

# Power Finance & Risk

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

By the publisher of GlobalCapital

## ● THE BUZZ

## ● PROJECT FINANCE

## ● MERGERS &amp; ACQUISITIONS

## The Yield Company Bounce Back?

M&A activity hots up with **SunEdison** sales and yieldco purchases, while the project finance market faces a summer slowdown. [Page 2](#)

## Invenergy Seals Canadian Financing

Two Canadian lenders have provided debt financing for **Invenergy's** fifth wind project in Québec. [Page 5](#)

## Southern Acquisition Spree Continues

**Southern Company** subsidiary **Southern Power** has bought its third solar project in Texas in the last 12 months. [Page 7](#)

# SunEdison Lines Up Buyers for California Solar Project Rights

Fotios Tsarouhis

**S**unEdison is seeking to dispose of more than 400 MW of development-stage solar assets in California, according to recent filings with the **U.S. Bankruptcy Court for the Southern District of New York**.

The Maryland Heights, Mo.-based developer, which filed for Chapter 11 protection in April (PFR, 4/21), has requested permission to sell the projects to **8minutenergy Renewables** and **D. E. Shaw** in two separate filings [PAGE 7 »](#)

### Proposed SunEdison Project Sales

Project Name	Size	Type	Location	Purchaser
Parque Olmué	145 MW	Solar	Chile	Colbún
Parque Santa Sofia	57 MW	Solar	Chile	Colbún
Sunflower	104 MW	Wind	North Dakota	Novatus Management (JP Morgan)
Comanche	156 MW	Solar	Colorado	Novatus Management (JP Morgan)
Buckthorn	150 MW	Solar	Texas	Novatus Management (JP Morgan)
Rocksprings	149 MW	Solar	Texas	Novatus Management (JP Morgan)
Castle Gap	116 MW	Solar	Texas	Novatus Management (JP Morgan)
King Pine	600 MW	Wind	Maine	Pattern Energy
Mount Signal 2	201 MW	Solar	California	8minutenergy Renewables, D. E. Shaw
Mount Signal 3	245 MW	Solar	California	8minutenergy Renewables, D. E. Shaw

Source: PFR data

## Carlyle-backed Generator to Unwind Lease Agreements

Fotios Tsarouhis

**Southeast PowerGen**, which is majority-owned by funds of **The Carlyle Group**, is seeking to unwind lease agreements it has with local authorities for two gas-fired projects in Georgia and instead directly own the facilities.

The company has requested permission from the U.S. **Federal Energy Regulatory Commission** to wholly acquire the ownership rights to the 796 MW gas-fired Washington facility in Linton, Washington County, and the 597 MW Effingham gas-fired project in Rincon, Effingham County.

Under the terms of the deal, Southeast PowerGen's leases for the facilities would be voided and it would acquire the Washington facility from the **Development Authority of Washington County**, and the Effingham project from **Effingham County Industrial Authority**.

Units one and four of the Washington proj- [PAGE 7 »](#)

## Chilean Utility, U.S. Pipeline Co. Eye Post-Brexit Bond Market

Richard Metcalf

The U.S. corporate bond market appears to be receptive to utility and mid-stream energy names that are lining up deals, after a quiet period triggered by the

U.K.'s decision to leave the European Union.

The result of the June 23 referendum, which was narrowly in favor of leaving the E.U., sent shockwaves through global markets and pushed spreads wider, even for U.S. investment grade corporate borrowers, who shied away from issuing bonds for several days.

**Molson Coors**, the Denver-based brewer, was the first to issue a post-Brexit corporate bond on June 28, with a \$5.3 billion four-tranche deal as part of the financing of its takeover of **MillerCoors**, and was rewarded for its bravery with a [PAGE 8 »](#)



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## ● THE BUZZ

# The Buzz: Buyers Begin to Emerge in SunEdison 'Fire Sale'

SunEdison is continuing what many deal watchers are describing as a "fire sale" of its assets, in an auction run by adviser **Rothschild**.

The list of assets for sale, which range from shovel-ready projects to land leases, was made available to potential bidders via a password-protected website. Interested parties were required to sign a non-disclosure agreement to access the list. Bids were due by June 20.

The potential buyers to have emerged so far are a portfolio company of a **JP Morgan** infrastructure fund, **Pattern Energy**, **8minutenergy** and **D.E. Shaw** (see story, page 1, PFR, 5/25, PFR, 6/20). All pending sale agreements must be approved by the **U.S. Bankruptcy Court for the Southern District of New York**.

### SUMMER SLOWDOWN

Meanwhile, the project finance market has quietened down and multiple forthcoming gas-fired deals are likely to be held until after the summer slowdown, say bankers. **Invenergy**, **Panda Power Funds** and **Advanced Power** all have large-scale greenfield projects in their pipeline to finance (PFR, 1/26).

In renewables, the big sponsors continue to seal deals while the smaller shops have seen a reduction of activity in their development

pipelines. "I'm expecting an end of year rush," says one banker, noting the 20% production tax credit step-down beginning on Dec. 31. With the SunEdison bankruptcy and a wider downturn in yield company activity, developers who build to sell are facing much lower valuations than last year.

### THE YELDCO STRIKES BACK?

However, yieldco activity appears to be making a cautious return, supported by a recovery in share prices, with Pattern Energy announcing its first dropdown acquisition since last summer and **NextEra Energy Partners** completing the dropdown of two wind projects (see stories, page 6).

NEP is one of the few yieldcos that has continued to acquire projects from its parent, albeit at a slower pace, during the last 12 months. In February it successfully tapped the equity market to fund such a deal (PFR, 2/25).

"For Pattern I think it's finally starting again," said one deal watcher. "You've seen the rise in the share price, investor confidence is picking up and they can finally grow again."

But the timing of PEG's return to the equity market remains uncertain, with another deal watcher noting that its shares are still nowhere near where the company would want them to be priced. ■

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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), Consesville (1.15 GW Coal), Stuart (603 MW Coal), Zimmer (330 MW Coal)	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 NV Power, are buying the project from Calpine (PFR, 6/13).
● Development Authority of Washington County	Washington (796 MW Gas)	Linton, Ga.		Carlyle and Southeast PowerGen are nixing lease agreements for the projects (see story, page 1).
● EDF Renewable Energy	Slate Creek (150 MW Wind)	Sumner and Cowley counties, Kan.		Axiom Infrastructure and Industrial Alliance Insurance and Financial Services are acquiring a stake in the project (see story, page 5).
● Effingham County Industrial Authority	Effingham (597 MW Gas)	Rincon, Ga.		Carlyle and Southeast PowerGen are nixing lease agreements for the projects (see story, page 1).
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).
● Eugene Water & Electric Board	Smith Creek (37.8 MW Hydro)	Boundary Country, Idaho		A group of three individual investors have closed their acquisition of the project (PFR, 2/8)
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 (PFR, 7/5).
Invenery	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).
● NextEra Energy Resources	Cedar Bluff (199 MW Wind)	Ellis, Ness, Rush and Trego counties, Kan.		NextEra is dropping the project down into NextEra Energy Partners (see story, page 6).
	Golden Hills (86 MW Wind)	Alameda County, Calif.		
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	Passadumkeag (43 MW Wind)	Penobscot County, Maine		Quantum has closed the sale of the project to Southern Power (see story, page 7).
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		
● Pattern Development	Broadview (324 MW Wind)	Curry County, N.M.		Pattern Development is dropping the project into Pattern Energy (see story, page 6).
● RES Americas	Lamesa (102 MW Solar)	Dawson County, Texas		Southern Power has closed its acquisition of the project from RES Americas (see story, page 7).
● SunEdison	Mount Signal 2 (201 MW Solar)	Imperial County, Calif.	Rothschild	Mount Signal 2 and Mount Signal 3 are being acquired by affiliates of 8minutenergy and D. E. Shaw (see story, page 1).
	Mount Signal 3 (245 MW Solar)			
	King Pine (600 MW Wind)	Aroostook County, Maine		Pattern Energy has agreed to acquire the project (PFR, 6/27).
● SunPower	Henrietta (102 MW Solar)	Kings County, Calif.		Southern Power has closed its purchase of a 51% stake in the project (see story, page 7).
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 Managements and affiliates have acquired 12% of the yieldco's class B shares and options to acquire a further 13% (PFR, 7/5).
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 (PFR, 4/18).

### ● 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 (PFR, 7/5).
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)	Quintana Island, Texas	TBA	Project Bond	TBA	22-year	Freeport LNG is roadshowing a project bond to refinance the debt associated with train 2 (PFR, 7/5).
Invenergy	Lackawanna (1.5 GW Gas)	Jessup, Pa.		Equity, Debt			Invenergy has hired Lazard to raise equity for the project (PFR, 6/13).
Invenergy	Roncevaux (75 MW Wind)	Québec	National Bank Financial Markets, Sun Life Assurance Company of Canada	Debt			Lenders have closed financing for the project (see story, page 5).
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 Energy	White Pine (101.3 MW Solar)	Taylor County, Ga.		Tax Equity			JPM Capital Corp., JP Morgan's tax equity vehicle, has invested in the tax equity associated with the projects (PFR, 4/15).
	White Oak (76.5 MW Solar)	Burke County, Ga.					
NextEra Energy	Portfolio (258.25 MW Solar)	U.S.	JPM Capital Corp.	Tax Equity			The JP Morgan vehicle is taking tax equity in the 260 MW portfolio (PFR, 7/5).
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).
Sowitec	Vientos de Pastoral (53 MW Wind)	Villa Pastora, Flores department, Uruguay	Deutsche Bank, Intensa Sanpaolo	Bridge Loan	\$92M		The sponsor plans to take out the bridge loan with a local project bond (see story, page 5).
			Bow Power	Equity	\$40M		
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 ●

## Invenergy Closes Financing for Canadian Wind Project

Two Canadian lenders have closed project financing for a 75 MW Invenergy wind project in Québec, Canada.

**National Bank Financial Markets** and **Sun Life Assurance Company of Canada** were joint lead arrangers and lenders for the deal backing the Roncevaux wind farm in the Ruisseau-Ferguson unorganized territory in the regional county municipality of Avignon.

The project, which will utilise

34 **General Electric** turbines, is slated to be operational in December.

The facility is a collaboration between Invenergy, the **Régie intermunicipale de l'énergie Gaspésie-Îles-de-la-Madeleine** and **Énergie Éolienne Bas-Saint-Laurent**.

**Hydro-Québec Distribution** has a 25-year power purchase agreement with the project. The PPA was awarded following a request for proposals process

which saw **EDF EN Canada**, **RES Canada** and **Pattern** all win contracts (PFR, 4/23/15).

The size and structure of the debt financing for the Roncevaux project could not be immediately established. Representatives for Invenergy, National Bank and Sun Life either declined to comment or did not respond to inquiries.

Once operational, the Roncevaux project will be one of five Invenergy wind facilities in Québec, the other four being the Le Plateau 1,

Le Plateau 2, Des Moulins I and Des Moulins II projects.

**Invenergy** recently sold a 90.1% stake in the 257 MW Wake wind project in Floyd and Crosby counties, Texas, to **Southern Power**, a subsidiary of **Southern Company** (PFR, 6/15).

The Chicago-based sponsor is currently financing the 1.5 GW Lackawanna combined-cycle gas-fired project in Jessup, Pa. **Lazard** has been hired to raise equity for the \$900 million project. ■

## Sponsor Plans Project Bond for Uruguay Wind Facility

A sponsor is planning to launch a local project bond for a wind facility in Uruguay once it comes online next year, to take out commercial bank debt that was put in place in February.

German developer **Sowittec** closed the initial financing for the 53 MW Vientos de Pastoral project in Villa Pastora, Flores department, on Feb. 23, with a \$92 million project finance bridge loan provided by **Deutsche**

**Bank** and **Intensa Sanpaolo**, and a roughly \$40 million equity commitment from **Bow Power**.

The equity investment gives Bow Power, a joint venture between **Global Infrastructure Partners** and Spanish engineering and construction firm **ACS**, a 90% stake in the project.

"There is appetite in Uruguay from local investors" for renewables deals such as project bonds, says **Sebastián Ramos**,

senior associate at Montevideo, Uruguay-based law firm Ferrere, which advised Sowittec on the project financing. **Chadbourne & Parke** advised Deutsche Bank.

Local institutional and retail investors have already taken equity in renewables projects in deals structured by state-owned utility **Usinas y Trasmisiones Eléctricas**, Ramos adds.

The Vientos de Pastoral project has a 20-year power purchase

agreement with UTE for 49.9 MW of its output, priced at \$63.50/MWh. The project is scheduled to be operational by mid-2017.

Sowittec is considering increasing the capacity of the project to 150 MW and selling the additional generation in the wholesale market, according to an article written by **Rosa Tarragó**, the developer's head of structured finance, for *Windtech International*. ■

## MERGERS &amp; ACQUISITIONS ●

## Canadian Investors Pick Up Wind Project Stake

A Canadian infrastructure fund and an insurance and financial services company are together buying a 50% stake in an **EDF Renewable Energy** wind project.

Wholly-owned subsidiaries of **Axiom Infrastructure** and **Industrial Alliance Insurance and Financial Services** are acquiring an interest in the 150 MW Slate Creek wind project in Sumner and Cowley Counties, Kan., according to a filing with the U.S. **Federal Energy Regulatory Commission**.

**AxInfra US** and **IA American Holdings** are taking 76.8% and 23.2% stakes, respectively, in a project level company called **Axiom**

**Slate Creek**, which will in turn own a 50% class B membership interest in the project, according to the filing, dated June 29.

**Kansas City Power & Light Co.** has a power purchase agreement with the Slate Creek project. **Bankers Commercial Corporation** and **Citizens Asset Finance** are tax equity investors in the facility.

The Slate Creek project is interconnected to a **Westar Energy**-owned transmission line, which is operated by the **Southwest Power Pool**. EDF RE will continue to manage the daily operations of the wind facility.

In January, an Axiom-led consortium, whose other members are **John Hancock**

**Life Insurance Co** and **Swiss Life Asset Managers**, announced that it had agreed to purchase an interest in seven wind farms totaling more than 1 GW from EDF RE. **Santander** and **Prudential** provided acquisition financing.

During the same month, Axiom purchased a 49% stake in the 100 MW Arbuckle Mountain wind project in Oklahoma from **EDP Renewables North America** (PFR, 1/21).

The purchase price for the 50% stake in the Slate Creek project could not be immediately established. Spokespeople for EDF RE and Axiom did not respond to requests for comment. ■



## ● MERGERS & ACQUISITIONS

# Pattern Resumes Yieldco Dropdowns after Lull

**Pattern Energy** has agreed to acquire the 324 MW Broadview wind project in Curry County, N.M., from **Pattern Development**, marking the yield company's first dropdown acquisition since August.

Pattern Energy (PEGI) will pay its parent company \$269 million for the project and a 99% stake in an associated transmission line when the project comes online, under a purchase and sale agreement signed on June 30.

The yield company will finance its acquisition with available liquidity and back-levered project finance loans it has obtained. The credit facilities total up to \$160 million and have maturities of between five and 10 years.

**KeyBanc, Morgan Stanley, Société Générale** and **Rabobank** arranged the credit facilities (PFR, 2/17).

### DROPDOWN DROUGHT

The Broadview project acquisition will be PEGI's first dropdown from its parent since it completed the acquisition of the 283 MW Gulf Wind project in Kenedy County, Texas in August.

That deal, which PEGI financed with equity and convertible bonds, was

announced amid a flurry of yieldco capital markets activity which severely tested investor appetite (PFR, 7/22).

The subsequent months-long decline in the value of yieldco stocks put the brakes on equity-funded dropdowns (PFR, 8/21), but a rally in the sector since February, amid generally improving stock market conditions, has opened up the possibility of share issuances (PFR, 6/2).

In a filing with the U.S. **Securities and Exchange Commission**, PEGI said that it does not need to raise equity to complete the acquisition of the Broadview project, but added that "it retains the flexibility to use retained cash flow or raise equity, corporate debt, project holding company debt or other financing arrangement" instead of drawing fully on the project loans.

### SPARE 27 MW

The 324 MW Broadview project is limited to 297 MW of injection capacity at its transmission interconnection point, and has two 20-year power purchase agreements totaling 297 MW with **Southern California Edison**. A spokesperson for Pattern in New York declined to comment on how the company would use the project's remain-

ing 27 MW of capacity.

A 35-mile 345 kV transmission line will connect the project to the grid of **California Independent System Operator**. The Broadview project will share the transmission line with Pattern Development's 200 MW Grady wind project, which will sell all of its output to the **Sacramento Municipal Utility District** under a 25-year PPA.

### TAX EQUITY

**JP Morgan, Capital One, Allianz** and **Royal Bank of Canada** have committed to provide tax equity financing for the Broadview project.

Under the terms of the tax equity deal, PEGI will initially have an 84% interest in the project's cash flows, with the rest going to the tax equity investors. The yieldco's share of the cash flows will increase when the tax equity deal flips. ■

### FAST FACT

## August 2015

PEGI's last dropdown was a 60% stake in the 283 MW Gulf Wind project in Kenedy County, Texas.

# NextEra Drops Down Two Operational Wind Projects

**NextEra Energy Partners** has acquired two operational wind projects totaling 285 MW, one of which has two corporate off-takers, from its parent company, **NextEra Energy Resources**.

The yieldco paid its parent about \$312 million and assumed

### FAST FACT

## 3.4 GW

The approximate total generation contracted under corporate PPAs signed in the U.S. in 2015

some \$253 million in tax equity financing liabilities to acquire the 199 MW Cedar Bluff project in Ellis, Ness, Rush and Trego counties, Kan., and the 86 MW Golden Hills project in Alameda County, Calif.

NextEra Energy Partners financed the acquisition with cash on hand, \$100 million drawn from an existing revolving credit facility and the proceeds of a new \$100 million senior secured bullet term loan at holding company level.

The term loan has a three-year tenor, according to a filing with the **U.S. Securities and**

**Exchange Commission**. The identities of the lenders were not disclosed.

### CORPORATE PPAS

Cedar Bluff has a 20-year power purchase agreement with **Westar Energy**, while two non-utility off-takers have each contracted half of the output of the Golden Hills project.

Internet search company **Google** and healthcare provider **Kaiser Permanente** purchase 43 MW each from the Golden Hills project under 20-year PPAs.

The two projects have both

been operational since December 2015.

The rise of the non-utility off-taker is said to be reshaping the project financing space, with corporations signing PPAs totaling about 3.4 GW with renewables projects in the U.S. in 2015 (PFR, 6/22, PFR, 6/23).

**Bank of America Merrill Lynch** and **BNY Mellon** invested in tax equity in the Cedar Bluff and Golden Hills projects through a holding company, **Bayhawk Holdings**, according to a filing with the U.S. **Federal Energy Regulatory Commission**. ■

## MERGERS &amp; ACQUISITIONS ●

## SunEdison Lines Up Buyers for California Solar Project Rights

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with the bankruptcy court.

SunEdison disclosed its plans to sell the 245 MW Mount Signal 3 project to an affiliate of 8minutenergy for \$24 million in a July 1 filing, and on Tuesday the developer filed for permission to sell the 201 MW Mount Signal 2 to an affiliate of **D. E. Shaw Renewable Investments** for \$80 million.

Both projects are located in Imperial County, Calif.

A separate affiliate of 8minutenergy had previously entered into a joint development agreement with a SunEdison company to co-develop, own, and manage utility-scale solar projects in the western U.S., including Mount Signal 3 and Mount Signal 2.

The 8minutenergy affiliate is involved in a dispute with the SunEdison company over the agreement, having accused the sponsor

of failing to meet its obligations under the agreement. Among the unmet obligations is a \$11.5 million payment, according to the 8minutenergy affiliate, which claims it “has suffered and will suffer financial and reputational harm as a result” of the failed deal.

SunEdison disputes the merit of 8minutenergy’s claims.

SunEdison had previously entertained the option of selling Mount Signal 2 and Mount Signal 3 as part of a portfolio that also included the Mililani II, Waipio and Kawaihoa solar projects in Hawaii, the Four Brothers and Three Cedars solar projects in Utah, and an interest in **Deepwater Wind**.

At least fifteen potential buyers executed non-disclosure agreements and performed diligence on the projects, with nine ultimately making bids.

**D.E. Shaw, Madison Dearborn Partners,**

and **Northwestern University** agreed to acquire the projects as part of a \$215 million debt-for-equity swap (PFR, 1/14), but SunEdison filed for bankruptcy protection before the deal could close.

Representatives of SunEdison were not immediately available for comment. A spokesperson for 8minutenergy did not respond to a request for comment by press time. A spokesperson for D.E. Shaw declined to comment. ■

## FAST FACT

# 15+

The number of potential buyers who have signed NDAs and performed due diligence on SunEdison projects

## Southern Power Picks Up RES Americas Texan Project

Southern Power has purchased the 102 MW Lamesa solar project in Dawson County from **RES Americas**. The development-stage project is the utility’s third acquisition in Texas in the last 12 months.

RES, which co-developed Lamesa alongside project originator **BNB Renewable Energy**, will construct the facility and run its operations and maintenance. The **City of Garland** has a 15-year power purchase agreement with the project, which is slated to be online by mid-2017.

Southern Power’s two other

acquisitions in Texas in the past year were the 120 MW East Pecos solar facility from **First Solar** and a 51% interest in the 158 MW Rose-rock solar project from **Canadian Solar** subsidiary **Recurrent Energy** (PFR, 3/7, PFR, 11/30). Both projects are located in Pecos County.

### BUYING SPREE

The Birmingham, Ala.-based subsidiary of **Southern Company** has closed two further acquisitions outside Texas.

Southern Power inked its purchase of a 51% interest in the 102

MW Henrietta solar project in California from **SunPower** (PFR, 5/5). The remaining 49% interest in the project will be dropped into **8Point3 Energy Partners**, SunPower’s joint yield company with **First Solar**.

The utility also closed its \$127 million purchase of the 43 MW Passadumkeag wind project in Penobscot County, Maine, from **Quantum Utility Generation**.

**SunEdison** had initially agreed to acquire the project before being replaced by Southern Power in

March (PFR, 3/15). Quantum filed for approval of the sale to Southern Power with the U.S. **Federal Energy Regulatory Commission** on March 11, roughly six weeks before SunEdison filed for Chapter 11 bankruptcy protection on April 21.

Spokespeople for Southern Power in Atlanta, RES Americas in Austin, Texas, and Quantum in Houston were not immediately available for comment.

A spokesperson for Sun Power in San Jose, Calif. declined to comment. ■

## Carlyle-backed Generator to Unwind Lease Agreements

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ect were recently recontracted under 20-year tolling agreements with **Central Georgia Electric Membership Corporation**, and units two and three sell their output to **Georgia Power** under an agreement that expires at the end of May 2024. The Effingham project

has been merchant since a tolling agreement expired at the end of 2015.

Southeast PowerGen, which is 75.05% owned by two funds of Carlyle and 24.95% by **GE Energy Financial Services**, has a roughly 2.8 GW portfolio of gas-fired assets in Georgia. Carlyle purchased its stake in

Southeast PowerGen from **ArcLight** in 2014 (PFR, 10/31/14).

The financial terms of the deal could not immediately be learned. Representatives of The Carlyle Group in Washington, D.C., and GE EFS, in New York, were not immediately available for comment. ■

## STRATEGIES

# Chilean Utility, U.S. Pipeline Co. Eye Post-Brexit Bond Market

«FROM PAGE 1 large oversubscription, according to reports.

The next day, Novi, Mich.-based transmission operator **ITC Holdings** came to the market with a \$400 million 10-year bond that was priced at 180 basis points over U.S. Treasuries, 20 bps inside initial price thoughts.

**Bank of America Merrill Lynch, JP Morgan and Wells Fargo** were the bookrunners on ITC's deal, which is rated Baa2 and A- by **Moody's Investors Service** and **S&P Global**, respectively.

Issuance has been patchy since then, but there is time for utility companies to bring bonds to the market before they enter their pre-earnings blackout periods, and feedback on deals that are being marketed in roadshows is promising, says a New York-based syndicate banker.

"Spreads have been a little wider post-Brexit, but the widening we saw has mostly come back," he said, adding that the increase in corporate borrowing costs because of widening spreads has been more than offset by lower U.S. **Federal Reserve** interest rate expectations.

Chilean utility **Transelec** is among the companies looking to issue bonds in the U.S. The company concluded an investor roadshow on July 6.

"The feedback there is certainly supportive" of bringing a deal to the market, said the banker, who is at one of Transelec's bookrunners, **Citigroup**, JP Morgan, **Scotiabank** and **Santander**.

Moody's, S&P and **Fitch Ratings** have given Transelec's senior unsecured bonds ratings of Baa1, BBB and BBB respectively.

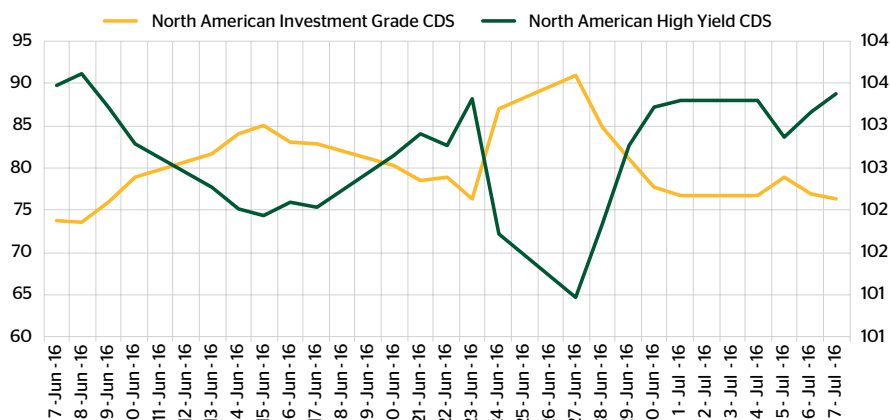
Also roadshowing a potential bond on July 6, was oil and gas pipeline and storage roll-up **EnLink Midstream Partners**. Bank of America Merrill Lynch, JP Morgan and **SunTrust Robinson Humphrey** are the bookrunners.

The master limited partnership's assets are mainly located in Texas, Oklahoma, Louisiana, Ohio and West Virginia, and include 9,900 miles of gathering and transportation pipelines as well as processing plants, fractionators, barge and rail terminals and storage facilities.

Enlink is rated Ba2, BBB- and BBB- by Moody's S&P and Fitch, and should also get a strong reception in the market, says the banker.

"The market is so interested in corporates in general, they'll buy non-utilities, higher-beta energy [exploration and production] names, pipeline names," he said. "Higher-beta sectors are as much in vogue as utilities are." ■

## Markit Credit Default Swap Indices, June 7-July 7



North American credit default swaps experienced volatility in the wake of the Brexit referendum on June 23

Source: Markit

## ALTERNATING CURRENT

# Powerful Hunger? Head to the Boiler Room



Photo: Larry D. Moore CC BY-SA 3.0

Power industry professionals visiting Austin, Texas, have a new and highly appropriate option for brunch, lunch or dinner. For what better place for a project finance banker, attorney or contractor to treat a client to some *haute cuisine* than a restaurant located in a former power plant?

The **Boiler Nine Bar + Grill** opened its doors last week in the historic Seaholm Power Plant on the northern shore of Lady Bird Lake in Downtown Austin, "possibly the city's most anticipated opening in the past two years," according to **Zagat**.

When fully open, the restaurant will be spread over four levels, with a candle-lit lounge in the boiler room and a cocktail bar on the observation deck.

Menu items such as tomahawk pork chop, peeler sirloin and Texas eggplant are grilled, roasted or smoked on an 8 ft wood-fired grill, according to the Zagat review. Desserts include griddled banana cake with ice cream and 'churritos'.

The art deco-style plant's five dual-fuel boilers used to generate up to 100 MW, meeting all the city's power needs in its 1950s heyday, but went offline in 1989. The site continued to be used for training purposes until 1996.

A nine-year clean-up exercise costing \$13 million followed, and diners at Boiler Nine will be reassured to learn that the U.S. **Environmental Protection Agency** and the Texas **Commission on Environmental Quality** deemed it 'ready for reuse' in 2006. ■

## QUOTE OF THE WEEK

**"There is appetite in Uruguay from local investors."**

**Sebastián Ramos**, senior associate at Montevideo, Uruguay-based law firm **Ferrere**, on the prospects for renewable project bonds in the country (see story, page 5).