and will own the project upon completion. The project is expected to be online late next year (*Denver Business Journal*, 6/30).
- Maine's Senator **Olympia Snowe** threw her support behind imposing fees on utility greenhouse gas emissions, possibly reviving the stalled climate change legislation. The Republican senator called a system on the east coast that regulates emissions from 233 plants a template for the national legislation (*ClimateWire*, 6/30).
- **Pacific Blue Energy Corp.** and **Siliken Renewable Energy** plan to submit a bid for a power purchase agreement for a 15 MW solar project to **Arizona Public Service** (*Bloomberg Businessweek*, 6/30).
- **Montana-Dakota Utilities Co.** has brought two wind farms totaling 30 MW online as part of its renewable generation strategy (*Bloomberg Businessweek*, 6/30).
- The New Jersey Senate passed a bill providing \$100 million in tax credits for companies developing offshore wind. The bill is before the State Assembly (*Newark Star-Ledger*, 6/29).

- **Areva Solar**, formerly part of **Ausra**, is developing a hybrid solar plant model combining a solar thermal system with photovoltaic. The technology is similar to that of **eSolar**, **SolarReserve** and **BrightSource** (*Forbes*, 6/29).
- The toughest renewables quota bill in the country—33% by 2020—passed its first test Thursday, advancing out of a California committee. The bill would raise the state's renewables quota from 20% (*The Los Angeles Times*, 6/25).
- A radar study of the marbled murrelet, an endangered seabird, could determine whether the pending development of the 82 MW Radar Ridge wind farm in the Naselle River Valley of Washington. The project would be partly financed by \$122 million in federal clean energy bonds (*The Daily World*, 6/25).
- **San Diego Gas & Electric** will serve as offtaker for a 40 MW wind farm near Palm Springs, under a 20-year contract with developer **Alta Mesa**. The California **Public Utilities Commission** approved the contract Thursday (*San Diego Union-Tribune*, 6/25).

Europe

- EU member states are targeting massive growth in onshore wind farms by 2020—30% in Germany, 130% in Ireland, 230% in Italy and 74% in Spain—as well as more than 16,000 MW in offshore wind, according to a leaked draft of EU energy strategies. Analysts say new grids, harbors and vessels would be required to satisfy offshore objectives (*Reuters*, 7/1).
- Britain needs to speed renewable power development if it aims to meet its goal of a 34% greenhouse gas reduction by 2020. Emissions fell 8.6% last year due largely to the recession (*Reuters*, 6/30).
- **Enel**, the state-owned Italian utility, is moving ahead with an initial public offering that could raise \$3.63-\$6.14 billion, despite several of its European peers yanking IPOs amid the sovereign-debt crisis. Enel's hydro and geothermal generation base requires less dependence on subsidies than its peers in the wind market (*The Wall Street Journal*, 6/29).
- Renewables output in the U.K. fell 7.5% in the first quarter of 2010 compared to the same period in 2009. The government attributes the drop to a dry winter and low wind speeds, while experts blame lagging investment and cheap overseas gas (*The Guardian*, 6/29).

CITI RE-ENTERS

(continued from page 1)

to comment.

About \$394 million of construction financing is in place for the first 150 MW phase of the project (PFR, 6/18), and Terra-Gen is trying to arrange a leveraged lease via Citi and Barclays Capital to repay that debt, says a deal watcher. ArcLight Capital Partners, Terra-Gen's backer, and Global Infrastructure Partners are also contributing equity to the project. Calls to officials at Terra-Gen and Barclays were not returned.

Citi, which drastically cut back its presence in the market after the credit crunch, has also been bulking up its project finance team, recently hiring Jason Cavaliere to work on project finance and tax equity deals. Cavaliere, who started in April, was previously with Alternative Energy Capital Advisors. The identity of Cavaliere's supervisor and his formal title could not be learned by press time. —Holly Fletcher

INDUSTRY ABUZZ

(continued from page 1)

Forum—Wall Street on Wednesday (for more conference coverage, see page 5).

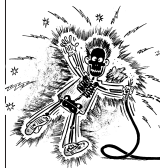
Investors are wary of renewable developer's capital requirements—about \$2 million per MW for wind and roughly \$4 million per MW for solar—and have questions about the operating technology. The installed base is also important because investors want to see companies that have technology that is working—if the company has to come back for more money, it should be because it needs to accelerate growth, not because the technology doesn't work, said Brian Bolster, managing director at Goldman Sachs.

Many deal watchers are looking to Tesla Motor's successful initial public offering closed this week as a beacon that will pave the way for other companies, such as First Wind to tap into public markets. Although taking a company that manufactures electric sports cars to the exchange might prove to be easier than launching a renewable power developer, there is a place for IPOs for high-quality companies that "capture the imagination of investors," said Kevin Genieser, managing director at Morgan Stanley.

Two years have passed since First Wind's initial filing with the Securities and Exchange Commission, and it's not clear whether the Boston-based developer will find success similar to Tesla. The company, backed by D.E. Shaw & Co. and Madison Dearborn, is undoubtedly looking at its options—including M&A, bankers say.

For companies that don't make it to the public market, M&A is the best alternative, Genieser told the audience in New York. Conglomerates looking for a footprint in the power market are

Alternating Current



Green Beer Not Just For St. Patrick's Day

Instead of adding green food coloring to its tasty brew, Brooklyn Brewery is greening its selection of ales year-round by using 100% wind power at its brewery in Brooklyn, N.Y.

The company pays a premium rate, to utility Con Edison to ensure that the 285 MWh it takes off the grid every year is replaced by power produced at Community Energy's wind farm in Madison County, N.Y. Brooklyn Brewery's power rates are 10-13% higher than other customers but the 2003 blackout that plagued the Northeast convinced company founder Steve Hindy to make the brewery's headquarters the city's first completely wind-powered building.



Community Energy estimates that the brewery stops 335,000 pounds of carbon dioxide, 1,500 pounds of sulfur dioxide and 500 pounds of nitrogen oxide from being emitted into the air when it uses wind energy to churn out its 1,658,000 gallons of brew. That's equivalent to the amount absorbed by 22,000 trees... Or several million four-leaf clovers.

most likely to be interested in developers, he told PFR on the conference sidelines, declining to talk about First Wind.

e-Solar declined to make an official available, Silvers Springs and First Wind officials declined to comment. —H.F.

Quote Of The Week

"It was probably the best investment the U.S. government ever made. They got a lot of bang for their buck." —Neil Auerbach, co-managing partner of Hudson Clean Energy Partners in Teaneck, N.J., speaking about the U.S. Department of Treasury's cash grant program that has spurred renewables investment and development at the American Council On Renewable Energy's Renewable Energy Finance Forum in New York City (see story, page 9).

One Year Ago In Power Finance & Risk

Renewable developers and tax equity investors were waiting to see if the U.S. Department of Treasury would allow investors to set up blocker corporations to allow tax-exempt entities to garner cash grants. [The Treasury allowed the corporations (PFR, 7/10/9). Now the industry is hoping that Congress will renew the cash grant program, which is set to expire at year-end, through at least 2013 (see story, page 9).]