

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

Calpine Steps Into Unsecured Debt With \$2.8B Issuance

Calpine Corp. has priced two tranches of high yield notes totaling \$2.8 billion, marking the company's move away from a secured bond portfolio to unsecured.

The newly-priced notes are split between a \$1.25 billion tranche that carries a 5.375% coupon and matures in 2023 and a \$1.55 billion tranche that carries a 5.75% coupon and matures in 2025. The notes are rated B3 by **Moody's Investors Service** and B by **Standard & Poor's** and are expected to settle on July 22.

The company is taking down the outstanding principal on three tranches of secured bonds that were issued in 2010 and 2011, in part because the bond market offers more attractive pricing than it did four years ago. "There was no rush to do it, but we reached a point in the market where we had an opportunity to deliver incred-

Calpine Corp.'s Bond Exchange

	Old			New	
Principal	\$400M	\$1.1B	\$2B	\$1.25B	\$1.55B
Coupon	8%	7.875%	7.50%	5.375%	5.75%
Year Issued	2010	2011	2011	2014	2014
Maturity	2019	2020	2021	2023	2025
Moody's Rating	Ba3	Ba3	Ba3	B3	B3

Source: Power Intelligence

ible value to our shareholders, so we did," **Stacey Peterson**, v.p. of finance and treasurer at Calpine, told *PFR*. The company's debt structure was fully secured before these bonds were issued.

(continued on page 12)

Cogan Snags Power, Utility Remit For Centerview

John Cogan, formerly co-head of power and renewables in the Americas at **Credit Suisse**, will take a similar position at boutique advisory shop **Centerview Partners**.

Cogan will join Centerview Partners in New York where he will work to build its utilities and power practice beyond restructuring and bankruptcy advisory mandates, say observers. Centerview has advised parties in the **Edison Mission Energy** and the **Energy Future Holdings** bankruptcy process.

Cogan resigned from Credit Suisse on July 7, as first reported by *PFR*. Cogan was co-head alongside **Ahmad Masud** for two years (PI, 6/1/12).

Cogan was not available to comment and a Centerview spokesman did not immediately reply to an inquiry.

Q&A: Arno Harris, Recurrent Energy

Texas might be low on solar given how much sun it gets. Many parts get well over 200 sunny days a year, and yet the Lone Star state has only 175 MW of solar generation, a paltry amount compared to over 12 GW of operating wind in 2013, according to ERCOT. However, a confluence of factors, including rising gas prices, demand growth and a drop in solar development costs, are expected to boost development in the state.

Recurrent Energy has signed a power purchase agreement with **Austin Energy** for a 150 MW proj-

ect that, if no solar generation came online between now and 2016, would nearly double the capacity in Texas. **Arno Harris**, ceo of Recurrent, talked with Managing



Arno Harris

Editor **Holly Fletcher** about the shop's activity in Texas, the budding merchant solar market and why a boom in the state points to solar generation going mainstream. "The reason why Texas is significant is really

because from a competitive standpoint, it is an indicator that solar has crossed a new threshold," he says.

For the full interview, see page 9

U.S. Agency Tees Up Offshore Wind Lease Sale

The U.S. Bureau of Ocean Energy Management will auction a pair of offshore wind plots off the coast of Maryland next month.

See story, page 6

San Diego Wind Shop Scouts Wind Buys

BayWa r.e. Wind is interested in buying development stage wind project acquisitions so it can construct, finance and flip the assets.

See story, page 7

Generation Sale ■ DATABASE

Check out the latest asset trades in *PI*'s weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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THE BUZZ

Renewable development shops backed by Europe-based parents raked in the financing this week. The North America subsidiaries of **Enel**, **E.ON** and **EDF** all landed capital for a quartet of wind assets in Oklahoma and Texas. **Enel Green Power North America** brought **JPMorgan Capital Corp.** on board as the lead tax equity investor in a \$400 million deal backing two wind projects totaling 350 MW (see story, page 6).

GE Energy Financial Services increased its exposure to the breeziness of the Texas Panhandle with a 50% equity stake in a 211 MW project being developed near Amarillo by **E.ON Climate & Renewables North America**. GE EFS is also taking a tax equity stake in **EDF Renewable Energy's** 161 MW Spinning Spur II wind farm alongside **MUFG Union Bank** (see story, page 6).

LinkedIn notifications are likely cluttering your inbox as seasoned power executives and financiers take day jobs at newly-established firms. **Renewable Energy Trust Capital**, a shop backed by **BlueMountain Capital**, has brought **Bill Keeney**, formerly of **Duke Energy Renewables**, and **Bruno Mejean**, formerly of **SunEdison** and **NordLB**, on board as it looks to expand its presence in M&A and project finance (see story, page 8). **Michael Midden**, formerly a managing director at **Dexia Credit Local**, has joined **Energy & Infrastructure Capital**, a new lending platform seeded by **Harbinger Group** (see story, page 8).

If job moves haven't been forefront in the inbox, they may be on the horizon as big names including **SunPower**, **UBS** and **Centerview Partners** are all reportedly in talks to bring on heavyweight names, say observers.

TELL US WHAT YOU THINK!

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

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GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comment
AES Corp.	Stakes (DPL Energy Coal, Gas, Oil)	Various	Barclays	Binding bids due after PJM capacity results (PI, 5/26).
Acciona	Portfolio (Wind, Solar)	Various	Lazard	First rounds bids submitted (PI, 3/31).
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	Sale relaunched after several PPAs were extended (PI, 3/17).
ArcLight Capital Partners	Peakers (2 GW Gas)	Various, Georgia	TBA	Carved peakers out of Southeast PowerGen to sell (PI, 3/24).
ArcLight Capital Partners	Victoria (330 MW CCGT)	Victoria, Texas	UBS	Sale is near launch (PI, 4/7).
ArcLight Capital Partners	Sun Peak (222 MW Gas)	Las Vegas, Nev.		Nevada Power is buying them (PI, 5/12).
Atlantic Power Corp.	Fleet (2.1 GW)	Various	Goldman Sachs, Greenhill	First round bids are in (PI, 6/30).
► BayWa r.e. Wind	Brahms (19.8 MW Wind)	Grady, New Mexico		Macquarie Infrastructure Co. paid \$10.6 million for the farm (see story, page 7).
BlueWave Capital	Portfolio (30 MW Solar)	Massachusetts		SunEdison is buying the portfolio (PI, 6/30).
Chevron, Dynegy	NCA 2 (85 MW, Cogen)	Las Vegas, Nev.	None	QUG has bought the facility (PI 7/7).
Corona Power	Stake (Sunbury, 900 MW Repowering)	Shamokin Dam, Pa.	Perella Weinberg	First round offers due April 14 (PI, 3/31).
Duke Energy	Portfolio (6.6 GW Coal, Gas, Oil)	Various	Citi, Morgan Stanley	First round bids due around 5/30 (PI, 5/26).
Enerfin Energy Co. of Canada	L'Erable (100 MW Wind)	Quebec, Canada		Financial JV is taking a minority stake (PI, 7/7).
Energy Capital Partners	EquiPower (Portfolio)	Various	Goldman, Barclays	On a dual track to IPO or sale (PI, 6/23).
Entegra Power Group	550 MW Stake (2.2 GW Union Station CCGT)	Arkansas	Bank of America	Gearing up to sell the unit that has a tolling agreement (PI, 3/31).
► E.ON Climate & Renewables North America	Grandview (211 MW Wind)	Amarillo, Texas		GE EFS has bought a 50% stake (see story, page 6).
Essar Group	Algoma (85 MW CCGT)	Algoma, Ontario	Barclays	Teasers are on the market (PI, 1/13).
Exelon Corp.	Stake (417 MW Safe Harbor Hydro)	Conestoga, Pa.	None	Brookfield is buying the stake (PI, 5/26).
	Quail Run (488 MW)	Odessa, Texas	Morgan Stanley	Process launched recently (PI, 6/16).
	Fore River (726 MW CCGT)	North Weymouth, Mass.	Citigroup	Process launched recently (PI, 6/16).
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Fieldstone	Fieldstone is advising on equity hunt in tandem to debt raise with Goldman.
Invenergy	Parc des Moulins (135.7 MW Wind)	Kinnear's Mills, Quebec		La Caisse has bought a minority stake (PI, 5/5).
MACH Gen	Portfolio	Various		Second lien creditors have taken it over via Ch. 11 deal (PI, 5/19).
Meridian Energy	CalRENEW-1 (5 MW Solar)	Mendota, Calif.		SunEdison bought the asset (PI, 5/26).
NRG Energy	Various (Gas, Solar)	Various	None	Dropdowns to NRG Yield (PI 4/14).
NextEra Energy Resources	Pheasant Run II (75 MW Wind)	Huron County, Mich.	None	DTE Electric is considering buying the farm via a PPA option (PI, 3/3).
Ontario Teachers Pension Plan Board	Stake (Northern Star Generation)	Various	Citigroup	CalPERS, Harbert emerge as frontrunners (PI, 4/28).
Optim Energy	Portfolio (1.4 GW Coal, Gas)	Texas	Barclays	Mulling a sale via bankruptcy filing (PI, 3/10).
PPL Corp.	Portfolio (10 GW Various)	Various	Bank of America, Morgan Stanley	Spinning off PPL Generation into a new company in deal with Riverstone (PI, 6/16).
Power Resources Cooperative	Stake (605 MW Boardman Coal)	Boardman, Ore.		Portland General is upping its stake as retirement, refueling loom (PI, 4/28).
Project Resources Corp.	Rock Aetna (21 MW Wind)	Minnesota	Alyra Renewable Energy Finance	Looking for a buyer with access to turbines to qualify for PTC (PI, 1/13).
Riverstone Holdings	Portfolio (5.3 GW Various)	Various	JPMorgan	Putting generation into a new company in deal with PPL (PI, 6/16).
Southwest Generation	LV Cogen 1, 2 (274 MW Gas)	Las Vegas, Nev.		Nevada Power is buying them (PI, 5/12).
SunShare	Portfolio (9.6 MW Solar)	Colorado	Infrastructure Finance Advisors	Looking for equity investor in community solar portfolio (PI, 6/23).
Terra-Gen Power	Alta (947 MW Wind)	California	Citigroup, Morgan Stanley	NRG Yield is buying the wind assets (PI, 6/13).
Upstate New York Power Producers	Cayuga (306 MW Coal)	Lansing, N.Y.	Blackstone	Teasers recently went out (PI, 6/23).

► 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 Managing editor **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@iintelligence.com.

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
8minutenergy Renewables	Redwood Solar Farm Project	Kern County, Calif.	Macquarie	TBA	\$30M	TBA	Proceeds to fund construction (PI, 6/30).
Alterra, Fiera Axiom	Jimmie Creek (62 MW Hydro)	British Columbia, Canada	TBA	TBA	TBA	TBA	Sponsor will likely tap LifeCos for the debt (PI, 5/5).
Boralex, Témiscouata Regional County Municipality	Témiscouata I and II Wind Projects	Témiscouata-sur-le-Lac, Quebec	KiW IPEX-Bank	Construction	C\$206 million	18-yr	Boralex sponsored the C\$142.7 million financing for the Témiscouata II project alone (see story, page 5).
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor is shooting for pricing of L+175 bps (PI, 3/10).
Cape Wind Associates	Cape Wind (468 MW Wind)	Cape Cod, Mass.	BTMU, Natixis, Rabobank	Conditional Loan Guarantee	\$150 M	TBA	Conditional loan guarantee came from the Department of Energy (PI, 7/1).
Cheniere Energy	Sabine Pass Trains 3 & 4 (LNG Export Facilities)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Company issues \$2B in notes to refi debt and fund construction (PI, 5/19).
Competitive Power Ventures	St. Charles (661 MW Gas)	Charles County, Md.	GE EFS	TBA	~\$600M	TBA	Sponsor is aiming for L+350 bps (PI, 6/2).
Dalkia/Fengate	Merrit (40 MW Biomass)	Merrit, B.C.	BTMU	TBA	\$168M	TBA	Sponsor aims to wrap the financing early next year (PI, 12/2).
EDP Renewables North America	Lone Valley I & II (10, 20 MW Solar)	Lucerne Valley, Calif.	Firststar Development	Tax Equity	TBA	TBA	Southern California Edison has a power purchase agreement with both projects (PI, 6/30).
Energy Investors Funds	Newark Energy Center (705 MW)	Newark, N.J.	Credit Ag, GE EFS, MUFJ	TBA	\$590M	TBA	Deal closed on strong interest (PI, 6/30).
Exmar NV	Floating Liquefaction Project	Colombia	TBA	B Loan	\$170M	TBA	Sponsor looking to land a B loan for the debt on the project (PI, 5/5).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	Goldman Sachs	TBA	TBA	TBA	The sponsor is close to lining up equity and will tap Goldman Sachs to launch a B loan (PI, 1/27).
Freeport LNG	Freeport (LNG Export Terminal)	Freeport, Texas	Credit Suisse, Macquarie	TBA	~\$4B	TBA	More than 20 lenders are eyeing the deal, with some offering tickets of \$600M (PI, 2/10).
EDF Renewable Energy	Spinning Spur II (161 MW)	Amarillo, Texas	GE EFS, MUFG Union Bank	Tax Equity	TBA	TBA	GE EFS, Union Bank are taking tax equity stakes (see story, page 6).
Invenergy	Marsh Hill (16 MW Wind)	Jasper, N.Y.	Rabo	TBA	TBA	TBA	Rabo is the only arranger on the loan (PI, 6/2).
KSPC, Samsung	Kelar (517 MW Gas)	Chile	Natixis	TBA	TBA	TBA	The JV appoints Natixis as lead on the deal (PI, 1/13).
LS Power	Portfolio (Gas)	Various	BNP Paribas, Union Bank		TBA		Will finance via a series of three transactions (PI, 6/16).
Magnolia LNG	Magnolia LNG (LNG Export Facility)	Lake Charles, La.	BNP, Macquarie	TBA	\$1.54B	TBA	Sponsor issues shares to bridge to closing of the debt (PI, 5/12).
NextEra Energy Resources	Bluewater (60 MW Wind)	Lake Huron, Ontario	TBA	TBA	TBA	TBA	Sponsor is talking to lenders in the U.S. to finance the project (PI, 5/19).
New Generation Power	NGP Texas (400 MW Wind)	Haskell County, Texas	TBA	Construction/Term/Tax Equity	~\$700M	TBA	This is the sponsor's largest deal to date (PI, 4/14).
NTE Energy	Multiple (Gas)	U.S.	Whitehall	TBA	TBA	TBA	Sponsor is looking to line up equity investors and then debt backing three projects in the U.S. (PI, 3/10).
Pattern Energy	Armow (180 MW Wind)	Kincardine, Ontario	TBA	TBA	TBA	TBA	Sponsor is looking for tighter pricing than its K2 financing (PI, 5/26).
Radback Energy	Oakley (586 MW Gas)	Contra Costa County, Calif.	BTMU	Term	\$990M	4-yr	Deal is temporarily put on hold following an appellate court decision (PI, 11/11).
Sempra U.S. Gas & Power	Energía Sierra Juárez (156 MW Wind)	Baja California, Mexico	BTMU	TBA	~\$250M	TBA	On track to close within two weeks (PI, 6/2).
Tenaska Solar Ventures	Imperial Solar Energy Center West (150 MW CPV)	Imperial County, Calif.	BTMU, Union	TBA	\$450M	TBA	Closed the deal this week (PI, 6/23).
Transmission Developers	Champlain Hudson Transmission Line	New York	RBC	TBA	~\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PI, 3/3).

New or updated listing

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PROJECT FINANCE

Boralex Lands Quebec Wind Funds

Boralex has closed C\$206 million (\$192.9 million) to finance the Témiscouata I and II wind projects totaling 75 MW in Témiscouata-sur-le-Lac, Quebec.

Boralex worked with **Témiscouata Regional County Municipality** to secure the C\$64.1 million (\$60 million) loan that will finance Témiscouata I project. Boralex sponsored the C\$142.7 million (\$133.7 million) financing for the Témiscouata II project alone. **KfW IPEX-Bank** is the lender in both financings.

The debt package for the 25 MW Témiscouata I wind project includes a C\$52 million (\$48.70 million) construction loan that will convert to an 18-year term loan after the beginning of commercial operations, according to Boralex. The project is slated to be online in Dec. 2014. Témiscouata I has a 20-year PPA with Hydro-Quebec.

The 50 MW Témiscouata II project has a C\$127 million (\$118.95 million) construction loan that will convert into an 18-year term loan after commercial operations begin in December 2015.

As part of the debt packages, there is also a short-term bridge

loan and letters of credit for each project that will be used to finance some costs of construction that will be reimbursed by **Hydro-Quebec**. For Témiscouata I, the bridge financing and LOC total C\$12.1 million (\$11.33 million). The Témiscouata II debt facilities total C\$15.7 million (\$14.7 million).

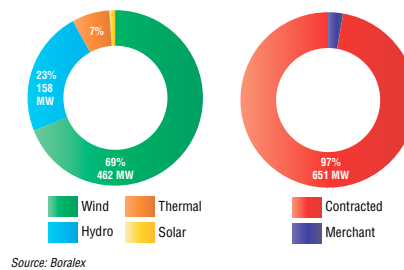
Work on both wind farms is underway and Témiscouata I is on schedule with seven foundations and 80% of the access roads built. Access roads for Témiscouata II are 30% complete with 50% of the work areas for wind turbine installation completed. Boralex is using 10 **Enercon** turbines in Témiscouata I and 22 in Témiscouata II.

This financing brings Boralex's wind financing total to C\$372 million (\$348 million) in the last nine months. It closed C\$166.1 million (\$159.05 million) non-recourse financ-

ing with **Gaz Metro Limited** and **Valener Inc.** to finance the 68 MW phase II of the Seigneurie de Beaupre wind facility in La Jacques-Cartier, Quebec (PI, 11/1).

A Boralex spokesman declined to comment further on financing details, such as pricing, and a Témiscouata Regional County Municipality spokeswoman did not return calls by press time.

Boralex's 674 MW Portfolio



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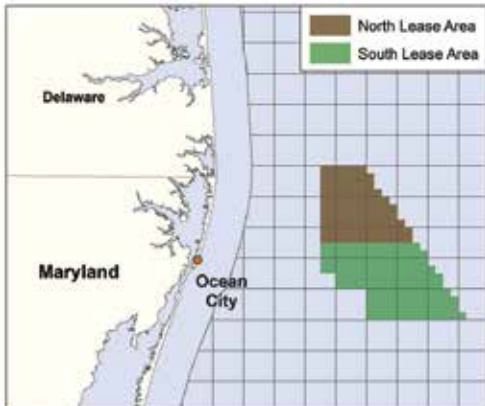
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PROJECT FINANCE

U.S. Preps 1.45 GW Offshore Wind Lease Auction

The U.S. **Bureau of Ocean Energy Management** is auctioning off a pair of offshore wind plots that could accommodate up to 1.45 GW in the waters off Maryland.

The 80,000 acres of waters available for lease are divided into a north and south territory and could support between 850 to 1,450 MW. The north plot is 32,737 acres; the south plot is 46,970 acres.



Both will be auctioned at the same time.

There are 16 firms that have been pre-qualified to participate in the auction but based on previous auctions, the number of entrants is expected to be below that, says an observer. The quali-

fied participants stem from a request for interest issued in 2010 that BOEM launched to gauge developer appetite for the projects.

The companies that are prequalified consist of **Apex Offshore**, **Bluewater**, **Convalt Energy**, **Dominion**, **EDF Renewable Development**, **Energy Management**, **Fishermen's Energy**, **Green Sail Energy**, **Iberdrola Renewables**, **Maryland Offshore Wind**, **Orisol Energy U.S.**, **RES Americas Development**, **SCS Maryland Energy**, **Sea Breeze Energy**, **Seawind Renewable Energy Corp.** and **U.S. Wind**, according to the final sale notice.

BOEM will evaluate the bids on factors that include a developer's financial health as well as whether the developer is in negotiations

for a power purchase agreement and if it has an offshore renewable energy certificate from the **Maryland Public Service Commission**.

Of the bidders that meet the agency's criteria, the developer with the highest bid will win the auction. The

agency does not expect to have to shelve the auction over a lack of interest, says an observer. Bids are due on Aug. 19.

FAST FACT

➤ **Cape Wind Associates** recently garnered a \$150 million conditional loan guarantee from the U.S. **Department of Energy**.

Nascent Project Wave

The offshore wind market could see a boom of early stage development projects in the coming year as BOEM gears up to auction off a 5 GW site on Massachusetts' outer continental shelf and the New Jersey offshore wind leases in the coming year. It held auctions in 2010 and 2012.

Cape Wind, the first offshore wind project in U.S. waters, recently

garnered a \$150 million conditional loan guarantee from the U.S. **Department of Energy** that is contingent upon its sponsor Energy Management lining up additional lending. Energy Management and subsidiary **Cape Wind Associates** have lined up just under 60% of the needed \$2.5 billion for the project (PI, 7/1).

A BOEM spokeswoman in Washington, D.C., pointed to the final sale notice on all inquiries.

Enel Snaps Up JPM Tax Equity

JPMorgan Capital Corp. is heading up a consortium of investors that are making a \$400 million tax equity investment in two of **Enel Green Power North America's** wind projects.

JPMCC will invest in the 150 MW Origin project in Garvin, Murray and Carter counties in Oklahoma as well as the 200 MW Goodwell project in Hansford County, Texas. The projects are on track to qualify for the production tax credit. Origin is set to be online by year-end while Goodwell is slated to be operational in the fourth quarter of 2015.

Origin is contracted to **Arkansas Electric Cooperative Corp.** and was originally developed by **RES Americas**. Goodwell has a 20-year PPA with **Public Service Company of Oklahoma**, a subsidiary of **American Electric Power**.

The make-up of the consortium was not disclosed and officials or spokespeople for JPMCC and Enel did not respond to inquiries.

GE EFS Invests In Texas Panhandle Wind Pair

GE Energy Financial Services has inked separate wind deals in Texas with each **E.ON Climate & Renewables North America** and **EDF Renewable Energy**.

GE EFS has bought a 50% stake in the 211 MW Grandview Phase 1 wind project in Amarillo, Texas, from E.ON Climate & Renewables. The deal is an example of the "diverse structures" in which GE EFS will participate, says a spokeswoman.

Grandview Phase 1 is slated for commercial operations by the end of the year. E.ON Climate & Renewables is managing construction of the project, which started in late 2013. E.ON Climate & Renewables will also operate the farm when it is online. The project will consist of 118 GE 1.7-100 wind turbines.

In the deal with EDF, GE EFS has taken a tax equity stake alongside **MUFG Union Bank** in the 161 MW Spinning Spur II wind farm, which is about 40 miles west of Amarillo.

UBS International Infrastructure Fund has bought half of Spinning Spur II from EDF Renewable Energy. The UBS fund and EDF struck the deal in late 2013 (PI, 12/30). The farm is contracted to an investment grade entity for 11 years and has no project level debt.

An E.ON Climate & Renewables official declined further comment while a spokeswoman for EDF Renewable Energy was not immediately available.

MERGERS & ACQUISITIONS

BayWa Wind Unit Hunts Development Acquisitions

BayWa r.e. Wind, which recently sold a wind farm in New Mexico to **Macquarie Infrastructure Co.**, is on the look-out for development stage acquisitions.

The San Diego-based shop wants projects that it can quickly bring into construction, finance and sell. "We can reduce execution risk by swiftly picking up projects we believe can get done," **Florian Zerhusen**, ceo of BayWa r.e. Wind, told *PFR*. The shop prefers mid-to-late stage development projects.

The firm is a subsidiary of German turn-key developer and operator of renewable energy projects **BayWa** and has access to its parent's multibillion dollar balance sheet to finance projects, Zerhusen says. "Many developers simply don't have the capital or ability to place letters of credit or credit facilities needed to begin construction," he says.

It sold the 19.8 MW Brahms wind farm to Macquarie for \$10.6 million, after purchasing it as a development project the prior year. In that year, it brought the project into operations and snagged **MUFG Union Bank** as a tax equity investor (PI, 6/4).

BayWa r.e. Wind's next project, Anderson, is near Brahms in

Curry County, N.M., and under construction. Brahms and Anderson were purchased from **National Renewable Solutions**, a developer based in Minneapolis, Minn. BayWa r.e. Wind will not sell a project before it's online.

Rockland Hawks Eagle Point

Rockland Capital is out to sell its Eagle Point cogeneration facility in New Jersey.

The private equity shop has been working with **Barclays** since the spring to sell the 225 MW facility, deal watchers say.

Eagle Point, in Westville, N.J., sells power into the PSE&G Zone of PJM, which cleared the 2017-2018 capacity auction at \$215 per MW-day (PI, 5/30). The facility is co-owned by **Noble Americas Gas & Power**, a unit of **Noble Energy Group**. NAGP owns 25% (PI, 4/12/12). Rockland bought the facility from **Sunoco Power** in 2012 (PI, 2/10/12).

Details such as timing and whether NAGP wants to sell its stake could not be immediately learned. A Barclays spokesman declined to comment while officials for Rockland and NAGP were not immediately available to comment.

STRATEGIES

Palo Alto Launches RFP For Community Solar Program

The **City of Palo Alto Utilities** in Palo Alto, Calif., has issued a request for proposals as it looks to establish a community solar program that allows utility customers to invest directly in solar generation.

The CPAU is seeking proposals from companies that are interested in owning, operating and maintaining a portfolio of 1-3 MW as part of a program that gives customers without rooftops a chance to invest in solar generation. The municipal utility wants to allow "customers to buy-in" on solar projects if they are interested, says an observer.

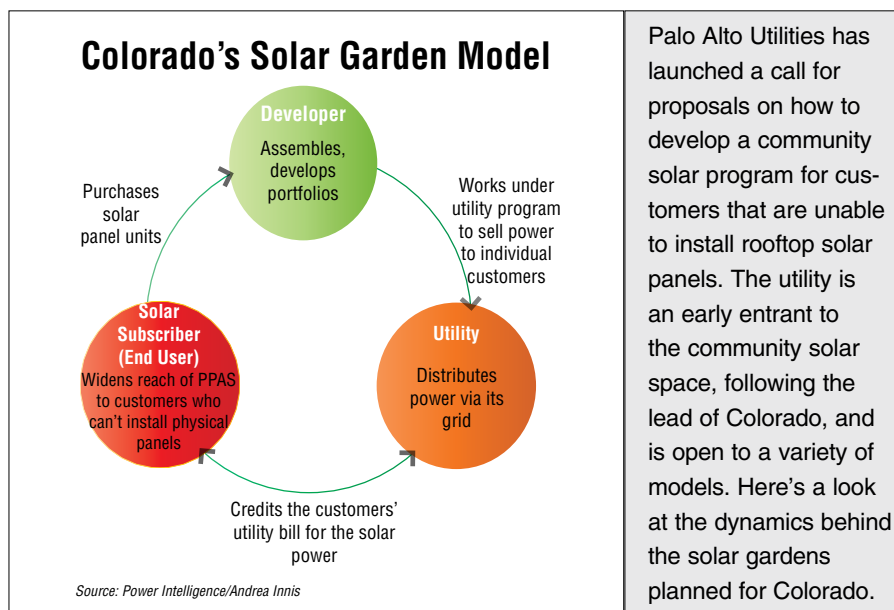
CPAU is open to a variety of structures although its preference is a community solar model that will

lessen its staffs' day-to-day involvement with the administration of the program.

As part of the RFP, the utility will sign a power purchase agreement, buy the renewable energy credits and capacity. The 1-3 MW could be a series of projects or a single project.

Submissions are due on Aug 12. The muni held a webinar on July 9. A short-list is expected to be announced on Aug. 15 with a winning bid on Sept. 8.

Community solar projects, also known as solar gardens, are gaining traction with utilities as a way to allow customers to invest in solar generation even if they don't have a roof. **SunShare**, a Denver-based developer, is developing a 9.6 MW portfolio of six projects under a community solar program in Colorado in conjunction with **Xcel Energy** subsidiary **Public Service Co. of Colorado** and **Colorado Springs Utilities** (PI, 6/16).



Palo Alto Utilities has launched a call for proposals on how to develop a community solar program for customers that are unable to install rooftop solar panels. The utility is an early entrant to the community solar space, following the lead of Colorado, and is open to a variety of models. Here's a look at the dynamics behind the solar gardens planned for Colorado.

PEOPLE & FIRMS

BlueMountain-Backed Shop Tags Renewable Bigwigs

Renewable Energy Trust Capital, the renewable shop backed by hedge fund **BlueMountain Capital Management**, has brought on a pair of marquee name executives as it plots its way forward.

The firm has hired **Bill Keeney**, formerly cfo of **Duke Energy Renewables**, and **Bruno Mejean**, formerly of **SunEdison** and **NordLB**.

Keeney is v.p. of business development and will identify and finalize partnerships and potential acquisitions, according to RET Capital.

Mejean will focus on structuring project finance deals as its executive v.p. of corporate development. Mejean was formerly managing director for international project finance and business development at SunEdison. Prior to that he was a managing director with NordLB.

RET Capital is in the market to buy contracted solar assets and is particularly interested in deal structures that put the acquisition capital toward taking out construction debt (PI, 3/7). It bought the 25 MW McHenry solar facility near Modesto, Calif., from **K Road Power**.

The shop has offices in New York and San Francisco and was co-founded by **John Bohn**, former chairman of the **California Public Utilities Commission**, **Karen Morgan**, managing member of **AC Solutions**, and **Christian Fong**, managing director and head of real estate capital markets at **AEGON / Transamerica**. RET is backed by BlueMountain and **Global Cleantech Capital**.

BlueMountain is a New York and London-based fund founded by **Andrew Feldstein** and **Stephen Siderow**. GCC is an Amsterdam-based private equity fund that has primarily invested in renewable assets in Europe. It is headed by **Paul Koppenborg**, ceo.

A RET spokeswoman declined further comment and neither Keeney nor Mejean were available to comment.

Midden Joins Harbinger-Backed Lending Platform

Energy & Infrastructure Capital, an investment shop backed by **Harbinger Group**, has hired **Michael Midden** as principal of power and renewables lending.

Midden will be focused on lending to the power and renewables sector. Midden was most recently senior director of **Sol Systems**. Prior to that he was co-head of energy for **Dexia Credit Local**, where he led the renewable energy business in the structured finance group.

The Stamford, Conn.-based Energy & Infrastructure Capital will be looking to lend a range of debt to sectors, including power and midstream gas (PI, 4/7).

EIC is led by **Jerry Polacek**, ceo and chief investment officer, and **Matthew Ordway**, cfo and coo, formerly of **GE Energy Financial Services** and **Ridgeline Energy**, respectively.

A spokeswoman could not comment by press time.

POWER TWEETS

The #Power Tweets feature tracks trends in power project finance and M&A in the Americas on **Twitter**. For more news and coverage, follow @power_intel on Twitter, as well as Managing Editor @HollyFletcher, Editor @SaraReports and Associate Reporter @na_asiamah.

@isonewengland: Yesterday New England electricity use peaked at ~24,335 MW—the highest peak of the year so far. All-time peak is 28,130 MW, set on 8/2/06.

@TerynNorris: DOE announces \$4 billion available in loan guarantees for innovative renewable & energy efficiency projects [http://energy.gov/articles/energy-department-makes-additional-4-billion-loan-guarantees-available-innovative-renewable ...](http://energy.gov/articles/energy-department-makes-additional-4-billion-loan-guarantees-available-innovative-renewable...)

@dariussnieckus: Floating turbines could drive down offshore wind CoE to sub-£85/MWh by mid-2020s: @glostenseattle-@the_ETI report <http://bit.ly/1kHjgdv>

@sully94534: New Apple PV farm approved in North Carolina - <http://goo.gl/alerts/uMTb> @KACOnewenergy @KACOScott

@Mercom: Mercom Capital Group reports #solar Q2 2014: \$6.3 bn in total corporate funding; \$1.3 bn in #third-party funds - <http://ow.ly/yRWnX>



@newenergydave: Utilities focused on solving the problem vs opposing change will succeed + profit. <http://bit.ly/1qZxm1l> @BeyondCoal #NE

@bentekenergy: Dominion and TCO continue to rebuild storage inventories following last winter, but YOY deficits still remain steep on both systems.

@Clint_Wilder: Citing Sea Level Rise, California City Places Moratorium On Power Plant Plans <http://thkpr.gs/1pZsyA> via @climateprogress

@CarterLavin: @shaylekann at #IntersolarNA, #solar panel prices will likely rise ~14% b/c of trade protection. Context: Modules are ~40% system price.

@CleanEnergyBC: Juwi Wind shelves plan for 150MW wind farm in Indiana: ow.ly/yO3xj. @KokomoTribune

Q&A: ARNO HARRIS, RECURRENT ENERGY

(continued from page 1)

PFR: I'm excited about the Texas announcement for a variety of reasons and I wanted to begin with you comparing and contrasting what's changed about Texas recently that is pulling in more solar.

Harris: Well, I think there's really two things going on. Basically, you have wholesale electricity prices and you have solar prices and the changes that we see happening with both of those. Texas is a market that is obviously much more driven by price competition than some of the other big solar markets like California, which has been more compliance driven. In this case, we're really just talking about the cost-lines crossing. Gas has been trending up and solar continues to go down in terms of cost. We've finally reached a point where the price point on solar-generated electricity is really compelling, and I think the fact that Austin Energy decided to make this move is reflective of that.

PFR: That's interesting. Is this really the first deregulated market where solar has become cost-competitive on this scale?

Harris: Texas is a market unto itself. I think it is the most liberalized, most deregulated market in the country, and obviously you have retail competition, you have wholesale competition. I think from the numbers we've looked at this is the largest solar project so far that's been signed up in Texas, and so, at least in North America, it's one of the largest deregulated purchases of solar power.

PFR: Okay. The pricing on this is reportedly very attractive and I wanted to see how the pricing in this reflects on the cost convergence you referenced or if it was specific to this project.

Harris: We don't disclose the exact pricing on our contracts, but I think the price we offered on this project is really reflective of a new phase in large scale solar. We're seeing this trend continue: one where solar is getting more and more cost effective to build and, therefore, more and more cost effective in terms of the electricity that we're delivering to our utility customers. In that sense, it's really exciting.

I think it's also exciting to see because it is more evidence that solar is becoming part of the mainstream. Solar already last year was the second largest source of new generation after natural gas, and I think when you look at these cost trends—gas is a finite, depletable resource—solar is much more like a technology. I think we're going to continue to see a price divergence here that's really going to define a big role for solar in power markets.

PFR: Do you think that's going to be limited to ERCOT for the

time being? And at what point do you think that could reach out into other parts of the U.S.?

Harris: No, I think as solar gets more and more cost effective I think it's going to find more and more markets in more and more places. The reason why Texas is significant is really because from a competitive standpoint, it is an indicator that solar has crossed a new threshold.

The second reason is the size of the market. Texas and California are the two biggest state electricity markets and the size, the growth potential, and the solar resources makes this really, really significant for the solar industry, but I think we're going to see growth across the Southwest where you have great resources. We're even starting to see things happen in parts of the Southeast as well, where historically solar has not been as popular. I think it is hard to resist the price that solar is now able to offer the market, and I think as that price propagates out there, we're going to see more and more demand.

PFR: With ERCOT looking at its capacity and needs later in the decade, it strikes me that solar could be a really good option given that solar has a shorter development time than most gas-fired projects. Do you think there could be a boom of solar in Texas before 2020?

Harris: Well we've certainly had our eye on Texas for a while now. We've been developing there for at least a couple of years—filling out our land portfolio. I know there's a number of other solar developers who are doing the same so the pipeline of projects is definitely there to meet that type of demand if it emerges.

We think that the conditions in Texas are becoming pretty ideal. You've got a market that overall is forecast to grow 1 or 2% over the next few years and there is a good overlay of period demand with the kind that solar is generating at its highest level, and so the conditions there are good, and then there's the fact that gas prices are rising, and that Texas has held fast to a kind of energy-only market structure. I think this is going to be very, very favorable for solar.

You need a diverse portfolio of resources on the grid—I don't think it's ever realistic to talk about one technology dominating to an extreme. At the end of the day you need that resource mix to be able to diversify risk and maintain reliability. That said, I think the conditions are very, very favorable for solar.

PFR: Do you think that you would ever do a merchant project in Texas—have the economics proved to that extent?

Harris: There's a lot of discussion about merchant, and it's
(continued on page 11)

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Q&A: ARNO HARRIS, RECURRENT ENERGY

(continued from page 9)

something that we've talked about in theory for a while. That the talk is happening, it really reflects the other major trend that is shaping opportunity for solar, which is what is happening in capital markets. What we've seen over the past five years is the increasing acceptance by investors and lenders of solar as an asset class, which means there is an increasingly large pool of low-cost capital available to fund projects.

We're now in a transition from a project finance market to a more public investor-driven market and that is an exciting evolution because that means that pool of capital is expanding very, very rapidly and the cost of capital is coming down. There have been successful yieldco offerings, there has been interest in other types of securitized offerings to support solar projects.

The key question is going to be: how far does that enthusiasm go? And to what extent do investors become increasingly bullish about the position solar can be in in power markets? For a merchant plant to operate, you've got to have a really high degree of confidence that it is going to offer a very competitive source of electricity in the future. I think we're coming to the threshold where merchant-type plants become feasible, and I think that is likely to be something that public markets will support a few years from now as they become increasingly comfortable with just how cheap solar can be.

I think sometimes when people talk about merchant projects, they imagine a project just selling into the day-to-day market, and the reality is most players are going to hedge most of their volumes. You might have a project that does not have a 20-year power purchase agreement but it's got a stack of five-year hedges so as you work through your hedges you are gradually rolling more hedges onto that.

The fact that we're talking about it signals a shift in the role solar is going to play in the power market, and the potential and the scale that is possible. I do think that is something that is on the horizon, particularly as the cost of solar continues to go down.

PFR: You know, I think it would have been fantastical on my part to have asked you two years ago about a merchant solar project. There just wasn't the reception in the market at that point.

Harris: It would have been fantasy for sure. You see this trend of ebb-and-flow in wind and gas as well. It really is reflective of what people think long-term power prices are going to be. If you have a developer that can build at a cost that makes the project profitable below whatever the marginal cost of that market is, is in a very, very interesting position to take advantage through

merchant-type structures. I think that's something the industry is going to have to evolve into.

PFR: A couple of other things. I'm glad you brought up capital markets versus project finance. What is currently most attractive for a contracted project? Would you want a bank loan, a bond?

Harris: I think what everyone is focused on, and we're sort of focused on along with them, is the ability to tap public capital markets where across the capital structure you might see a weighted average cost of capital in the 6-7% range. And there are some that suggest it could go even lower than that. That range compares very favorably to what you see with conventional project finance.

It's an evolution, I'd like to think of it in terms of steps. The industry started out with, five or six years ago when the projects were new, having to do a lot of credit support to get lenders and investors into the projects. As they got more comfort, that credit support wasn't needed any more and the cost of capital, at least for project finance capital, for solar came down, and now the industry has proven itself and is delivering enough scale to make the leap from the project finance markets into public capital markets. I think in the current environment, that is the lowest cost capital and therefore it's the most attractive option.

PFR: You mentioned that you have been securing land in Texas for a while. Does that mean you're looking mostly for utility-scale projects there?

Harris: Yes. We are exclusively focused on utility scale projects, and I think we're increasingly seeing our strategy driven by the opportunity emerging from the convergence of solar and gas pricing, so for us, larger scale is becoming more and more the norm. We, historically, have had a mix of medium scale projects—20 MW projects, 40 MW projects—along with some of our megaprojects—100, 200-plus MW type projects—but when you're trying to drive the cost out, those big projects benefit from enormous economies of scale. So, I think this 100-200 MW range is what we're going to be focused on for a while.

PFR: Have you estimated what your pipeline ERCOT is yet? Rather, is it public yet?

Harris: We haven't publicly stated it yet, but it's been a market of focus for us for a couple years now and we've been accumulating land portfolio because we think it's going to be big. Everything's big in Texas!

Calpine Steps *(Continued from page 1)*



Stacey Peterson

The decision to issue debt now was influenced by conditions in the market—the company saw an opportunity to lock-in unsecured debt at prices more than 2% cheaper than its existing debt. Calpine will save \$60 million annually in costs, Peterson says, adding “the shift to an unsecured capital structure is something we’ve been considering for some time.” The existing secured bonds were covenant lite so the company “was not driven by motivation to strip restrictive covenants.”

The decision by a corporate to put in place an unsecured capital structure is frequently a matter of flexibility, says a banker. Having assets unencumbered by liens allows corporate entities to think more freely about growth strategies, the banker says, pointing out that corporate structure decisions such as those made by **NRG Energy** and **NextEra Energy** to put a selection of assets into a yield company would be more difficult with secured debt in place.

FAST FACT

➤ **Calpine** is simultaneously increasing its \$1 billion corporate revolver to \$1.5 billion.

“If they can get good rates on unsecured debt then it makes sense,” he says.

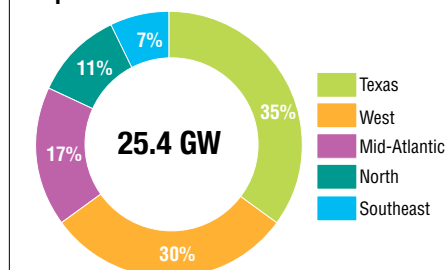
Calpine does not have any callable notes coming up in the immediate future but will monitor the bond

markets for attractive rates. “If it makes economic sense to move toward more unsecured notes, then we will do that. If it doesn’t make sense, then we’ll wait,” says Peterson.

Calpine is simultaneously increasing its \$1 billion corporate revolver to \$1.5 billion. The increased credit capacity will fund growth and development in its core markets, she says, noting that the company is focused on California, PJM and ERCOT. The company recently closed a \$1.57 billion sale of 3.5 GW in the Southeast to **LS Power** (PI, 4/21).

Bank of America Merrill Lynch, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, MUFG and Morgan Stanley were joint leads on the deal. **Barclays, Crédit Agricole, Royal Bank of Canada, Royal Bank of Scotland and UBS** were co-managers.

Calpine's Generation Concentration



Source: Calpine Corp.

State Street Global Advisors and **BlackRock** are among the firms that bought notes in the latest issuance.

— Holly Fletcher

ALTERNATING CURRENT

Sniff The Sunshine

What do your laundry detergent, afternoon snacks, antacid medication and **Elizabeth Taylor** have in common? Their fragrance and flavors (not Liz per se, but her ubiquitous line of beauty products) have all been in the laboratories of **International Flavors & Fragrance**, an olfactory and taste bud-focused powerhouse



photo: Thinkstock/Getty

in the hinterlands of New Jersey that has fired up a 4 MW solar facility. **GeoPeak Energy** developed the installation that covers 20 acres at the IFF's headquarters in Hazlet, N.J. The entire output of the project will provide about 40% of IFF's power needs for keeping up operations such as its on-site botanical garden with one of the largest collection

of aromatic orchids in the world and its “smell library”—a vast and mysterious assortment of scent oils, where a perfumer can sample whiffs of sake, banana peel and hydroponic celery. The project, which went online in January, also pushes the company along toward its goals of reducing greenhouse gas emissions for its operations by 25% by 2020, making your **Myntana**, or at least its “mouthfeel” a little bit greener.

QUOTE OF THE WEEK

“If it makes economic sense to move toward more unsecured notes then we will do that. If it doesn’t make sense then we’ll wait.” — **Stacey Peterson**, v.p. of finance and treasurer at **Calpine Corp.**, on the whether the company will look to issue additional unsecured debt (see story, page 1).

ONE YEAR AGO

Advanced Power NA was shopping around for an equity investor in its \$1.4 billion, 1 GW Cricket Valley combined cycle project in Dover, N.Y. [**TIAA-CREF** has agreed to take an up to 35% equity stake and expects to partner with Advanced Power on other projects (PI, 4/26).]