

# Power Finance & Risk

Exclusive Insight on Power M&amp;A and Project Financing

By the publisher of GlobalCapital

## ● THE BUZZ

## ● MERGERS &amp; ACQUISITIONS

## ● PEOPLE &amp; FIRMS

## Brexit? What Brexit? Muted Reaction to U.K. Vote

U.S. project finance players saw little immediate impact on their business in the wake of the historic referendum. [Page 2](#)

## Hydro Ottawa to Acquire Québec Facility

Hydro Ottawa is buying a 22 MW facility on the Québec side of the Chaudière Falls, on the Ottawa River. [Page 7](#)

## SunEdison Brings in Restructuring Expert as CFO

SunEdison's cfo designee has resigned and been replaced by a consultant who has turned companies around before. [Page 8](#)

# Freeport LNG Markets Project Bond Refi

Richard Metcalf

Freeport LNG is holding an investor roadshow for a project bond to refinance train two of its 13.9 million metric tons per annum LNG liquefaction and export facility in Quintana Island, Texas.

The company is aiming to launch the deal in mid-July, a deal watcher tells *PFR*, but the timing could be affected by volatility as markets react to the unexpected result of the U.K.'s referendum on membership of the European Union.

Voters in the U.K. narrowly voted to leave the E.U. on June 23, a scenario known as 'Brexit', causing turmoil in global markets.

Train two of the Freeport LNG facility has a 4.4 mtpa tolling agreement with a subsidiary of **BP**, a FTSE 100 company whose shares lost nearly 7% of their value in the immediate aftermath of the referendum.

The stock has since rallied and was trading 2.5% higher than its June 23 price by July 1.

If Brexit-fueled turbulence continues or worsens, especially in commodities and in the Asian markets that are the likely buyers of exported natural gas, it could affect the forward view of how profitable terminals like Freeport LNG are and how the bonds are received, says the deal watcher.

Nevertheless, investors still have a strong appetite for yield amid a shortage of projects that require financing, he adds.

The senior secured bond will have a 22-year tenor, according to a rating report published by **Fitch Ratings** on June 20.

Fitch expects to rate the bond BBB, noting that the offtaker's obligations are guaranteed by its strong parent company, **BP Corporation North America**.

The size of the offering could not immediately be learned, but the Fitch [PAGE 5 »](#)

## ● MEXICO POWER FINANCE &amp; INVESTMENT SUMMIT

## Viability of Contracted Projects Discussed

Richard Metcalf

Some of the renewables projects that won offtake contracts in a Mexico power auction in March face a lengthy development period and may even end up not being built at all, said panelists at the **Infocast Mexico Power Finance & Investment Summit** in New York on June 29.

Sponsors were not required to have completed the permitting for projects they submitted into the auction, and some may face an uphill struggle to obtain environmental and other permits, or even the land they require to commence construction, said participants in a discussion moderated by **Chadbourne & Parke** partner [PAGE 6 »](#)

## SunEdison Drops Exclusivity Request for Texas Project Duo

Richard Metcalf

SunEdison has withdrawn its application to grant **Novatus Holdings**, a portfolio company of a **JP Morgan** infrastructure fund, exclusive rights to acquire two development-stage solar assets in Texas.

SunEdison originally asked the **U.S. Bankruptcy Court for the Southern District of New York** for permission to [PAGE 7 »](#)

## TerraForm Power Stock Jumps as Brookfield Takes Stake

Fotios Tsarouhis

**Brookfield Asset Management** and its affiliates have purchased a 12.13% stake in **TerraForm Power**, and the Toronto-based group is eying a larger role in the yield company's future.

Brookfield has acquired 11,075,000 of TerraForm Power's class A shares, representing over 12% of TerraForm Power's class A common [PAGE 7 »](#)



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## ● THE BUZZ

# Brexit? What Brexit?

As global financial markets reeled in the wake of the U.K.'s historic vote to leave the European Union, it was business as usual for much of the American project finance community.

"It's had zero immediate impact on my U.S. renewables tax equity deals," said **Karen Wong**, a partner in **Milbank's** project finance group in Los Angeles on June 29, noting that two new deals had landed on her desk the previous day.

"You would expect very little impact in unlevered U.S. renewables tax equity transactions where yields and cashflows are not tied to anything in the E.U. It's not expected to affect deal flow in this sector," she said.

However, project finance bankers were less certain of the immediate impact on their markets. Most of those approached by **PFR** declined to offer their view, often saying that it was too soon to assess the impact of Brexit.

"No one can know exactly what the result's going to be and how it affects day-to-day business," said one New York-based financier.

One observer said some deals may be delayed or not get the reception they were hoping for, particularly those exposed to commodity prices or U.K.-based offtakers, such as a project bond refinancing for Freeport LNG's second liquefaction train, which has a tolling agreement with a subsidiary of **BP** (**PFR**, 6/28).

On the other hand, U.S. infrastructure assets deemed safer by investors, such as contracted renewables projects, transmission lines, pipelines and utility companies, could benefit from volatility in Europe.

"We've already seen huge interest in U.S. infrastructure. Return expectations have been driven to low levels," said **Ron Norman**, an energy markets expert at **PA Consulting**. "Suddenly the U.K. and Europe look a lot less attractive, which will further expand interest in U.S. infrastructure and drive yields down and asset values up in the U.S."

But this could spur a glut of development, leading to lower valuations in the medium term.

"If return requirements are lower for contracted renewable generation or new contracted combined-cycle gas-fired turbines, some of that investment in energy infrastructure will increase capacity, whether generation or oil and gas," says Norman. "And three, four years down the line, you'd see it have the effect of reducing commodity prices and asset values."

Meanwhile, **Keith Martin**, a **Chadbourne & Parke** partner based in Washington, D.C., was in London to assess the implications of the vote for global project finance.

Among the implications, Martin noted that European multilateral institutions may move away from using English law for financing documentation. ■

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

Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## GENERATION AUCTION &amp; SALE CALENDAR ●

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

## Generation Sale ■ DATABASE

| Seller                       | Assets   | Location  | Advisor  | Status/Comment  |
|------------------------------|--|---|--|---|
| American Electric Power      | Cardinal Unit 1 (595 MW Coal), Conesville (1.15 GW Coal), Stuart (603 MW), Zimmer (330 MW) | Jefferson, Coshocton, Brown and Clermont counties, Ohio         | Goldman Sachs  | AEP is considering selling stakes in four coal-fired facilities in Ohio (PFR, 5/9).   |
| Calpine Corp.                | South Point (550 MW Gas)   | Bullhead City, Ariz.  |  | Nevada Power and Sierra Pacific Power, both owned by Berkshire Hathaway Energy subsidiary NV Power, are buying the project from Calpine (PFR, 6/13).  |
| Engie                        | Portfolio (8.7 GW Gas, Coal)   | U.S.  |  | Dynegy, initially set to acquire 65% of the portfolio through a joint venture with Energy Capital Partners, is acquiring ECP's 35% interest in the JV (6/20).   |
| GE Energy Financial Services | Grandview (211 MW Wind)  | Carson County, Texas  |  | Blackrock has agreed to acquire GE EFS's 50% stake in the project (PFR, 6/27).  |
| Hydro-Québec                 | Centrale Hull 2 (27 MW Hydro)  | Gatineau, Québec  |  | Hydro Ottawa is acquiring the project (see story, page 7).  |
| Invenergy                    | Wake Wind (257 MW Wind)  | Floyd and Crosby counties, Texas                                |  | Southern Power is acquiring a 90% stake in the project (PFR, 6/20).   |
| KDC Solar                    | Portfolio (164 MW Solar)   | New Jersey  | Moelis & Co.   | The private equity-back developer is offloading its entire solar portfolio (PFR, 6/20).   |
| LS Power                     | West Deptford (738 MW Gas)   | West Deptford, N.J.   | Credit Suisse, Whitehall & Co. (both seller)                   | Investors have acquired equity stakes in the project (PFR, 6/27).   |
| LS Power                     | Hickory Run (1 GW Gas)   | Lawrence County, Pa.  | Citi, Morgan Stanley (both seller)                             | Tyr Energy has acquired the project, which is part of the 4.3 GW gas-fired portfolio put up for sale by LS Power in 2015 (PFR, 6/27).   |
| NRG Energy                   | California Valley Solar Rancny (250 MW)  | Santa Margarita, Calif.   |  | NRG plans to drop down its 51.05% interest in the project to its yieldco (PFR, 5/9).  |
| NRG Energy                   | Aurora (878 MW Gas), Rockford (450 MW Gas)   | Aurora and Rockford, Ill.                                       | Citigroup  | LS Power has won the assets at auction (PFR, 5/23).   |
| Panda Power Funds            | Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)                                 | Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa. | Goldman Sachs  | Panda Power Funds is selling a 2.5 GW portfolio of assets in PJM (PFR, 5/16).   |
| Quantum Utility Generation   | Quantum Pasco Power (123 MW Gas)   | Dade City, Fla.   | Merit Capital Partners (Seller)                                | Quantum is selling two peakers in Florida and Nevada (PFR, 6/6).  |
|                              | Nevada Cogeneration Associates 2 (85 MW Gas)   | Las Vegas   |  |   |
| SunEdison                    | King Pine (600 MW Wind)  | Aroostook County, Maine   | Rothschild   | Pattern Energy has agreed to acquire the project (PFR, 6/27).   |
| SunEdison                    | TerraForm Power Class B Shares (2.978 GW Renewables)                                       | U.S., U.K., Canada, Chile                                       |  | Brookfield Asset Management has approached SunEdison with a view to acquiring its controlling shares in the yield company (see story, page 1).  |
| SunEdison                    | Sunflower (104 MW Wind)  | Stark County, N.D.  |  | The bankruptcy court has approved SunEdison's sale of the Sunflower project to Novatus Holdings, a portfolio company of a JP Morgan infrastructure fund. SunEdison has withdrawn its request for permission to enter into exclusivity agreements with the same buyer with regard to the other projects (see story, page 1). |
|                              | Comanche (156 MW Solar)  | Pueblo County, Colo.  |  |   |
|                              | Buckthorn (150 MW Solar)   | Erath County, Texas   |  |   |
|                              | Rocksprings (149 MW Wind)  | Val Verde County, Texas   |  |   |
|                              | Castle Gap (116 MW Solar)  | Upton County, Texas   |  |   |
| SunEdison                    | Portfolio  | North America and South America                                 | Rothschild   | Teasers have been distributed for SunEdison's global project portfolio (PFR, 6/6).  |
| Talen Energy Corp.           | Portfolio (16 GW Gas, oil, coal, nuclear)  | U.S.  | Citi (seller), Goldman Sachs, RBC Capital Markets (both buyer) | Riverstone Holdings, a 35% stockholder in Talen, is acquiring the company and its 16 GW generation portfolio (PFR, 6/13).   |
| TerraForm Power shareholders | TerraForm Power Class A Shares (2.978 GW Renewables)                                       | U.S., U.K., Canada, Chile                                       |  | Brookfield Asset Management and its affiliates have acquired 12% of the yieldco's class B shares and options to acquire a further 13% (see story, page 1).  |
| TransCanada                  | Ironwood (778 MW Gas)  | Lebanon, Penn.  | JP Morgan  | TransCanada is selling the assets to partly finance its \$13B acquisition of Columbia Pipeline Group (PFR, 3/28).   |
|                              | Ravenswood (2,480 MW dual-fuel)  | Queens, N.Y.  |  |   |
|                              | Ocean State (560 MW Gas)   | Burrillville, R.I.  |  |   |
|                              | Kibby (132 MW Wind)  | Eustis, Maine   |  |   |
|                              | Portfolio (560 MW Hydro)   | New Hampshire, Vermont, Massachusetts                           |  | The State of Vermont is considering a bid for the hydro portfolio, which TransCanada is selling to finance its acquisition of Columbia Pipeline Group (PFR, 4/18).  |
| Veresen                      | Glen Park (32.65 MW Hydro)   | Jefferson County, N.Y.  |  | I Squared Capital is buying the project (PFR, 6/20).  |

## ● New or updated listing

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

To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail [fotios.tsarouhis@powerfinancerisk.com](mailto:fotios.tsarouhis@powerfinancerisk.com)

## PROJECT FINANCE

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

### Live Deals: Americas

| Sponsor                                 | Project  | Location   | Lead(s)   | Loan               | Loan Amount  | Tenor   | Notes   |
|---|--|--|---|--------------------|--------------|---------|---|
| Ares-EIF, Oaktree Capital               | Linden (943 MW Gas)  | Linden, N.J.   | Morgan Stanley, MUFG, Barclays, Investec, GE Energy Financial Services, ICBC                    | Debt               | \$1.125B     | 7-yr    | The financing package consists of a \$1 billion senior secured loan, and a \$125 million senior secured loan (PFR, 6/20).   |
| Advanced Power                          | Cricket Valley (1 GW Gas)  | Dover, N.Y.  | GE Energy Financial Services, BNP Paribas, Crédit Agricole, ICBC, Bank of America Merrill Lynch | Debt               | TBA          | TBA     | Arrangers of the debt financing are meeting with other financial institutions about backing the deal (PFR, 6/20).   |
| EDP Renewables                          | Eólica de Coahuila (200 MW Wind)   | Coahuila, Mexico   | NADB, commercial banks  | Loan               | TBA          | TBA     | EDP Renewables closed the debt financing for the project, which has an offtake agreement with mining company Industrias Peñoles, in mid-June (see story, page 6). |
| D.E. Shaw                               | North Star (100 MW AC Solar)   | Chisago County, Minn.  | Bank of America Merrill Lynch   | Tax Equity         |              |         | BAML is buying the tax equity associated with the project (see story, page 5).  |
| E.ON Climate & Renewables North America | Colbeck's Corner (200 MW Wind)   | Carson and Gray counties, Texas                                  | Allianz Capital Partners, State Street  | Tax Equity         | TBA          |         | The Allianz subsidiary and State Street have agreed to take tax equity stakes in the project (PFR, 5/31).   |
| Freeport LNG                            | Freeport LNG Train 2 (4.64M mtpa)  | Quinatana Island, Texas  | TBA   | Project Bond       | TBA          | 22-year | Freeport LNG is roadshowing a project bond to refinance the debt associated with train two (see story, page 1).   |
| Invenergy                               | Lackawanna (1.5 GW Gas)  | Jessup, Pa.  |   | Equity, Debt       |              |         | Invenergy has hired Lazard to raise equity for the project (PFR, 6/13).   |
| Mainstream Renewable Power              | Sarco (170 MW Wind), Aurora (129 MW Wind)  | Atacama region, Chile; Los Lagos region, Chile                   | SMBC, MUFG  | Debt               | \$450M       | 17-yr   | The sponsor is in the late stages of negotiations (PFR, 6/20).  |
| NextEra                                 | River Bend (75 MW Solar)   | Lauderdale, Ala.   | JPM Capital Corp.   | Tax Equity         |              |         | The J.P. Morgan vehicle is taking tax equity in the 260 MW portfolio (see story, page 5).   |
|   | Chaves (70 MW Solar)   | Chaves County, N.M.  |   |                    |              |         |   |
|   | Marshall (62.25 MW Solar)  | Lyon County, Minn.   |   |                    |              |         |   |
|   | Live Oak (51 MW Solar)   | Candler County, Ga.  |   |                    |              |         |   |
| NextDecade                              | Rio Grande (27 mtpa LNG), Rio Bravo (137-mile pipeline)  | Brownsville, Texas   | Sumitomo Mitsui Banking Corp.   | Debt               | TBA          |         | NextDecade has requested permission to build the \$20 billion project (PFR, 5/16).  |
|   |  |  | TBA   | Equity             | TBA          |         |   |
| NRG Energy                              | Portfolio (100 MW Community Solar)   | U.S.   |   | TBD                | \$80M        |         | NRG is looking to raise \$80 million to finance a 100 MW portfolio of development projects (PFR, 5/9).  |
| NRG Energy                              | Carlsbad Energy Center (632 MW Gas)  | Carlsbad, Calif.   | TBA   | Debt               | \$650-\$850M | TBA     | Banks are competing to arrange financing for the Princeton, N.J.-based energy company (PFR, 4/18).  |
| NTE Energy                              | Killingly Energy Center (500 MW Gas), Reidsville Energy Center (500 MW Gas), Pickaway Energy Center (1 GW Gas) | Killingly, Conn.; Rockingham County, N.C.; Pickaway County, Ohio | TBA   | Debt               | \$2B         |         | NTE is planning to raise \$2 billion to finance the three projects (PFR, 4/25).   |
| Panda Power Funds                       | Mattawoman (850 MW Gas)  | Brandywine, Md.  | TBA   | Debt               |              | TBA     | The sponsor plans to seal financing in mid-2016 (PFR 2/1).  |
| Quantum Utility Generation              | Moundsville (549 MW Gas)   | Marshall County, W. Va.  | TBA   | Debt               | \$500M       | TBA     | Quantum, which has approached prospective arrangers to finance the project, has mandated BNP Paribas to sell a stake in the project (PFR, 6/6).                   |
| SunPower                                | El Pelicano (100 MW AC Solar)  | Coquimbo and Atacama regions, Chile                              | MUFG, Korea Development Bank, Banco BCI   | Debt               |              |         | Crédit Agricole is advising SunPower, with MUFG and Korea Development Bank taking tickets in the senior loan, and Banco BCI providing a VAT facility (PFR, 6/13). |
| SunPower                                | Residential Solar Portfolio  | San Jose, Calif.   | Credit Suisse   | Warehouse Facility | \$60M        |         | SunPower is preparing for the company's inaugural asset-backed securitization of a portfolio of resi solar leases (PFR, 5/2).                                     |
| Valhalla                                | Cielos de Tarapacá (600 MW Solar)  | Tarapacá Region, Chile   | Not officially mandated   | Equity             |              |         | Valhalla is in talks with Marathon Capital to arrange financing for the project (PFR, 6/27).  |
|   | Espejo de Tarapacá (300 MW Hydro)  |  |   |                    |              |         |   |
| Vivint                                  | Portfolio  | U.S.   | Investec  | Debt               | \$300M       |         | Investec is arranging the \$300 million loan for Vivint (PFR, 6/20).  |

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## PROJECT FINANCE ●

## Freeport LNG Markets Project Bond Refi

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report is based on the liquefaction train having a total debt of \$3.955 billion.

Freeport originally raised \$11 billion in debt and equity to back trains one and two of the facility in late 2014, including a \$4.025 billion seven-year mini-perm loan for train two (PFR, 12/1/14).

**Credit Suisse** was the arranger on the loan for the second train, which attracted the participation of a further 24 banks and

insurance company **Metlife**.

**IFM Investors** paid \$1.3 billion for an equity stake in train two as part of the financing package.

**Macquarie Capital** advised Freeport on the deal for trains one and two as well as a subsequent \$4.56 billion senior and mezzanine debt package backing the third LNG train, which closed in April last year (PFR, 4/28/15).

The bookrunner on the project bond

offering could not immediately be identified. Officials at Freeport were not available for comment.

Construction is underway on all three liquefaction trains, each of which have a capacity of 4.64 million mtpa. Trains one and two are expected to begin operations in September 2018 and February 2019, respectively, with train three coming online in August 2019. Freeport is seeking regulatory approval for a fourth train. ■

## J.P. Morgan to Take Tax Equity in NextEra Solar Portfolio

J.P. Morgan is investing tax equity in an almost 260 MW **NextEra Energy Resources** solar portfolio spread across four U.S. states.

The transaction will involve the bank acquiring the class B interests in the portfolio through its tax equity vehicle, **JPM Capital Corp.**, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

The portfolio comprises:

- The 75 MW River Bend project in Lauderdale, Ala., which has a long-term power purchase agreement with the **Tennessee**

**Valley Authority**,

- the 70 MW Chaves project in Chaves County, N.M., which has a PPA with the **Southwestern Public Service Co.**

- the 62.25 MW Marshall project in Lyon County, Minn., which has a PPA with the **Northern States Power Company**, and

- the 51 MW Live Oak project in Candler County, Ga., which has a PPA with **Georgia Power**.

A spokesperson for J.P. Morgan in New York declined to comment. Representatives of NextEra in Juno Beach, Fla., did not respond to inquiries. ■

## BAML to Buy Tax Equity in D. E. Shaw Solar Project

**Bank of America Merrill Lynch** is taking tax equity in a **D. E. Shaw Renewable Investments**-owned solar project in Minnesota.

The 100 MW (AC) North Star facility in Chisago County, Minn., has a long-term power purchase agreement with **Northern States Power** that expires in 2042, according to paperwork filed with the U.S. **Federal Energy Regulatory**

**Commission** to request permission for the tax equity deal.

**Community Energy Solar** is developing the project.

D. E. Shaw recently closed a tax equity deal for another solar project. **Citigroup and State Street** acquired tax equity in the 155 MW Springbok 2 solar project Kern County, Calif., earlier this month (PFR, 6/20).

The investment manager also recently partnered with **Bright Plain Energy** to acquire the 20 MW Portal Ridge solar project in Los Angeles County, Calif., from **First Solar** (PFR, 6/21).

Representatives of D.E. Shaw and BAML in New York were not immediately available for comment on the North Star deal. ■

## STRATEGIES ●

## Jamaica to Issue RFP for Renewables

The government of Jamaica has unveiled plans to add 150 MW to the country's grid, saying it will issue two requests for proposals later this year.

Two separate requests, for 100 MW of renewable generation and 50 MW of waste-to-energy generation respectively, will be issued as soon as the government closes a pending deal with **Eight Rivers Energy**

**Company**.

Jamaica's **Office of Utilities Regulation** chose Eight Rivers to construct, own and operate a 22 MW solar project in Negril, Westmoreland, earlier this year. A final closing date for the power purchase agreement between the government and Eight Rivers could not immediately be learned, but the contract is expected to feed power

into the grid for 8.5 cents/kWh.

Also under construction in the Caribbean island nation are a 20 MW solar project being built by **WRB Enterprises** in Clarendon Parish, and a 36 MW wind project being built by **BMR Energy** in St. Elizabeth Parish.

BMR closed financing for the wind project earlier this year, securing a \$62.7 million package that consists of a \$42.7 million

senior loan from the **Overseas Private Investment Corporation**, and two senior loans totaling \$20 million from **International Finance Corporation**, including \$10 million under the IFC-Canada Climate Change Program.

WRB Enterprises secured a \$62 million OPIC financing for the construction of its solar project in June of last year. ■



## ● MEXICO POWER FINANCE & INVESTMENT SUMMIT

# Viability of Contracted Projects Discussed

« FROM PAGE 1

**Raquel Bierzwinsky.**

“There are companies that won in the tender that are out there now looking for land near the substation where they want to put the project,” said **Benigno Villarreal Del Río**, ceo of **Vive Energía**.

Some conference attendees said privately that they thought comments about the viability of contracted projects from “disgruntled” developers that lost out in the auction should be taken with a pinch of salt.

But **Vive Energía**, together with its partner **Envision Energy**, was one of the winners in the auction, obtaining a 15-year power purchase agreement with the Mexican **Federal Electricity Commission** for a 90 MW wind project in Yucatán, **Energía Renovable de la Península**.

“We’ve been developing the project for three years. We just obtained the archeological permit, and that took us a little over

two years, so development takes time and some companies have shown little respect for the time it takes,” said Villarreal, without naming the companies.

**Vive Energía** and **Envision** are in advanced talks with lenders to arrange financing for the **Energía Renovable de la Península** project, he told *PFR* on the sidelines of the conference, before adding that the joint venture was also considering funding the construction of the project on balance sheet and putting debt financing in place once it is complete.

The sponsors bid 85 MW of the project’s output in the auction, leaving 5 MW to be sold spot, Villarreal told the conference during the panel discussion, adding that he would have liked a larger portion of the project to be merchant, but was restricted to 5 MW by financing considerations.

Besides not being shovel-ready, bankers have pointed to the aggressive nature of the

bids placed by some sponsors as a possible reason why project finance mandates have so far not materialized. The low PPA prices mean that projects may not be able to raise as much debt as they otherwise would, said one banker earlier this month (*PFR*, 6/15).

**Andreu Saladié**, country manager for Mexico at Spanish renewables developer **OPDE**, told *PFR* that, while projects could normally expect to be financed 75% with debt and 25% with equity, projects with PPAs priced at the levels seen in the auction would probably have a less debt-heavy capital structure, with perhaps 60% of the capital raised in the bank market.

But he said he thought all the projects with contracts probably would get done. “These are serious players,” he said of the sponsors that had won PPAs, “but they need to get permits.” The difficulty of obtaining environmental permits was particularly high in Yucatán, he added. ■

## EDPR Secures Loans for Grandfathered Project

**EDP Renewables** has closed debt financing for its 200 MW **Eólica de Coahuila** wind project in Mexico.

The project has an offtake agreement with mining company **Industrias Peñoles**. The electricity supply agreement is denominated in dollars and has a 25-year term.

EDP obtained the contract in 2014, before Mexico’s recent energy reforms. Under grandfathering rules, sponsors must secure all financing for a project and disburse 30% of the expected total investment by the end of this year for the project to be governed by the prior law.

Commercial and development banks provided the loan package for the **Eólica de Coahuila** project, which was structured with the development banks providing longer-term debt than the commercial banks.

The precise structure, tenor and size of the loans could not immediately be learned. The deal closed about two weeks ago.

The **North American Development Bank** was one of the participants in the deal, **Esaúl Ramírez**, analysis and structuring officer in the bank’s project finance department, confirmed on the sidelines of the **Infocast Mexico Power Finance & Investment Summit** in New York on June 30.

While much of the discussion at the conference centered on projects that had won contracts under the new law in an auction earlier this year, there are still some projects with the old-style contracts looking for debt, said Ramírez, adding that the NADB was working on some of them. ■

## Banks Eye “Creative” Structures for Mexico Merchant Risk

Financiers at commercial and multilateral banks discussed how debt financings might be structured for projects that have obtained aggressively priced power purchase agreements in auctions under Mexico’s new market rules at the **Infocast Mexico Power Finance & Investment Summit** in New York on June 30.

“For the financial community, the challenges are a combination of the low prices, and the resultant expectation to finance the projects with value given to merchant revenues,” said **Stephan Diaz Ellinghaus**, director of structured finance origination at **NordLB**. “That’s the dance going on right now between equity and debt: Who will pick that up?”

Given the lack of historic pricing information in Mexico’s energy market, it will be difficult for

commercial banks to pick up “anything other than a sliver” of merchant cash flows for the time being, he added.

“Creative structures” could be used to allow credit to be given to merchant cash flows, he said, adding that commercial banks were likely to be able to offer mini-perm loans. Deal watchers have previously suggested that commercial banks could provide 15-year loans to match the length of the PPA.

Development banks could step in to pick up the merchant risk, suggested **Esaúl Ramírez**, analysis and structuring officer at the **North American Development Bank**.

“We’re willing to take a little bit of measured merchant risk on the tail end and provide longer tenors in an accommodating structure to complement other sources of liquidity,” he said. ■

## MERGERS &amp; ACQUISITIONS ●

## SunEdison Drops Exclusivity Request for Texas Project Duo

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enter into exclusivity agreements relating to the sale of the 150 MW Buckthorn project and the 116 MW Castle Gap project on May 20.

The company had also asked to enter into exclusivity with Novatus regarding the 149 MW Rocksprings wind project in Val Verde County, Texas, but removed the project from the proposed agreement in response to an objection, SunEdison's council, **James Mazza**, a partner at **Skadden**, told the bankruptcy court on June 2.

In the original motion, SunE-

dison also asked the bankruptcy court to approve the sale of the development-stage 104 MW Sunflower wind project in North Dakota to Novatus without an auction, citing the urgency of reaching financial close on the project to ensure it meets its power purchase agreement expiry date (PFR, 5/25).

**Basin Electric Power Cooperative**, a rural utility company, signed a PPA for the output of the Sunflower project on Nov. 5, 2013, according to court documents.

The net proceeds for SunEdison of the sale of the Sunflower project

are expected to be about \$17.3 million, substantially less than the \$23 million suggested in the original motion. The drop in expected proceeds is "a testament to the declining nature of the value of this project," Mazza told the court.

The bankruptcy court approved the sale of the Sunflower project to Novatus in an order dated June 2, but did not grant Novatus exclusive rights to the Castle Gap project or the Buckthorn project, adjourning that portion of the motion to a second hearing on June 7.

SunEdison withdrew its application to enter into an exclusivity agreement with Novatus regarding the Castle Gap and Buckthorn projects on June 21. ■

## TerraForm Power Stock Jumps as Brookfield Takes Stake

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stock, according to paperwork filed with the U.S. **Securities and Exchange Commission** on June 29.

The majority of the shares are held in Brookfield Infrastructure Fund III, which is 30% owned by **Brookfield Renewable**.

The **SunEdison** yieldco, which launched its initial public offering in 2014 (PFR, 7/14/14), saw its share price rise by 17.8% following the disclosure, shooting from \$8.78 to \$10.34 by close on June 29.

In addition to the class A purchase, Brookfield has entered into swap agreements to potentially buy upwards of 11.5 million additional shares, and is also entertaining the possibility of purchasing SunEdison's class B controlling shares in TerraForm Power.

Brookfield has contacted representatives of TerraForm and SunEdison regarding such a deal and has made private proposals for an acquisition to SunEdison. The asset manager has disclosed that "No specific proposal... is currently pending", but has not ruled out a future bid.

"Brookfield Renewable and its partners have historically been successful at taking a contrarian approach with respect to investing in complex and/or distressed assets at attractive valuations," writes **Nelson Ng**, an equities analyst at **RBC Capital Markets**, in a research note.

A spokesperson for Brookfield in New York declined to comment. Representatives of TerraForm Power in Bethesda, Md., did not respond to inquiries. ■

## Hydro Ottawa to Buy Québec Facility

**Hydro Ottawa** is acquiring the 27 MW Centrale Hull 2 hydro project on the Gatineau, Québec, side of the Chaudière Falls.

The acquisition, from **Hydro-Québec**, is part of a deal that includes a 33% stake in the

Ottawa River ring dam, which diverts water to the river's hydro facilities.

Following the deal, which is expected to close in the third quarter, Hydro Ottawa will fully own the ring dam and all seven

hydro facilities on both the Québec and Ontario sides of the river.

The buyer is negotiating with the **Independent Electricity System Operator** for a power purchase agreement to sell the project's output to the province of Ontario. ■

## PEOPLE &amp; FIRMS ●

## Nautilus Hires New COO as Part of Expansion

Distributed solar shop **Nautilus Solar Energy** has hired **Jeffrey Cheng**, a longtime solar industry player with a background in banking, to be its chief operating officer.

Cheng joins from the Summit, N.J.-based solar panel manufacturer **Stion Corporation**, where he formed and led the company's development arm, **Stion Energy Services**.

Prior to joining Stion, Cheng served as m.d. for project finance at solar developer **Regenesis Power**, and before that he was a senior technology investment banker at **Piper Jaffray**.

Cheng is the latest prominent hire Nautilus, which is expand-

ing its team. Earlier this year, the company hired former **KDC Solar** director of operations **Scott Greenberg** to be v.p. of operations and former **Amberjack Solar** director of business development **Steve Littlewood** as director of business development for the Northeast U.S.

Cheng joins Nautilus at a time when the company is seeking to expand its portfolio and its geographical reach.

"We have a very strong focus in the Northeast historically, obviously New Jersey, Massachusetts, down the Mid-Atlantic," in addition to a large concentration of assets in Canada, says Cheng,

adding that Nautilus is looking to expand in California, New Mexico and Arizona.

"That's going to be a strong part of my focus: to actually help expand the platform from its traditional Northeast stronghold to really more of a nationwide platform," he says. Policies like renewable energy credits factor into acquisition decisions, he adds.

Beyond the U.S., Nautilus is exploring opportunities in Latin America and the Caribbean. "We're certainly seeing some interesting opportunities for acquisitions in the Caribbean right now and we've started to look into Central America," he says. ■

## ● PEOPLE &amp; FIRMS

## SunEdison Brings in Workout Expert as CFO

SunEdison has hired **Philip Gund**, a senior m.d. at specialist advisory firm **Ankura Consulting Group** who has handled multiple restructurings, to be its cfo after **Ilan Daskal** resigned as the company's cfo designee.

Daskal, the former **International Rectifier** cfo who joined SunEdison in April (PFR, 3/4), resigned on June 27, according to a filing with the U.S. **Securities and Exchange Commission**. The company appointed Gund the next day.

Ankura Consulting Group will charge

SunEdison \$125,000 a month for Gund's services, according to the filing, which notes that he has worked with "troubled companies" for 26 years.

Gund's appointment follows the resignation of **Ahmad Chatila** as ceo of SunEdison last week. **John Dubel**, who is serving as the company's chief restructuring officer, assumed the role of ceo on June 22 (PFR, 6/23).

The Maryland Heights, Mo.-based renewables developer filed for Chapter 11 protection in April (PFR, 4/21). ■

## Crédit Agricole Hires Structured Finance Adviser

Crédit Agricole has hired a former corporate finance executive at a public utility as managing director in its structured finance advisory group in New York.

In his new role, **Gerard Vincitore** leads the bank's North American power and utilities advisory activities. He reports to **Jay Viswanadha**, head of structured finance advisory in the Americas.

"With Jerry's appointment, we will expand into advising on debt and equi-

ty capital raising and other strategic advisory services in [the power and utilities] sector in North America," said Viswanadha in a statement.

Vincitore has a background in engineering, having worked as a process engineer at industrial equipment manufacturer **ABB Lummus Global** from 1998 to 2002, before spending two years at the **New York Power Authority** as a senior investment analyst and



Gerard Vincitore

portfolio manager.

After working for a further two years as an associate in **Natixis'** project finance team, he returned to the New York Power Authority in 2009, rising from director of financial projects to senior v.p., corporate finance. ■

## Structured Finance Banker Exits Deutsche

A director of infrastructure and energy structured finance has left **Deutsche Bank**.

**Vanessa Lamort de Gail** left in March after six years at Deutsche Bank's New York office, and is not registered as a broker with any firm, according to the **Financial Industry Regulatory Authority's** broker check.

Lamort de Gail joined Deutsche Bank's infrastructure and energy team in January 2010 after working for four years in energy and project finance at **Société Générale**.

Where she has gone since leaving Deutsche Bank could not immediately be learned.

A spokesperson for Deutsche Bank declined to



Vanessa Lamort de Gail

comment. Lamort de Gail could not be reached. ■

## ● ALTERNATING CURRENT

## Solar Shop Challenges Presidential Candidates



1600 Panel-vania Avenue Photo: Sungevity

Residential solar company **Sungevity** has intervened in the 2016 presidential campaign by challenging the candidates to a race to install solar panels on their homes.

The company has extended the challenge to presumptive Democratic nominee **Hillary Clinton** and presumptive Republican nominee **Donald Trump**, as well as Democratic primary candidate **Bernie Sanders** and Libertarian nominee **Gary Johnson**.

Trump is unlikely to be the first to rise to the occasion, having described renewable energy as "an expensive way of making the tree-huggers feel good about themselves".

Sungevity isn't new to the presidential panels game. In 2014 President **Barack Obama** fulfilled a promise to install a new rooftop solar system at the White House. Sungevity had lobbied for the move with its petition drive, dubbed the "Globama Campaign".

But the story of solar at the White House stretches much further back than that. President **Jimmy Carter** installed the first White House solar panels in 1979. Those panels, used to heat water, were removed while the executive mansion was undergoing roof repairs in 1986, during **Ronald Reagan's** presidency. ■

## ● QUOTE OF THE WEEK

**"It's had zero immediate impact on my U.S. renewables tax equity deals,"**

**Karen Wong**, partner at **Milbank**, on the effect of Brexit on U.S. deals (see The Buzz, page 2).