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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

Hecate eyes corporate capital raise

Shravan Bhat

Utility-scale solar and battery storage developer **Hecate Energy** is launching a corporate equity raise.

The Chicago-based sponsor has hired **Guggenheim Securities** to run a targeted marketing process, codenamed Project Torch, to court between $100 million and $150 million in exchange for a minority stake in the developer.

A potential investor would also have right of first offer on all projects Hecate develops with an agreed mechanic for pricing the projects, according to marketing materials seen by *PFR*.

Teasers were circulated last month with a formal auction set to kick off shortly. Term sheet markups are due this month.

Guggenheim senior managing director **David Dolezal** and managing director **Kyle Baker** are leading the process at the investment bank. Hecate's co-founder and chief operating officer **Nick Bullinger** is running point at the sponsor.

The 27-person Hecate team has developed and sold 2 GW of solar and storage projects since the firm was founded in 2012.

"We've been building and developing aggressively, but given the speed the market is moving, it is hard to keep up with the amount of demand and

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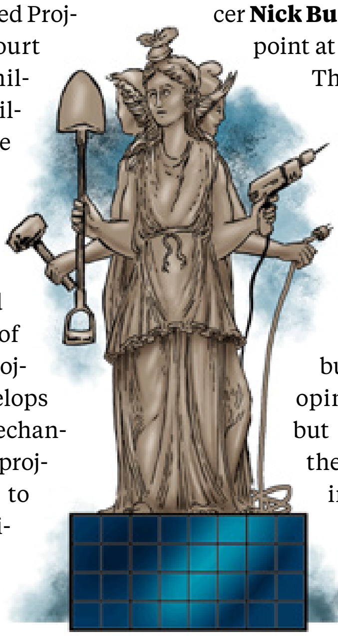

"A company at a crossroads"

Nearly $1 billion CCGT raise underway

Taryana Odayar

Calgary-based power producer **Kineticor Resource** is aiming to raise about $915 million for its 900 MW greenfield Cascade CCGT, located about 12 kilometres (7 miles) southwest of Edson, in Yellowhead County, Alberta, which it plans to bring online in 2022.

Macquarie Capital and **OPTrust** are joint sponsors on the project, with Macquarie leading bank outreach as financial adviser.

The sponsors have selected a group of initial coordinating lead arrangers, comprising:

- **ATB Financial**
- **Crédit Agricole**
- **National Bank Financial**
- **Nomura**

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PPA PULSE

CIP arranges hedge for Texas solar project

Shravan Bhat

Copenhagen Infrastructure Partners has secured a hedge for a solar project it is developing in Ercot.

Shell Energy North America is providing the 10-year contract, which will cover a portion of the output from the 350 MW Fighting Jays asset in Fort Bend County, Texas.

It could be the first large Houston-hub hedge-

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Coben heads to Guggenheim

Richard Metcalf

Laurie Coben has left **Evercore**, where she led the power and utilities investment banking business as senior managing director, for a new job at rival **Guggenheim Securities** in New York.

Coben joins Guggenheim this month, also with the title of senior managing director. She has worked in senior roles, including as co-head of energy and power, at

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Wunder to offer development debt

Commercial and industrial-scale solar lender **Wunder Capital** has raised new funds through two transactions, as it expands into providing developers with early development-stage loans.

Ares Management Corp, **Cyrus Capital Partners** and **Keyframe Capital** have taken a stake in the company.

The three investors have also signed a $100 million forward flow agreement to buy development-stage loans that Wunder originates.

Keyframe was established in 2019 as an affiliate of Cyrus, which was founded 20 years prior. Cyrus has previously provided Wunder both project-level debt and corporate equity (PFR, 4/19/18).

Wunder operates in 34 states and works with more than 300 solar developers and installers across the US. It has financed over 500 MW of solar since its inception in 2014.

"Historically we've provided construction and term debt, but this new partnership allows us to provide earlier-stage capital to our solar development partners," **Rich Mauro**, director of capital markets at Wunder, tells *PFR*.

Pre-"notice to proceed" capital has traditionally been a major financing constraint for C&I solar shops – tax equity being another.

"This new capital is highly flexible and supports a wide range of development financing structures, from project-level non-recourse debt to equipment financing, some combination of the two, or even financings backed up by a corporate-level guarantee," adds Mauro.

While the loan features will vary depending on the developer – similar to the range of structures for solar safe harbor loans (PFR, 10/11/19) – tenors are expected to range from nine months to two years.

Wunder has already put this strategy to work. Earlier this year, for instance, it provided **OYA Solar** with debt to fund interconnection deposits for a community solar portfolio in New York (PFR, 4/8).

The corporate equity deal sees **Mike Roth**, a managing director at Ares' infrastructure and power group, and **John Rapaport**, chief investment officer of Keyframe Capital and partner at Cyrus Capital, join Wunder's board of directors. ■

PFR Power Finance & Risk

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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 & 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	Adviser	Status/Comment
Apex Clean Energy	Angelo (195 MW Solar)	Texas	Fifth Third	Auction launched in June (PFR, 6/22).
	Rivanna (12.5 MW Solar)	Virginia		Investors contacted in March (PFR, 6/22).
● Ares Management Corp	Aviator (525 MW Wind)	Texas		Kansai Electric Power Co has agreed to acquire the stake in the asset (see story, page 5).
BNDES	AES Tietê (25.89%)	Brazil	BR Partners	Eneva has expressed an interest (PFR, 7/13).
BP	Whiting (525 MW Cogen, 80%)	Indiana		Bids were due June 15 (PFR, 6/22).
Constellation	C&I Solar platform	US	BofA Securities	Auction launched in June (PFR, 7/6)
Community Energy	St Martin (100 MW Solar)	St Martin Parish, Louisiana		The sponsor put out marketing materials in June (PFR, 7/6).
Copenhagen Infrastructure Partners	Greasewood (255 MW Solar)	Pecos County, Texas	CohnReznick	Auction relaunched this month (PFR, 6/15).
Cypress Creek Renewables	Portfolio (35 MW Solar)	North Carolina		The sale was launched this month (PFR, 6/29).
● Dominion Energy	Fowler Ridge I (301.3 MW Wind)	Indiana		BP has agreed to buy a 50% stake in the asset (see story, page 6).
Ecoplexus	Sage (150 MW Solar)	North Carolina	CCA Group	Second round bids due late July (PFR, 6/22).
	Portfolio (2.3 GW Solar, Wind)	US		Hannon Armstrong is buying Engie's 49% stake (PFR, 7/13).
● First Solar	American Kings (123 MW Solar)	California		Goldman Sachs Renewable Power acquired the asset on June 30 (see story, page 6).
GenOn	Heritage (2.4 GW Gas)	PJM Interconnection	Jefferies	Auction launched this month (PFR, 6/15).
Grasshopper Solar	Green Light (150 MW [DC] Solar)	Canada, US	Onpeak	Auction launched in May (PFR, 6/8).
● Hecate Energy	Hecate Energy	US	Guggenheim	Teasers were circulated in June (see story, page 1).
HPS Investment Partners	Spruce Finance (Solar)	US	Onpeak	Auction launched in May (PFR, 6/1).
Invenergy	Titan 1 (800 MW Solar)	Texas	Marathon Capital	Bids due July/August (PFR, 6/22).
Johnson Development Associates	Pinson (20 MW Solar)	South Carolina	EOS Capital Advisors	Marketing materials distributed this month (PFR, 6/29).
● Longroad Energy	Muscle Shoals (227 MW Solar)	Alabama	Fifth Third	The sale to Ørsted closed on July 8 (see story, page 16).
● Macquarie Capital	Candela Renewables	US	Nomura Greentech	The sponsor has launched the sale process (see story, page 5)
NextEra Energy Resources	Project Gila (115 MW Solar)	Texas	Marathon Capital	The sale processes have been launched in June (PFR, 7/13).
	Project Rocket City (150 MW Solar)	Alabama		
Petrobras	Portfolio (578 MW Oil)	Brazil	Goldman Sachs	Teasers issued by May (PFR, 5/18).
	Portfolio (172 MW Gas, Oil, Hydro)	Brazil	Crédit Agricole	Teasers issued this month (PFR, 6/15).
	NTS (Pipeline, 10%)	Brazil	Santander	Petrobras is seeking binding offers (PFR, 7/13).
Petrobras, Wobben	Mangue Seco III & IV (52 MW Wind)	Brazil	Crédit Agricole, DNB Markets	Sale process in binding phase (PFR, 6/22).
PNE USE	Chilocco (167 MW Wind)	Kay County, Oklahoma	Marathon Capital	Auction launched in May (PFR, 6/8).
RWE Renewables	Portfolio (861 MW Wind)	US	Marathon Capital	Auction in second round (PFR, 6/8).
SunEast Renewables	Portfolio (275 MW Solar)	New York	Nomura Greentech	The developer has launched the sale (PFR, 7/6).
● Terna Energy	Portfolio (138 MW Wind)	Idaho		Innergex Renewable Energy is the buyer (see story, page 5).

● **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 Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@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)	Deal Type	Loan Amount	Tenor	Notes
● Aristos Real Estate	American Industrial Park (8 MW Solar)	El Salvador	IDB Invest	Term loan	$8M	11-yr	The financing has closed (see story online).
Arroyo Energy	El Arrayán (115 MW Wind)	Chile	SMBC, Crédit Agricole	Debt	$140M	7-yr	Closing delayed until August (PFR, 6/8).
Atlas Renewable Energy	Pimienta (400 MW (DC) Solar)	Campeche, Mexico	DNB, IDB Invest, Bancomext	Private Placement	$200M		Closing is expected by early June (PFR, 5/18).
	Juazeiro (187 MW Solar)	Brazil	IDB Invest	Debt	$90M		Negotiations are underway (PFR, 5/26).
Casa dos Ventos	Ventos Santa Martina 14 (63 MW Wind)	Brazil	BNDES, BNB	Term loan	$38.3M		BNDES has approved the loan (PFR, 7/13).
Competitive Power Ventures	Three Rivers (1,250 MW Gas)	Grundy County, Illinois	MUFG, BNP Paribas	Construction debt	$750M	7-yr	Deal relaunched on June 16 (PFR, 6/22).
				Ancillary Facilities	$50M		
● Copenhagen Infrastructure Partners	Greasewood (255 MW Solar)	Pecos County, Texas	Bank of America	Tax equity			The financing has closed (see story, page 16).
EDF Renewables	Gunaa Sicarú (252 MW Wind)	Oaxaca, Mexico		Term loan			The developer has received term sheets from banks (PFR, 7/13).
EnfraGen	Portfolio (200 MW Distributed Solar)	Chile					The financing is expected to close before the end of the summer (PFR, 4/13).
Fisterra Energy	Tierra Mojada (875 MW Gas)	Jalisco, Mexico		Bond refinancing			Morgan Stanley is understood to be pursuing the mandate (PFR, 5/4).
● GenOn Energy	Bowline (1,142 MW Gas)	Haverstraw, New York	Jeffereis, Sequoia Investment Management	Term Loan	$105M		The facility closed on June 25 (see story, page 17).
				Ancillary Facilities	$4.5M		
	Portfolio (1,570 MW Gas)	California		Refinancing			The sponsor has approached the market (PFR, 7/6).
● Georgia Renewable Power	Portfolio (120 MW Biomass)	Georgia	AMP Capital	Refinancing	$525M	7-yr	The deal closed on June 30 (see story, page 17).
Grupo Ibereólica, GPG	Cabo Leones 2 (204 MW Wind)	Chile	Crédit Agricole	Construction Debt			Cred Ag has won the mandate (PFR, 5/26).
IEnova, Saavi Energia	Sierra Juárez II (108 MW Wind)	Baja California, Mexico	NADB	Term loan	$170M	21.5-yr	The sponsors are nearing financial close (PFR, 6/29).
			SMBC, Mizuho	Term loan		18-yr	
● Korea Electric Power Co, Sprott Korea	Portfolio (199 MW Solar)	Mexico	SMBC	Term loan	$140M		The deal is expected to close in September (see story online).
Key Capture Energy	Portfolio (1.5 GW Storage)	US		Capital Raise	$400M-$600M		The sponsor is in talks with investment banks (PFR, 5/4).
● Kineticor Resource	Cascade (900 MW Gas)	Yellowhead County, Alberta	ATB, Crédit Agricole, Nomura, NBC	Capital Raise	$915M		The sponsor has reached out to banks for financing (see story, page 1).
● Longroad Energy	Muscle Shoals (227 MW Solar)	Colbert County, Alabama	Wells Fargo	Tax equity			The financing closed on July 8 (see story, page 17).
MSU Energy	Portfolio (600 MW Thermal)	Argentina	JP Morgan	Private placement	$250M	4-yr	The refinancing closed on May 7 (PFR, 7/13).
OPDEnergy	Portfolio (150 MW Wind, Solar)	Chile	SMBC	Debt			Close expected in June (PFR, 6/8).
● Recurrent Energy	Maplewood (250 MW Solar)	Pecos County, California	NordLB	Construction debt	$280M		The financing closed on July 8 (see story, page 16).
	Pflugerville (144 MW Solar)	Travis County, Texas		Debt, Tax Equity			The deal is in the market (PFR, 6/1).
Stonepeak, MPLX, Whitewater	Whistler (Gas Pipeline)	Texas	MUFG, SMBC	Private placement	$424M	11-yr	Global Infrastructure Partners has emerged as one of the investors (PFR, 7/6).
					$400M	10-yr	
Sunenergy1	Portfolio (100 MW Solar)	US	CIT, ING Capital	Construction Debt			Financing close is months away (PFR, 5/26).
● Sunrun	Portfolio (Resi Solar)	US	Investec, Silicon Valley Bank	Term loan	$270M	7-yr	Commitments were due the week of July 13 (see story, page 16).

● **New or updated listing**

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Kansai to debut in US renewables with Aviator investment

Japanese utility holding company **Kansai Electric Power Co** has signed a deal to acquire a minority stake in the Aviator Wind project in Texas, marking its first investment in US renewable energy.

The company will buy a 48.5% stake in the 525 MW project from Ares Energy Investors Fund V, a fund managed by **Ares Management Corp**'s infrastructure and power team. The deal was announced on July 10.

"Kansai recognizes North America as one of the most important power markets and is committed to accelerating its renewable energy business in this region and across the word," said Kansai in the announcement.

The company has previously invested in onshore and offshore wind projects in Ireland, the UK and Finland. The acquisition of Aviator Wind will bring its overseas generation capacity to about 2.8 GW.

Ares acquired the project from developer **Apex Clean Energy** before securing power purchase agreements with **Facebook** and **McDonald's Corp**. The McDonald's PPA was the restaurant chain's first.

Ares then financed the project in 2019 with debt from **Santander** and tax equity from **Berkshire Hathaway Energy** (PFR, 9/17/19, 9/26/19).

The project has been shortlisted for PFR's Renewable Energy Deal of the Year Award.

Advisers and consultants on the financing included:

- **CCA Group** – financial adviser
- **Latham & Watkins** – sponsor's counsel
- **Winston & Strawn** – lender's counsel
- **Husch Blackwell** – local counsel
- **Sargent and Lundy** – independent engineer

Kansai's announcement of its pending acquisition of a stake in the project notes that funds managed by Ares will own just 0.5% of the project. The controlling 51% stake is ascribed to "other partners."

Located in Coke County, the Aviator Wind is expected to be online in August. It will be the largest single-phase, single-site onshore wind farm in the US. ■

Innergex buys Idaho wind assets

Athens Stock Exchange-listed **Terna Energy** has sold a six wind project fleet in Idaho to **Innergex Renewable Energy**.

The fully contracted portfolio, called Mountain Air, has a capacity of 138 MW and a $56.8 million price tag.

It comprises the Cold Springs, Desert Meadow, Hammett Hill, Mainline, Ryegrass and Two Ponds facilities – each of which is 23 MW in size – and has power purchase agreements with **Idaho Power** with a remaining period of about 12.5 years.

The acquisition is expected to generate $21.1 million in projected adjusted EBITDA for 2021.

While Innergex has acquired the Class B shares in the portfolio, the Class A shares will remain the property of an undisclosed tax equity investor.

The Class B shares should provide Innergex with additional cash immediately available for distribution representing 62.25% of the project free cash flow. Following cash distributions to the tax equity partner, the distributions receivable by Innergex will be about $6.1 million.

The portfolio's $111.1 million long-term non-recourse project-level financing amortizing over the next 12 years remains in place.

Terna originally financed the portfolio in 2012, with debt from **NordLB** and **Siemens Financial Services** (PFR, 1/9/12).

"Despite the current crisis, Innergex remains in an excellent position to pursue its growth, and we remain committed to identifying strategic acquisition opportunities on our own as well as through our Strategic Alliance with **Hydro-Québec**," said **Michel Letellier**, president and CEO of Innergex in a July 15 announcement.

Hydro-Québec bought a minority interest in Innergex earlier this year via a private placement that raised about $497 million (PFR, 2/6). The Mountain Air acquisition is the second of two potential acquisitions announced by Innergex which were funded with the proceeds of that deal.

The Mountain Air wind farms came online in December 2012 and are fitted with 60 **Siemens Gamesa** turbines. ■

Macquarie puts solar subsidiary up for sale

Macquarie Capital is marketing utility-scale solar and storage developer **Candela Renewables**.

Nomura Greentech is running the sale process.

San Francisco-based Candela was set up to develop assets exclusively for Macquarie's Green Investment Group, which the Australian firm would then own and finance.

"We are now at an inflection point where a new investment partner will help us continue to grow while also funding later-stage capital commitments, including PPA and interconnection security that have a different risk profile," reads a statement published July 13 on Candela's website.

Candela's contracted pipeline comprises 240 MW of solar and 50 MW/200 MWh of co-located storage with executed or awarded PPAs across two projects, and an additional 340 MW shortlisted or in bilateral negotiations.

Google awarded Candela a power purchase agreement for an undisclosed project in Texas last year (PFR, 9/23/19).

The company's development pipeline totals 3.6 GW of utility-scale solar projects and 2.2 GW of co-located battery storage.

Macquarie launched Candela in June 2018, backing co-founders and **First Solar** alumni **Brian Kunz** as CEO and **Nik Novograd** as CFO (PFR, 6/28/18).

A year later, Macquarie acquired **Tradewind Energy**'s solar and storage development platform – including a 6 GW development pipeline – and called the group **Savion** (PFR, 11/25/19). ■

NORTH AMERICA MERGERS & ACQUISITIONS

BP to buy Indiana wind farm stake

BP has struck a deal to acquire a 50% stake in a wind farm in Indiana.

The oil and gas conglomerate has agreed to buy **Dominion Energy**'s stake in the 301.3 MW Fowler Ridge I Wind Farm in Benton and Tippecanoe counties, according to a US **Federal Energy Regulatory Commission** filing dated July 13.

BP already owns the remaining 50% stake in the project. The parties to the deal have requested FERC approval by August 27.

The Fowler wind farm has sold its electricity to two offtakers under separate 20-year power purchase agreements since it came online in 2008. The offtakers are **Indiana Michigan Power** for 100 MW of the project's output and **Dominion Energy Generation Marketing** for 200 MW.

The Fowler Ridge wind complex comprises four phases in total. The 199.5 MW second phase and 99 MW third phase came online in 2009.

The fourth 150.4 MW phase came online in 2015 and is also known as the Amazon wind farm, named for its PPA with the e-commerce company of the same name (PFR, 5/6/15). **Pattern Energy Group** has a majority stake in the project. ■

PE backing for solar developer/EPC

South Bend, Indiana-based development and EPC shop **Inovateus Solar** has secured funding from equity firm **Middleburg Capital Development** (MCD).

Inovateus will use the funds to expand its development business beyond the Midwest.

Virginia-based MCD was founded in 2012. Its CEO, **Timothy Sutherland**, will serve as chairman of Inovateus' board of directors.

Inovateus began construction last month on a 16 MW project that **Alchemy Renewable Energy** is developing in Logansport, Indiana, under a 30-year power purchase agreement with **Logansport Municipal Utility**. ■

Goldman snaps up California solar asset

Goldman Sachs Renewable Power (GSRP) has bought a utility-scale solar farm in California.

The firm's acquisition of the 123 MW American Kings project in Lemoore, Kings County, from **First Solar** closed on June 30.

M&T Bank is providing the tax equity.

Legal advisers were:

- **Skadden** - seller's counsel
- **Wilson Sonsini** - buyer's counsel

The project has a 15-year power purchase agreement with **Southern California Edison**. American Kings is due online by December of this year.

GSRP is a division of **Goldman Sachs Asset Management** that raised $1.9 billion in equity commitments last year, including from **University of California Regents** (PFR, 9/16/19). ■

Yieldco structures tax equity buy-back

Algonquin Power and Utilities' yield company **Atlantica Yield** is raising debt to finance the repurchase of a tax equity stake in its 280 MW Solana concentrated solar plant in Gila Bend, Arizona.

Atlantica will purchase the original $300 million in class A shares from **Liberty Interactive Corp** for $290 million (PFR, 2/28).

The acquisition financing is earmarked to come from a project financing, a senior unsecured note issuance and a convertible note issuance.

The project finance debt comes from **ING Bank** and **Banco Santander**, which provided $143 million in incremental debt secured by four operating solar assets in Spain in April.

Additionally, Atlantica is agreed to raise $158 million (€140 million) in seven-year euro-denominated senior unsecured debt on July 8. Funds managed by **Westbourne Capital** will purchase the notes, conditional upon execution of the Solana deal.

Lastly, Atlantica priced $100 million in unsecured convertible notes on July 14, which were issued by **Atlantica Sustainable Infrastructure Jersey Limited**. The five-year notes bear interest at a rate of 4%. ■

Hecate eyes corporate capital raise

« FROM PAGE 1

number of opportunities," **Todd Kice**, director of finance at Hecate, tells *PFR*.

Hecate says it has an over 10.5 GW pipeline, which includes 3 GW of projects anticipated to reach commercial operations in the next two years and 1.1 GW of battery storage.

"We continue to get interest from external parties – both foreign and domestic – for a formal partnership so we decided in the last six months that this was the right time to start looking for a partner to help us meet the opportunities," Kice adds.

Hecate's pipeline is spread across:

- ERCOT – 28%
- WECC – 22%
- SPP – 20%
- NYISO – 10%
- SERC – 8%
- PJM – 6%
- Others – 6%

Hecate agreed to sell a 110 MW New York solar portfolio to **Greenbacker Renewable Energy** earlier this year (PFR, 1/6).

Meanwhile, **Cantor Fitzgerald** has been running a capital raise for a 500 MW Hecate Texas solar portfolio, codenamed Project Hera (PFR, 11/27/19). ■

PPA PULSE

CIP arranges hedge for Texas solar project

« FROM PAGE 1 based solar project in Ercot to be financed and built, says a deal watcher.

CIP acquired the project from **AP Solar Holdings** earlier this year (PFR, 3/19). Commercial operations are pegged for the first quarter of 2022.

The hedge was signed earlier this month and comes with a collar on the back-end, a feature that CIP has used before to support the financing of Texas solar facilities.

Goldman Sachs provided a seven-year swap and three-year collar for CIP's 240 MW Misae solar project in Childress County last year (PFR, 9/27/19).

The collar feature allows the project to capture any upside if power prices spike during the last few years covered by the contract, rather than being confined to a fixed-price swap.

Food producer **Cargill** announced this month that it would be purchasing energy from Misae through its energy retailer **MP2 Energy** – a subsidiary of **Shell Energy North America**. It is understood that Shell will in turn buy the generation from Goldman.

Misae has been online since May and the Cargill deal comes into place in May 2021.

And here is a round-up of the rest of this week's PPA news:

ALLIANCES FORGED

California community choice aggregator **Clean Power Alliance** (CPA) has approved several utility-scale solar-plus-storage PPAs.

The developers who won the 15-year PPAs were:

- **Idemitsu Renewables** (formerly **Solar Frontier Americas**)
- **Terra-Gen**
- **Middle River Power** (MRP)

The largest winning project is Terra-Gen's 100 MW/400 MWh Sanborn standalone battery storage facility in Kern County, which is due to be online in August 2021.

Avenue Capital portfolio company MRP's project is the 100 MW High Desert solar-plus-storage plant in San Bernardino County, which comes with 50 MW/200 MWh of battery capacity.

Idemitsu's winning Azalea project in Kern County comprises 60 MW of solar and 38 MW/152 MWh of battery storage.

CPA will also purchase the output of an operating hydro facility – **Kaweah River Power Authority**'s 20.1 MW Kaweah asset in Tulare County – beginning in June 2020. CPA gave this project a 10-year contract.

TICKET TO RIDE

Goldman Sachs Renewable Power and **SunPower Corp** are developing a 12.8 MW community solar complex above four **Washington Metropolitan Area Transit Authority** rail stations.

The facilities will be located above the Anacostia, Cheverly, Naylor Road and Southern Avenue stations and the sponsors will make annual rent payments to DC Metro through 2047.

Homes and businesses in **Pepco**'s DC and Maryland territory will be able to sign up for the project's output, according to a July 8 announcement. Construction is expected to begin early next year.

THE MAINE EVENT

Governor Janet Mills (D-Maine) has struck a deal with **Hydro-Québec** to sell electricity into Maine at a discounted price, via **Central Maine Power**'s transmission corridor.

The $950 million transmission corridor, formally known as **New England Clean Energy Connect** (NECEC), will transmit 1.2 GW of Canadian hydropower to the **New England** grid. Under the terms of the deal, Hydro-Québec will sell 500,000 MWh of electricity annually to Maine via NECEC at a discount of $4.00/MWh.

The deal was struck after Governor Mills wrote to the president and CEO of Hydro-Québec on March 6, expressing concern that the power to be transmitted via NECEC across western Maine will go to Massachusetts and not directly to Maine consumers.

"I have heard people say that the NECEC will deliver power directly to Massachusetts but not to Maine," said Mills in a July 10 announcement. "With this new commitment, we ensure that Maine consumers access power directly from the line at a discounted price."

To implement the deal, the **Governor's Energy Office** (GEO) and Hydro-Québec will finalize either a 20-year PPA with one or more Maine buyers at the discounted price, or, if a PPA is not entered into, Hydro-Québec will pay $40 million in installments over 20 years to a GEO-designated entity that ensures benefits to Maine retail energy customers.

As part of the deal, Hydro-Québec will also accelerate $170 million in benefits negotiated last year, including rate relief for Maine consumers and incentives for broadband internet, electric vehicle charging stations, and heat pumps.

BOARDING PASS

German developer **Alpin Sun** has agreed to develop a 120 MW project to power **Edmonton International Airport** in Leduc County, Alberta.

Construction on the $169 million Airport City Solar plant is set to begin in 2022 with the unit operational by the end of that year.

Power generated by Airport City will feed into **Fortis Alberta** and airport distribution systems, according to an announcement on July 7.

ALPHA AND OMEGA

Cargill has signed a 10-year PPA with Brazil's **Omega Energia**.

An Omega wind project will supply power to Cargill's plants located in the municipalities of Ilhéus and Barreiras, in the Brazilian state of Bahia, and to the port terminals of Miritituba and Santarém, in Pará state.

The PPA will allow Omega to develop a wind project located in the state of Piauí. Commercial operations are expected by 2022.

Cargill estimates that its portion of the project – which will not be entirely dedicated to the food conglomerate – will save the company around $11 million over the duration of the contract.

The US company has also recently closed two other PPAs in Latin American countries.

In Chile, it is participating in a two-year wind deal. The agreement will provide Cargill with power to run the Cargill Aqua Nutrition plant in Coronel, as well as the associated International Renewable Energy Credits (IREC).

At Cargill's plant in Villagorgona, Colombia, the company partnered with an undisclosed local energy company to build a solar farm nearby. The solar facility will fulfill roughly 42% of the plant's electricity needs. ■

PFR Power Finance & Risk

PFR Thermal Power Roundtable 2020

PFR THERMAL POWER ROUNDTABLE 2020

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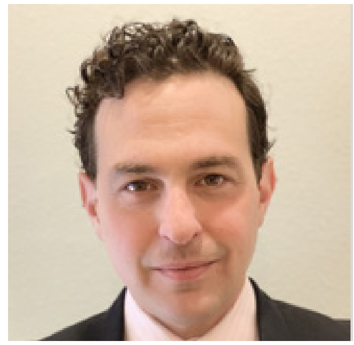

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Chief Investment Officer,
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(moderator)

PFR: Where are you all seeing opportunities for greenfield and brownfield CCGT development? Where is the smart money looking?

Keith Derman, Ares Management: On the natural gas-fired side, we believe the greenfield opportunities today are fairly limited. The math for your run-of-the-mill PJM interconnected CCGT is less compelling than it was a few years ago.

The retirement story on coal and nuclear has been in play for years, and it was one of the many factors that drove new CCGTs in PJM and a few in New York and a few in New England. But with gas prices where they are, with the uncertainty of the capacity market in PJM, from a greenfield perspective it's hard to get excited. As an industry, we've overbuilt yet again. We've done this before, and we've seemingly done it again, though maybe not as drastically as 20 years ago.

The Midwest, MISO, is a market that we've been following closely for years given its heavy dependence on coal, and we've been expecting it to pop, but it really hasn't. That being said, we do have a late stage MISO development project that we're pretty optimistic about, which we would be building under more of a traditional contractual framework as opposed to the quasi-merchant frameworks we have seen of late. But a lot of the Midwest – and we've seen this with **NIPSCO** as a good example – appears to be almost skipping the so-called gas bridge and going right from coal to renewables, which is pretty remarkable. So, again, on the greenfield side, there is not that much activity for the foreseeable future.

On the brownfield side, it becomes a question of an owner's likely tolerance for a little bit of pain. We've seen pretty wide bid-ask spreads on transactions when something is in the market, but the capital structures are so conservative, with a few high-profile exceptions, that most owners don't really have a gun to their head to sell. So, there are some select opportunities in the thermal brownfield M&A market, but not that much execution because people are, amongst other things, disagreeing over curves.

John Drake, Osaka Gas USA: I would add that right now, the primary issue is the regulatory uncertainty and, of course, more recently, the bearish signals from the commodity markets, in particular in the Northeast.

It will be challenging. There's still an oversupply situation in many regions in PJM, so there's going to be limited opportunity for greenfield development. We might see another project or two coming online, but with gas netback arrangements that extend beyond the five years. The traditional revenue put is not going to cut it these days.

In MISO, obviously there's still a lot of coal that needs to be retired, but it remains to be seen at this point whether there could be a smooth transition to renewables without incremental gas additions.

Nuclear, I think, is probably going to hang in there a bit longer. Folks are starting to appreciate the zero-emission aspect of it, as well as the fact that it is a major component of local economies. So by default, states are incentivized to keep nuclear units in the mix and potentially promote extensions.

Derman, Ares: Maybe even more so now post – or I should say amidst – Covid.

Drake, Osaka Gas: That's right. Which raises the question as to whether this opens the door for some of the modular nuclear units that we have been hearing about. It remains to be seen, but coal is certainly on its last leg and the question is, how is this transition going to take place. With all this uncertainty, greenfield is going to be tough at this point.

Daniel Englander, Panamint Capital: Keith's comment about Midwestern utilities skipping the gas bridge and going straight from coal to renewables is endemic of what we're seeing across the board. Previously, there were opportunities to work with utilities to provide assets to bridge the gap. What we're seeing in the Midwest is utilities either skipping the gas bridge or sponsoring rate-based greenfield. I think there are a couple of combined-cycles in the upper Midwest, in Michigan, Wisconsin and Minnesota, where utilities are directly sponsoring those developments. That's pretty relevant from the perspective of investing in greenfield assets.

What we focus on are opportunities that are insulated from the underlying impact of changes in commodities because they have a strong locational advantage or provide an essential service in a load pocket or in a congested area. The origination process and the analysis to identify these types of opportunities is more nuanced and rigorous than what we've had to do in the past.

PFR: One of the interesting trends that has caught our eye is what is happening in Texas, where we have seen some merchant peaker assets getting built and financed. What do you make of that? What do you think is driving that?

Englander, Panamint: As ERCOT adds more renewables to the system with zero marginal cost, it begins to push baseload further and further to the right. So what you've got is a situation where your baseload is now being provided more and more by renewable power and the intermediate or mid-merit is being squeezed out, creating a need for more peaking capacity. So to the extent that these developers believe there are sufficient economics in running 100 hours a year, we understand why that makes sense. There's not a lot of room in the middle for mid-merit assets. What had previously been baseload is now mid-merit, and the economics of that are thin.

Derman, Ares: I agree, and I think you've got some folks that are trying to capture some of the volatility. In ERCOT, you've got a market where there has actually been load growth – we'll put Covid aside. You've got no capacity market, and you have periodic weather, intermittency continuing to grow, substantial wind, solar maybe not growing quite as quickly as some people thought, but there's an incredible amount of solar development activity and we think capacity will definitely get built. How much actually gets added and how quickly, I don't think we know yet, but all of those attributes lead to volatility. So, they're trying to capture that.

I am not entirely sure if that is a business plan or a physical trading strategy but regardless it isn't our business model. Interestingly, a lot of the proposals we've seen on peakers in ERCOT have had one particular consistency, which is: how are they going to build these CTs, these simple-cycle projects, really inexpensively? Many of the proposals include grey market equipment and other angles where they can put steel in the ground quickly and below sticker cost.

Englander, Panamint: The capex point is important. Certainly, it's hard to model that volatility in a way that supports an underwriting case. I question whether a new-build peaker makes sense relative to taking over a steamer and doing some capex on that, and using that to capture the volatility. One thing I'm surprised that we haven't seen more of in ERCOT are reciprocating engines because they have a lower capex on a new-build basis than a CT and are more modular. It's a way of managing greenfield exposure that you mentioned, Keith.

Drake, Osaka Gas: We don't focus on ERCOT but we do have an asset there, which is contracted at this point. When you look at Texas relative to California, Texas is number one in wind, compared to California being number four. If my memory serves me right, it's on the order of 29.5 GW, whereas California is maybe 6.5 GW.

When you look at the solar side, that gets flipped. California is number one in solar at a little over 14 GW, and Texas is number four with about 2.5 GW. In the current dynamics, we see a shift in Texas where a lot more solar is looking for a home there. Keep in mind that Texas is in the unique position of having both strong wind and solar resources, so it makes a lot of sense.

> **"Greenfield development of thermal power in California is dead, and I think has been dead for a while"**

Considering the potential build-out of solar, which shaves off the peak, since the peak load occurs in the middle of the day, the handwriting is on the wall. When you look long-term, it's very difficult to underwrite a base-loaded unit there. Today's price signals may not be enduring.

As both Keith and Daniel pointed out, peaking units and, in particular, lower-cost peakers, is where the focus is right now. You can source them through the grey market or use recip engines to keep costs down. You can even incorporate the ability to relocate them if necessary to accommodate the renewables growth.

The thesis here is that you can make your money with a low cost-to-build peaking unit, if you have a strong summer in ERCOT. That's the bet that we're seeing.

PFR: You mentioned California. There have been a lot of contracts awarded to large energy storage projects there recently. Have we seen the end of new or brownfield gas-fired generation in California?

Englander, Panamint: Greenfield development of thermal power in California is dead, and I think has been dead for a while, both because of the market and also because the overwhelming public policy that inveighs against developing new thermal assets.

But on the brownfield side, there was a good opportunity probably two, three, maybe four years ago to acquire peaking units in California on the basis that the dynamics that we're talking about in Texas would also show up in California, which is that the market becomes peakier. The peaks become more stochastic and having a low capital base minimizes your exposure to the volatility.

Derman, Ares: Well greenfield gas in California is certainly dead. I think that we may have developed and constructed the last true greenfield in California, with a project called Pio Pico down in San Diego. There were a few gas-fired projects that got built after that, but they were generally at existing generation sites. So, Pio Pico may have been the last pure greenfield or at least one of the very last. The project faced some high-profile regulatory challenges but ultimately settled into a 25-year tolling agreement with **SDG&E**. The project became a success, and Pio Pico provides important quick-start and flexible capacity to the region but I can promise you that I won't be developing gas again in California anytime soon. As Daniel described, that ship has sailed.

In terms of existing CCGTs in California, the math is tricky. California has historically paid attractive pricing to incentivize new-build, but when you come off a contract and that pricing rolls off, then you land in the RA market, and whatever-you-can-get in the merchant energy

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or hedge market…it's really hard to make that math work today.

As a result, we've seen some well before end-of-life CCGT retirements in California. The state is all-in, and has been for years, on decarbonization, the energy transition, 100% renewables, and they've been strongly incentivizing storage for many years.

So, what can survive? Certainly, assets that are under contract, but also probably some of the more efficient peaking plants with lower fixed costs. Some of the LMS100s, for example, that got built over the last 10 years – when they roll off contract, they're going to continue to support intermittency, they'll support the system as storage continues to grow and costs of batteries are coming down.

Englander, Panamint: One thing that gives us pause in California and across the greater West – Arizona, Nevada, Oregon, and Washington – is the long-term regulatory risk of being a thermal asset owner.

The trends that we've seen in California are now being replicated across the other Western states, and we see utilities making 100% decarbonization commitments, over and above state RPS level. We're also seeing commissions be much tougher on regulated utilities about what conventional assets are being put into the rate base.

"I don't think a lot of banks are going to be willing to hold the amounts that they were considering prior to Covid"

As we look out five years or seven years from now, the question that we ask ourselves is whether in addition to having an uneconomic asset, you may end up with a fully stranded asset because of regulation or public policy.

We recently participated in the final round auction for a CCGT in the Desert Southwest. One of the break points for us was thinking about the contracting story in seven years when that toll rolls off with the IOU. While historically there has been some level of certainty around being able to recontract with a utility in the area, we aren't sure that will be the case – or even need – with the substantial amounts of solar and storage coming online. As such, some of these conventional assets may become long-run uncompetitive.

[**ArcLight Capital Partners** was the winning bidder for Desert Southwest CCGT – the Griffith Energy project (PFR, 3/3).]

PFR: Let's move on to financing. How has deal flow and debt pricing been impacted by Covid-19, from what you've seen, for thermal generation in the US?

Drake, Osaka Gas: I think, right now, the impact of Covid has certainly delayed a lot of transactions that were in the works. In terms of greenfield financings, there haven't been a whole lot in the market on the conventional side. Projects actively worked on will experience an increase in margins, probably on the order of 50 bp or more.

There are also a lot of lenders or credit committees reviewing their credit metrics, so there's probably going to be a little tightening there, including the hold levels. I don't think a lot of banks are going to be willing to hold the amounts that they were considering prior to Covid.

In the term loan B market, we haven't really seen a lot of activity. It's been a while since we've seen any action on the power side. I think the one deal that everybody is waiting for is the **Carlyle** financing that's currently in the market. From what I'm hearing, it is proceeding well and soon we'll see the results. In terms of margins, it's not clear but I get the sense it will approach Libor plus 500.

[The deal – Hamilton Projects Acquiror – was priced at 475 bp over Libor on June 10, after this roundtable took place (PFR, 6/11)]

Of course, an emerging consideration for the conventional side is what's going on with tax equity since it impacts carbon capture (Section 45Q). Tax equity, at least for the rest of the year, may be limited as some of the regional banks are pulling back, given the uncertainty of their appetite. In summary, banks appear to be more cautious in terms of lending while, so far, the term loan B market seems to be open and available.

Derman, Ares: I think that's right, and a lot of it depended on where you were in your deal when we all had our 'Aha!' Covid moment over a three or four day period in the second week of March. If you were advanced in your deal and you are a sponsor with banking relationships, those deals generally got done.

We saw this in the global financial crisis and you see it again today. This is the time when your tenure in the industry and your relationship with the banking community, as well as your relationships with the tax equity providers in the renewable market, all of this comes to roost and when it all matters. We closed a back leverage and tax equity financing in April with **ING** and **US Bank** on a residential solar portfolio and no pricing or terms were re-opened and there were no delays (PFR, 6/2). We believe that speaks volumes about all involved.

We saw ArcLight, another well-respected sponsor, get the Griffith deal done that Daniel mentioned and, you're right, I think the term loan B market seems to be starting to open back up for these types of deals.

Generally, for newer deals starting to advance through the financing process, what we hear about is a reasonable trade-off in an increase in credit spreads for some savings in the base rate. The credit spread widening is a little bigger in gas than it is in renewables. In renewables, you're probably in the 25 basis points, at most 50 basis points spread increase range, and gas is probably going to be more like 50 to 100 basis points right now.

But again, the key is what kind of relationships you have, who are you transacting with and where you were on your deal when conditions began to deteriorate.

PFR: Daniel, I'm sure you're out there looking for acquisition financing as you go out and bid on assets. What are you seeing at the moment?

Englander, Panamint: Our approach, traditionally, has been to finance assets on an equity basis and then to go back to the bank market to refi when we've completed some optimization work, to take out some of the acquisition equity. So we've been pretty insulated from that perspective. We did test the market in March or April for a small debt transaction and based on the feedback decided to hold off.

PFR: One of the themes that we hear from very enthusiastic investment bankers is that they're going to find equity in Asia.

Asian equity investors have been a strong force in the market. We have a representative of one here. Are they still in the market? Have the underlying dynamics that brought them in the first place changed?

Drake, Osaka Gas: When we talk about Asian investors, it is important to differentiate the Japanese investors – who have been in this market for a long time, and in terms of the number of players and capital invested, they certainly break out from the pack. More recently, we have seen some new entry from Japan, as well as Korean money that participates more actively across the capital structure. We're talking about the past, maybe three to four years. It is not clear, or at least I don't have a good sense, if they have the staying power and what their ultimate behavior will be if the road gets more bumpy.

"For the financial investors, it's becoming harder to define or identify an exit case for an asset"

Going back to the Japanese investors, they obviously come in different flavors in terms of capacity, capability and strategy. You have the trading houses that tend to be more nimble and are able to refocus their efforts if they don't like something they see, such as the regulatory uncertainty in PJM right now.

Of course, there are a number of committed Japanese investors with the ability to develop and the capacity to underwrite entire projects, as we have recently seen that with **J-POWER**. Perhaps, a common theme is that we invest in the sector by taking a long-term view as buy-and-hold players, looking to build a business. This way, we're able to manage through some of the cyclical aspects of the business as well as able to get our arms around some uncertainties. So, I would say that most Asian capital will probably be more cautious but remain committed to the sector.

Englander, Panamint: John, are you seeing a difference in the level of enthusiasm or participation if you divide up the Asian investor market between more active participants like Osaka Gas or J-POWER who are owners of assets versus the more passive investors such as asset managers or insurance companies, for example?

Drake, Osaka Gas: I think what happens is that investors like us tend to develop a long-term strategy and part of that strategy includes expanding our capabilities and understanding of the markets. That becomes a process, whereas financial-type investors usually try to anticipate an exit at some point, and that's what makes it more challenging, given the various moving pieces in these markets. Identifying an exit makes it very difficult.

I'm not sure 'enthusiasm' is the right word, but the commitment is still there. There's just more thought in trying to understand and navigate some of these issues that we're facing. Once we get over the next couple of BRAs, I think that they'll provide much needed information. Right now, we're starving for market signals.

Englander, Panamint: The comment that you made is interesting, which is that for the financial investors, it's becoming harder to define or identify an exit case for an asset.

Drake, Osaka Gas: I think right now, when you look at the markets over the past year, we have not seen any real distress driving activity. Look at the term loan B market. Most of the activity last year was for dividend recapitalizations as opposed to acquisitions, and I believe last year was the first time that dividend recaps may have exceeded the other activities.

"I get the sense that the implied valuation for these dividend recaps surpasses those of buyer valuations in the market"

At the same time, I get the sense that the implied valuation for these dividend recaps surpasses those of buyer valuations in the market, so there is that disconnect. We talked earlier about the bid-ask spread which I think is driven by the expectation that at some point things are going to normalize. There is always the potential for some distress out there but, in general, this is not a good time to exit with a specific value in mind. That's where you need more flexibility.

Derman, Ares: I think with the Asian investors, it's a little difficult to tell right now exactly where they are on greenfield, because the greenfield activity has slowed so considerably. There was one PJM project in the market leading up to Covid that was rumored to have an anchor Asian investor, but that deal was pulled. Now it may be back on, that process will be interesting to watch for a host of reasons.

I think it's safe to say, though, that they're cautious, or, certainly, they've pulled back to some degree. And not surprisingly, we have seen Japanese interest around renewables increase considerably.

And that makes sense, right? Because that's where the market activity is, and the activity is driven by the cost profile, the competitiveness, the improved performance that we're seeing out of wind and solar not to mention the decline in storage costs.

We have a highly attractive and efficient and well-located natural gas portfolio and, I think a very strong reputation for construction and operations in natural gas generation but many people don't appreciate that we've invested meaningfully in renewables. Over $2.5 billion invested historically including about a billion dollars in renewables over the last two years or so.

PFR: As you're looking at the debt markets and having conversations with your banking partners, have you seen any interesting new debt features or new debt instruments that are being offered to help mitigate some of the inherent challenges in the market?

Derman, Ares: In our most recent term loan B refi at Birdsboro, we did utilize a hedge toggle. We had built the project and put in place a somewhat shorter-term revenue put at financing. When we reached COD, we refi'd the bank loan, but we didn't extend the hedge. It only runs through the middle of 2022.

The new loan is priced with the existing hedge in place, but if we don't add incremental hedges as time goes on, then the credit spread toggles up modestly so the banks get paid for a pure merchant (for energy) profile. **Investec** did a nice job structuring that for us. Beyond that, it is hard to say right now, what creativity is creeping into the financing markets because, as we discussed, activity has slowed to some degree

PFR: We have heard mezzanine investors say that they see an opportunity, especially on deals where there is a more merchant component. What have you seen in the mezzanine capital market? Is there a role for that?

Derman, Ares: Definitely. Mezzanine offers flexible capital that can offset traditional senior debt or equity. Mezz lenders are willing to take certain risks, both market and structural, that the bank or term loan B market cannot take.

Mezz investors are usually able to play across virtually all transaction types including construction, acquisition, refinancing, recapitalization, and rescue financing.

Over the past few years, we saw capital-constrained developers utilize mezz to offset the equity capital needed to reach financial close on new construction assets; these processes have a high degree of complexity across debt, revenue offtake, and equity. Just on the debt side alone, a closing requires coordination among a club or syndicate of lenders. And so a mezz solution can offer execution certainty to achieve a closing; the solution may be a mezz bridge or mezz term loan. As it relates to M&A, large private equity sponsors did not require mezz as they primarily relied on traditional bank and term loan B debt.

Today, we are not seeing much new build and both the bank and term loan B market appear open for M&A transactions. As a result, we have not seen much mezz activity in thermal power. It is possible that mezz may offer attractive recapitalization solutions to asset owners who value creating some liquidity, but are reluctant to sell at today's valuation – that bid/ask spread I referenced earlier. Of course, if we see dislocation in the credit markets as we did in March/April, then the direct lending community will likely offer a strong value proposition across both senior and mezzanine transactions.

> **"A mezz solution can offer execution certainty to achieve a closing; the solution may be a mezz bridge or mezz term loan"**

PFR: The three letters that I think everyone has views on are, of course, PJM. How do you think the PJM capacity auction issue is going to play out? How are sponsors preparing?

Englander, Panamint: We recently looked at a brownfield PJM asset. Where we came out on that asset was consistent with how we think about the value of both energy and capacity in competitive markets. Thermal assets become less and less valuable over time. So our view is that even to take a look at this asset, we would be pricing the capacity value at the bottom of the range.

PJM has overbuilt and the dynamic that we're starting to see there, similar to Texas and California, is that more renewables are coming on. It doesn't necessarily play well for long-term capacity prices or baseload assets

The uncertainty around the structure and timing of the PJM auction certainly hasn't been constructive from a financing standpoint. But, again, that uncertainly is indicative of regulators trying to cope with the energy transition, to make sure the rules incentivize the types of assets that public policy wants to see in the market. That's having an impact on uncertainty for thermal financing. As such we're not expecting to see prices where they were three, four, five years ago.

Derman, Ares: As far as when the auction is going to be, right now sponsors are just praying there *will be* an auction.

I have no way of predicting what's going to happen or not going to happen, but the conversation has escalated beyond the question of 'when' around some of the states taking a look at leaving PJM. Who knows but that is going to be a tough genie to put back in the bottle. Thankfully, PJM's capacity is three years forward, so it hasn't really come to roost from an existing-asset perspective. It impacts your financings and your new build, but if this was the NY-ISO that was caught in this morass, we'd have a really big problem.

But, what most folks are expecting is that the auction is going to happen and PJM is going to just do some catch-up, where you might have an auction every six months once there is some resolution around the issues that are being debated.

Englander, Panamint: They've been chipping away at it for years with out-of-market subsidies for nuclear power, for example. We saw that in New York too. Look at the impact of that on capacity prices in New York. So I think you're right, Keith. The more we see states beginning to act on their own outside of the constructs of PJM, the more risk there is that if the capacity market does return then it's not going to look like it has previously.

Derman, Ares: We own the Newark Energy Center in our funds, which was one of the three New Jersey [Long-Term Capacity Pilot Program Act] projects to receive a [Standard Offer Capacity Agreement] contract from back in 2012 or so. The LCAPP program, along with a corollary program in Maryland, were litigated all the way to the Supreme Court, where those contracts were ultimately invalidated on **FERC** pre-emption grounds. These issues have been fought for a long time and don't seem to be going away.

> **"What most folks are expecting is that the auction is going to happen and PJM is going to just do some catch-up"**

Drake, Osaka Gas : In general, ISOs are constantly undergoing structural changes and refinements as they attempt to create or develop governing rules which allow different resources to participate in the market. Right now, we're seeing activity to accommodate storage and recognize the value it provides to the grid. Again, there are the immediate issues (BRAs) and then the question that was raised before, the [Fixed Resource Requirement] option. A number of states, including my home state – NJ, are examining actively FRR right now.

The question I have for Keith or Daniel is what are their views on the economic or fiscal condition of the various states, given the vast amounts of stimulus and support to address Covid-19, in terms of both their appetite to really push hard for subsidies and, in particular, things like offshore wind, as well as their ability to go down the path of FRR. I think these are big questions.

Derman, Ares: I have no idea what you're talking about. The economy is fine, just look at the stock market

[Laughter]

Seriously though, we don't really know yet. The can has been completely kicked down the road by unprecedented fiscal stimulus, but something has got to give, because there are small businesses that have failed and will fail, substantial unemployment, and all of this is going to have major implications for states and local balance sheets. It's going to have an influence. We just don't know the full impact yet.

PFR: On hedging, we have heard that the revenue put has basically been replaced by the gas netback. Tell us about the market for gas netbacks. Who is out there offering them? What are the terms? How have they evolved?

Derman, Ares: We have a netback on one of our projects, which is currently under construction in Southwestern Pennsylvania. The netback's tenor as well as some of the structural protections to the downside are pretty unique.

The strength of that agreement allowed the project to raise equity but, most notably, it allowed it to achieve an investment grade rating and bring a new-build combined-cycle in PJM to the bond market, which hadn't been done in probably 20 years.

But new netback arrangements have tapered with the slow in new-build and the current credit profiles of the gas companies isn't helping. Maybe, if gas prices do truly recover, as the forward suggests that they might, as a result of the reduction in the associated gas coming from oil production, maybe we'll see a number of additional deals get financed by netbacks or maybe even another structure as hedges evolve that's even more attractive to the bank and sponsor community.

Or if gas prices recover but credits do not, maybe that could even bring the revenue put back, because the reason the revenue put went away is the gas prices just kept getting lower, sparks were getting lower, and so the gross margin that you needed to guarantee the cost of that revenue put was just getting too high if you wanted to end up with a capital structure that was, give or take, 50:50 debt to equity. I just don't think it's there right now, but that could change.

Drake, Osaka Gas: That absolutely makes sense. The issue, right now, is who is behind the netback. The financial condition of some of these producers, given where oil prices are now, is very challenging. There is a need for credit enhancement, and you have to weigh in the associated cost.

> **"In the West, what we've been seeing on the thermal side, actually, is, yes, there are more wholesale C&I customers"**

Clearly, through netbacks you get better deals because you have greater revenue visibility and you can extend them beyond the traditional five years of a revenue put; it's a better structure for financing as well as for the sponsors. But at some point, you have to look at the economics and weigh your options.

Englander, Panamint: We haven't looked at any gas netbacks in probably the last six to nine months, so I couldn't really comment on that. From a hedge perspective – both in ERCOT and the Desert Southwest – we've seen a movement, at least from HRCOs [heat rate call options], which is something we're very comfortable with, to more spark spread swaps or swap options, which is something that we've started to get comfortable with and something that seems like the hedge providers that we work with are offering more, as opposed to straight HRCOs.

In terms of the pricings of the hedges that we've seen, though, there really hasn't been much of an impact, as far as we can tell, from Covid. If anything, it seems as though the forward curves in ERCOT are becoming less backward-dated, which is certainly a benefit, and maybe that's because the near-term prices are coming down this year and the back end of the curve is staying the same, so it could be a function of that. But, long-term, over the next two to three years as we've been pricing out, there hasn't really been, as far as we've seen, any significant change in hedge pricing.

PFR: Are there new hedge counterparties that have come to market?

Englander, Panamint: In the West, what we've been seeing on the thermal side, actually, is, yes, there are more wholesale C&I customers who are stepping out for slices of thermal, and I think those are customers that are procuring lots of renewable energy, that are doing so principally under virtual PPAs. The need that we've identified is from counterparties looking for a basic backstop or reserve capacity to sit behind those virtual PPAs. It's a pretty small market right now but, certainly, we've seen some interest from folks that even two or three years ago wouldn't have been considering buying thermal power on a wholesale basis.

Our thinking is what is driving that, really, is that as these large procurement entities are buying up more renewables, they're also identifying a need to have a firm backstop for that capacity, just to underpin their operations and maybe as a way of reducing their exposure to utility costs.

PFR: Let's look at the impact of climate and ESG concerns on the availability of capital, both debt and equity. What has been the impact of that?

Derman, Ares: ESG is a very significant focus both at Ares Management and our Infrastructure & Power business. To be clear, we aren't just talking about the E, we take the S and G extremely seriously as well.

That is, in some respects, part of our firm's shift towards greener pastures. It's the economics as well as ESG as part of our shift towards climate infrastructure and renewables, and energy transition assets. But, I do believe that there's absolutely, still, capital available, equity and debt, for natural gas generation. I don't think that anything over the last few months has changed that. The interest level is driven by the math. Can you make the returns work? Are they compelling?

We talked earlier about greenfield gas generation and I think we all agreed that it's going to be fairly modest for the foreseeable future. But I do think that events of especially the last two to three weeks, but also the events of the last three months, are going to heighten the focus on environmental justice as one of the elements of ESG, and one of the elements of permitting. It's already a focus, but I think you'll see potentially more around that. And that may further slow greenfield gas generation.

Then, of course, there's coal. It's a four-letter word. It has been a four-letter word. The bank market is clearly out of coal. The term loan B market, maybe, is out of coal. We saw one recent deal that couldn't get done. Maybe it would have gotten done with much higher pricing, I don't know. And, maybe there's some equity out there that would buy coal, but I don't think it's in the infrastructure universe. It's really more whether it's in the PE or the distressed universe, but it's pretty limited and that scarcity is driven by both economics and ESG.

Englander, Panamint: We work in both conventional and renewable power, and for the conventional investments that we do the focus on putting to money to work is that the investment case has to have a climate-positive story.

That leads us to looking at assets on the thermal side that are supportive of the energy transition, such as providing balancing services to support the build out of renewables or bridging the gaps between conventional and renewable power to give consumers power that's firm and clean.

At least from our perspective, and the perspective of our investors, it's not sufficient just to do a thermal deal on the basis that it makes money. There has to be a climate-positive story associated with it.

Drake, Osaka Gas: In general, we're sensitive to ESG considerations, although I'm not aware of a specific target. When you look at any long-term projection, gas is going to be there for the next 25 to 30 years in a very meaningful way, so that's what we're focused on – capturing this opportunity.

At the same time, we are looking to build our renewables investments, as well. Up to now, it has been a bit of a challenge, given that pricing is not commensurate to risk for pure cash equity.

Beyond that, I was very encouraged by the section 45Q tax credits that are out there, putting carbon capture into play. I think that it could become a very important tool going forward in terms optimizing the portfolio of technologies that will solve the climate issue.

PFR: What are you seeing on that front in terms of opportunities to do carbon capture and storage? Are you looking at it as an investment opportunity?

Drake, Osaka Gas: We haven't looked at it yet. It's still very early. I was at **NRG** when Petra Nova was still on the drawing board. At the time, the project was built assuming $75 oil prices, and when they dipped to $50 it was still okay, but not where it needed to be. Of course, this year, the project is facing some challenges. At the same time, I think the new tax credits provide a new path forward. Recently, **Starwood** announced a big project aimed at taking advantage of these tax credits.

It's going to be interesting and challenging. When you look at the issues associated with carbon capture, use and sequestration, they extend beyond the use of new technologies. You have exposure to potential environmental liabilities, operating risk if you're not meeting the minimum levels, as well as timing issues. To bring in tax equity, first of all, sponsors must address the risk allocation. At the same time, banks are not ready to finance a project like that, requiring different sources of funding. There are a lot of hurdles still to address, but it definitely opens up possibilities for the future.

> **"Then, of course, there's coal. It's a four-letter word. It has been a four-letter word. The bank market is clearly out of coal"**

Derman, Ares: I remember looking at a bunch of IGCCs almost 15 years ago, but all pre-financial crisis and, again, John, to your point, oil being at $75, this was when gas was reliably five-six, post-Katrina, $14/MMBTU. Very little if any of it got built and that was because of cost, and technology risk as well as the development cost including just trying to finance the very expensive [Front-End Engineering Design] studies.

I know that things have come a long way and there are considerable tax incentives, but I'm not sure that the related issues plus subsurface questions have been completely resolved.

PFR: Daniel, your views on carbon capture opportunities, and also, can you actually finance coal phase-outs?

Englander, Panamint: That's a good question. First, on the carbon capture, the availability and existence of tax credits still doesn't mitigate the operational issues with carbon capture. To the extent that we still can't put together and underwrite a case for carbon capture makes the tax credits, at least at this point, fairly meaningless.

On the coal phase-out, again, there's not a lot of data on these kind of transactions. My understanding is it's mostly around remediation and reclamation companies taking over coal assets from vertically integrated utilities and the vertically integrated utilities using the depreciation benefit of those assets to underwrite the liability of the transfer.

It's an interesting play but it requires a lot of specialized knowledge and most of the buyers of those assets, they're not power generation firms. They're in the business of taking these assets, taking them down and redeveloping them into **Amazon** warehouses. I think that's a play, but I think what will happen eventually is that regulators will work out that these coal transfer deals aren't really a great deal for ratepayers, because ratepayers are still footing the burden for these assets long after they've been transferred off the utility balance sheet. ■

NORTH AMERICA PROJECT FINANCE

Longroad closes Alabama solar deal

Longroad Energy has financed its 227 MW Muscle Shoals solar project in Colbert County, Alabama, and sold the unit to **Ørsted**.

Wells Fargo is sole tax equity provider. Longroad did not use debt financing.

"This investment supports our pledge to provide $200 billion in financing through 2030 to businesses and projects helping to accelerate the transition to a low-carbon economy," said **Andrew Kho**, head of origination for Wells' renewable energy and environmental finance group, on July 9.

The financing and sale closed on July 8, bringing to an end a **Fifth Third Securities**-run sale process, codenamed project Kodachrome, that began at the start of the year (PFR, 3/18).

Muscle Shoals has a 20-year power purchase agreement with the **Tennessee Valley Authority** (PFR, 11/5/18). It will be Alabama's largest renewable energy project when it comes online in mid-2021.

Legal advisers were:

- **Norton Rose** – counsel to Longroad (transaction)
- **Balch & Bingham** – counsel to Longroad (local)
- **Latham & Watkins** – counsel to Ørsted (transaction)
- **Bradley Arant** – counsel to Ørsted (local)
- **Wilson Sonsini** – tax equity counsel
- **Maynard Cooper** – tax equity counsel (local)

"The acquisition of Muscle Shoals continues the expansion of our solar portfolio and further diversifies the geographic footprint of our asset base by establishing a foothold in the rapidly growing Southeast solar market," said Ørsted Onshore CFO **Vishal Kapadia**.

Project component suppliers include:

- **Swinerton Renewable Energy** – EPC
- **First Solar** – panels
- **Power Electronics** – inverters
- **NEXTracker** – trackers

Recurrent closes solar financing

Recurrent Energy has sealed construction financing for its 250 MW Maplewood facility in Pecos County, Texas.

NordLB led on a $280 million facility, which closed on July 8.

The lending group comprised **BayernLB**, **Export Development Canada**, **National Bank of Canada** and **Rabobank**.

Global Atlantic will purchase Maplewood when it is brought online in 2021 (PFR, 7/1). The insurer has previously been both a cash and tax equity investor in US solar projects (PFR, 10/3/19).

Maplewood is split into two phases, both of which are contracted with non-utilities under 15-year power purchase agreements.

St. Louis-based brewer **Anheuser Busch** is the offtaker for the 222 MW larger phase, while Dallas-based oil and gas pipeline company **Energy Transfer Partners** will buy the output of the 28 MW smaller phase.

CIP closes tax equity deal

Copenhagen Infrastructure Partners has secured tax equity financing for its 255 MW Greasewood solar project in Texas.

Bank of America is providing the funds for the plant, which is under construction in Pecos County.

"CIP is pleased to have secured this tax equity transaction, particularly in today's market where we are dealing with such headwinds as the Covid-19 pandemic, the sharp drop in oil and gas prices and unfavorable macroeconomic forecasts," said CIP senior partner **Christian Skakkebæk** in a July 13 announcement.

Legal advisers were:

- **Norton Rose** – counsel to CIP
- **Hunton Andrews Kurth** – counsel to BofA

CohnReznick Capital advised CIP on the tax equity raise and is also advising on a sale of a stake in the unit (PFR, 6/9).

Greasewood has three power purchase agreements with investment-grade municipalities, namely the **City of Garland**, **New Braunfels Utilities** and **Kerrville Public Utility Board**, with a weighted average contract length of 17 years. The municipal PPAs account for 59% of the project's output.

A further 25% will be covered by a five-year hub-settled hedge with **Morgan Stanley** to minimize shape risk while retaining merchant upside.

Construction began in October 2019 and the asset is expected to reach commercial operations in December.

Commits due for Sunrun term loan

Residential solar company **Sunrun**, which recently struck a deal to acquire its rival **Vivint Solar**, is close to wrapping up a seven-year term loan it recently launched in the bank market.

Commitments were due last week for the $270 million loan, with pricing at 300 bp over Libor.

Investec and **Silicon Valley Bank** are arranging the deal.

The banks launched the deal last month and intend to close by the end of this month (PFR, 6/16). The size and pricing of the deal could change, says a deal watcher.

Sunrun has signed a $3.2 billion all-stock deal to acquire Vivint Solar in order to scale and grow its energy networks business (PFR, 7/7). **Credit Suisse** is advising Sunrun, while **Morgan Stanley** and **BofA Securities** are advising Vivint.

Ameresco raises solar warehouse debt

Ameresco closed a $100 million solar warehouse facility with a single lender on June 9.

Columbus, Ohio-headquartered **Huntington National Bank** is providing the line of credit.

It is not the first time the Ameresco and Huntington have worked together – the bank disclosed a previous $100 million loan to Ameresco in its 2018 ESG report.

Morgan Lewis was Ameresco's legal counsel on the latest deal.

GenOn refis NY asset, zeroes in on California deal

GenOn Energy has secured a refinancing for a gas-fired plant in Haverstraw, New York, and is close to selecting bank leads for another financing for a pair of gas-fired assets in California.

The $109.5 million financing for GenOn's 1,142 MW Bowline facility in the Lower Hudson Valley closed on June 25, with **Jefferies** (left lead) and **Sequoia Investment Management** acting as joint lead arrangers.

The debt package included a $105 million term loan, of which Sequoia committed about $50 million.

Joining Sequoia as lenders were:

- alternative asset manager **P. Schoenfeld Asset Management** (PSAM)
- Israeli insurance company **Phoenix**
- Israel's **Shotfut Ashrai Lo Sachir**
- **Lumyna Specialist Fund** – which is the rebranded former **Bank of America Merrill Lynch** alternative funds platform that is now part of Italy's largest insurance company, **Generali Group**

Apart from the diverse mix of lenders, the transaction is also unique in that the term loan is split into two levels with different triggers allowing for the ability to upsize to $150 million immediately or to $180 million next year, according to sources close to the process.

Rounding out the debt package is a $4.5 million revolving credit facility provided by Jefferies.

The financing has been in the works for some time, with a $200 million-plus loan said to have been on the horizon since January, with Jefferies acting as bookrunner (PFR, 3/16).

White & Case acted as legal adviser to the sponsor on the deal, while **Latham & Watkins** advised the lenders.

The plant is located in **New York ISO**'s Zone G.

Meanwhile, Jefferies is also acting as sell-side adviser to GenOn on the recently launched auction of its 2,382 MW **Heritage Power Holdings** portfolio, comprising 16 gas-fired steam, combined-cycle and combustion-turbine facilities in **PJM Interconnection** (PFR, 6/9).

RELIABILITY MUST RUN

On the other side of the country, GenOn has shortlisted lenders for the role of lead arranger for a refinancing of a pair of gas-fired plants in California, namely the 1,516 MW Ormond Beach facility in Oxnard and the 54 MW Ellwood facility in Goleta.

GenOn has not yet circulated financial terms of the deal to the banks.

The sponsor started reaching out to lenders around mid-June for a loan to refinance the assets, as previously reported (PFR, 6/26).

Both plants are at the end of their useful lives, having been online since the 1970s. The coastal Ormond Beach plant had been slated to retire but was required to continue operating for grid stability reasons. GenOn is in talks with California state agencies regarding similar reliability must run contracts to allow it to operate through 2023. The Ellwood plant is in a similar position. ■

Nearly $1 billion CCGT raise underway

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A number of other project finance institutions are expected to join the lending group in the near-term.

The project is anticipated to cost about C$1.5 billion ($1.10 billion), according to Cascade Power Project's Community Open House presentation.

OP Trust and Kineticor had been seeking additional capital for the project in the form of another investment partner for the last two years before bringing in Macquarie, which provided its investment between six months and a year ago, according to an investment banker in Canada who has been following the process.

The Cascade CCGT has secured gas supply agreements with **Mitsubishi** subsidiary **Cutbank Dawson Gas Resources** as well as **Peyto Exploration and Development** (PFR, 2/10).

Construction of the project was slated to start in the second quarter of this year, and will be carried out in two 450 MW phases. Both phases are due to be completed by the end of 2022. ■

Developer refis Georgia biomass duo

Georgia Renewable Power has refinanced two recently operational biomass projects in the Peach State.

AMP Capital provided the $525 million seven-year loan for the two 60 MW facilities:

- Franklin, located in Carnesville
- Madison, located in Colbert

The deal closed on June 30. Advisers were:

- **Mayer Brown** – borrower's counsel
- **Cahill Gordon & Reindel** – lender's counsel

Construction began in January 2018 and the plants came online in December 2019, under 20-year **Georgia Power** power purchase agreements.

Apollo Management and **HPS Investment Partners** are said to have provided the original construction financing (PFR, 4/4/18). ■

C2 closes C&I solar deal

Commercial and industrial-scale solar developer **C2 Energy Capital** has closed debt and tax equity financing for a distributed solar portfolio spanning four US states.

City National Bank provided the debt for a portfolio spread across roughly 30 sites in Arizona, California, Illinois and Louisiana.

Centrica Business Solutions was the tax equity investor. The deal closed June 18.

Legal advisers were:

- **Linklaters** – borrower's counsel
- **Norton Rose** – borrower's counsel
- **Ballard Spahr** – lender's counsel
- **McGuireWoods** – tax equity counsel

The assets are located on-site at various outlets of a "big-box retailer," *PFR* understands. C2 Energy signed power purchase agreements totaling around 40 MW with **Walmart** last year (PFR, 5/8/19). ■

CASE STUDY

Case Study: Longroad to victory

Longroad Energy proved the viability of two relatively new solar offtake structures – the California community choice aggregator-backed power purchase agreement and the Texas solar hedge – when it financed and sold the 160 MW Little Bear and 300 MW Prospero projects over the course of the past year.

In April, Danish pension funds **PKA** and **PenSam**, represented by investment manager **AIP**, agreed to buy 50% stakes of Little Bear in California's Fresno County, and of Prospero in Andrews County, Texas (PFR, 4/7).

"Prospero 1 was in a market that we knew very well, while Little Bear was a totally different animal since we didn't have tons of experience with California development," **Charles Spiliotis**, Longroad's chief investment officer, tells *PFR*.

Rebecca Kelly, a Western US-focused developer hired by Longroad from **8minute Solar Energy** in September 2019 was instrumental in getting Little Bear over the line.

The financing of Little Bear and sale of both assets closed at the height of market turmoil resulting from the Covid pandemic but strong bank relationships and well-cooked projects meant that pricing on the loans increased only slightly and this rise was largely offset by the fall in base rates.

"We needed to find a structure that worked for AIP because they like to invest unlevered and so we split the common equity 50:50 and only back-levered our piece," adds Spiliotis. "We felt like we got good total value and also retained a meaningful stake for the long term," he says.

The sale came about after **Greentech Capital Advisors** had run an auction for Prospero and the 83 MW Foxhound solar plant in Halifax County, Virginia, towards the end last year (PFR, 11/6/19).

AIP had originally been interested in Prospero alone but became keen on Little Bear too, given their previous experience owning solar in California (PFR, 10/17/18).

Advisors on the sale were:

- **CCA Group** – financial to buyer
- **Mayer Brown** – seller's counsel
- **Gibson Dunn** – buyer's counsel

Longroad has sold Texas assets to AIP before, in the form of the 243 MW El Campo wind farm in Knox County last year (PFR, 7/9/19).

DIFFERENT ANIMALS

Little Bear is contracted under a 20-year PPA with CCA **Marin Clean Energy** (MCE), which received its second investment grade rating in August 2019 – a BBB score from **Fitch Ratings** – after **Moody's Investors Service** had graded it Baa2 in May 2018.

Prospero, meanwhile, was financed on the basis of a 12-year energy hedge with **Shell Energy North America** in May 2019.

It was the second such Texas solar hedge between the two since the contract for the landmark 250 MW Phoebe plant in Winkler County the previous year (PFR, 7/3/18).

Shell saw value in Prospero since it was Ercot North Hub settled and complemented Phoebe, which settles in Ercot South.

For Longroad, Prospero presented the chance to use the same structure, documents, law firms and banks as the Phoebe deal – the two projects were shortlisted for *PFR*'s North America Renewable Energy Deal of the Year for 2019 and 2018 respectively.

LIVE LONG AND PROSPERO

The defining feature of the Prospero financing was the participation of **Facebook** as tax equity investor – the technology giant's first tax equity investment. The deal closed May 16, 2019, and tax equity funded this week as the unit came online.

Peter Freed, Facebook's energy strategy manager had begun talking with Longroad about a potential tax equity play two years ago, when Freed was weighing how to diversify Facebook's path to reaching 100% renewable energy away from simply procuring power.

"We got involved earlier than a typical tax equity investor might because it was our first such deal and we knew it would take a while to get our internal stakeholders comfortable and because we care about additionality and wanted to help the project move forward," Freed tells *PFR*.

Facebook's tax equity strategy involves funding greenfield assets (i.e. additionality) in the same grid as its data centers, where it can retain the environmental attributes and partner with a strong developer.

"The complexity hurdle is a big one for corporate investors: A tax equity investment requires a huge amount of work with lot of different stakeholders and ultimately it was about finding internal champions, making them subject matter experts, and having great tax, accounting and legal advisers," adds Freed.

Law firm **Hunton Andrews Kurth** advised Facebook.

The $418 million construction debt package comprised an $88 million construction-plus-seven-year term loan, a $225 million tax equity bridge loan and $105 million in ancillary facilities (PFR, 5/30/19).

As with Phoebe, a **Daniel Miller**-led **CIT Bank** team was coordinating lead arranger. Other lenders were:

- **Silicon Valley Bank** – JLA
- **Zions Bank** – JLA
- **Helaba** – interconnection LC issuer
- **Rabobank** – DSR LC issuer
- **Commerzbank** – term debt lender
- **National Australia Bank** – hedge LC issuer

Legal advisers were:

- **Norton Rose Fulbright** – borrower's counsel
- **Winston & Strawn** – lender's counsel

BEARING INTEREST

Originally developed by **First Solar** meanwhile, Little Bear is made up of four assets, which Longroad acquired in December 2019 (PFR, 3/3).

KeyBanc Capital Markets and **Santander** led on a roughly $333 million debt package, which closed on March 30. It was the tenth deal between Key and Longroad.

The borrower under the project finance loan is a special purpose vehicle called Mama Bear; another holding company called Grandma Bear sits above that vehicle.

The financing comprised:

- $115 million eight-year term loan
- $144 million tax equity bridge loan
- $55 million equity bridge loan
- around $20 million in letters of credit

US Bank provided the tax equity commitment. The legal advisers on the Little Bear financing were:

- **Stoel Rives** – borrower's counsel
- Winston & Strawn – lenders' counsel

SVB came into the deal after financial close since it was a large commitment for two banks to take down. ■

LATIN AMERICA

Brazilian transmission JV issues debentures

Brilhante Transmissora de Energia, a Brazilian transmission joint venture between **Cobra Group** and **Celeo Redes**, has raised R200 million ($37.4 million) in debentures.

This was the first issuance of unsecured debentures (non-convertible into shares) in a single series targeting only professional investors.

Itaú BBA acted as lead placement agent and **Oliveira Trust Distribuidora** as trustee.

Demarest was legal adviser on the issuance. The transaction closed on June 26.

With a two-year tenor, bonds were priced at 2.55% over CDI (the Brazilian interbank rate).

Brilhante Transmissora de Energia had a loan contracted with Brazilian development bank **BNDES** for the implementation of the Chapadao-Imbirussu, Imbirussu-Sidrolandia and Sidrolandia-Anastacio transmission lines as well as three substations called Sidrolandia, Rio Brilhante, and Ivinhema.

The ownership structure of Celeo Redes is divided into Celeo Concessões de Investimento (51%), which belongs to **Grupo Elecnor**, with the remaining 49% controlled by APG Infrastructure Pool 2012, a Dutch fund managed by **APG Management NV**. Celeo Redes conducts its Brazilian operations through **Celeo Redes Brasil.** ■

Mexico wind project wins pause of transmission fee hike

Mining conglomerate **Grupo Mexico** has been granted a temporary suspension of the increase in transmission fees for old self-supply contracts for its 74 MW wind project in Oaxaca.

The Second District Court in Administrative Matters granted the protection to the El Retiro wind asset on July 7, suspending the implementation of the policy until a final decision is made. The transmission fee rise was approved by the administration in May.

The El Retiro project supplies Grupo Mexico's subsidiaries, including movie theater company **Cinemex** and railway firm **Ferromex**.

The fee hike is aimed at self-supply projects approved before the 2014 Energy Reform, of which the El Retiro wind farm is one. These projects enjoyed transmission discounts, but representatives of state-owned utility **Comisión Federal de Electricidad** argued that the program was causing its deficit to rise and that private firms were taking advantage of its infrastructure for their own benefit (PFR, 6/10).

Two other developers had already secured temporary reprieves against the policy (PFR, 6/19).

Grupo Mexico acquired the El Retiro facility from **Gamesa** in 2014, after the latter brought it online earlier that year. The facility is fitted with 37 wind turbines from the manufacturer. ■

Brazil shrinks 2020 transmission auction

Brazil's **Ministry of Mines and Energy** (MME) has determined a new timeline for transmission line auctions and redefined the assets on offer.

At the beginning of the Covid-19 pandemic, the government halted all procurement processes, including both power and transmission line auctions. In May, power regulator **Aneel** decided to hold a public consultation to redefine the auctions for 2020, 2021 and 2022 (PFR, 5/18).

The amount of investment required in the 2020 transmission auction has dropped from the R10.4 billion ($2 billion) originally estimated to R6.1 billion ($1.15 billion). The remaining R4.3 billion in investments will be awarded in subsequent auctions in 2021 and 2022.

The 2020 procurement will award contracts for 30 years, comprising construction and operation. It will include assets located in the states of:

◆ Rio Grande do Sul
◆ Ceara
◆ Mato Grosso do Sul
◆ Amazonas
◆ Goias
◆ Sao Paulo
◆ Bahia ■

PEOPLE & FIRMS

Coben heads to Guggenheim

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Merrill Lynch and **Bank of America Merrill Lynch**, over the course of her 35 years in investment banking.

"We are excited to welcome a banker of Laurie's caliber to our firm," said **Mark Van Lith**, co-CEO of Guggenheim Securities, and the firm's head of investment banking. "Laurie is an investment banking luminary with an extensive track record as a trusted advisor to CEOs and boards of directors in the power and utilities sector. Laurie's long-standing relationships and deep industry knowledge will be highly additive to our leading power and utilities franchise. We look forward to her continued success at Guggenheim."

Coben joined Evercore in 2015 after 21 years at BAML and Merrill Lynch (PFR, 10/14/15). She started her career in M&A at **Salomon Brothers**.

Mandates she has handled include advising the buyers in several corporate acquisitions in the utility sector, such as **PPL Corp.**'s 2010 acquisition of **E.On**'s U.S. power and gas business (PFR, 11/2/10), **AES Corp.**'s acquisition of Ohio-based **DPL** in 2011 (PFR, 11/28/11), and **Duke Energy**'s acquisition of **Progress Energy** in 2012 (PFR, 7/3/12) ■

PEOPLE & FIRMS

Nyserda's Barton joins FirstLight Power

Alicia Barton, the former CEO of the **New York State Research and Development Authority**, has been appointed as the new CEO of Burlington, Massachusetts-based power plant owner and operator **FirstLight Power**.

Barton, who had served as president and CEO of Nyserda for the last three years, will take the reins from **John Shue**, effective August 3. Shue has been with FirstLight since 2016, leading it through its launch as an independent company.

At Nyserda, Barton oversaw the execution of long-term contracts for more than 6 GW of offshore wind and other new renewable energy resources.

She has also previously co-chaired the energy and clean tech practice at Boston-based law firm **Foley Hoag** and served as chief of operations for **SunEdison**'s global utility business unit, leading teams building utility-scale wind and solar projects.

"I have spent my entire career dedicated to fighting climate change and building a clean energy future," said Barton. "FirstLight as a company, and Northfield Mountain as our region's largest zero-emissions energy storage facility, are uniquely positioned to drive accelerated deployment of renewable energy and storage on the New England electric grid."

FirstLight operates the 1,168 MW Northfield Mountain pumped storage facility in Erving, Massachusetts as well as hydro, solar and battery storage assets across Massachusetts and Connecticut (PFR, 8/8/19). ■

CPPIB principal joins Brookfield

A senior principal in CPP Investment Board's global infrastructure group has joined **Brookfield Asset Management** in Toronto.

David Joynt, who had been with CPPIB for nine years, joined Brookfield this month as a senior vice president, portfolio management in the firm's infrastructure group.

At CPPIB, Joynt was responsible for deal sourcing, transaction leadership and execution, asset management and team development in North America.

Joynt has also served as CFO, chief of staff, head of strategy and corporate development at **Pacific National**, one of Australia's largest rail freight businesses, and worked as a senior consultant at **Bain & Co** and **Dalberg Global Development Advisors**. ■

Apollo hires from AMP Capital

Apollo Global Management has hired a principal in infrastructure private equity from **AMP Capital**.

Andrew Kirby joined Apollo in June from AMP, where he was a principal focusing on infrastructure investment origination and asset management.

He started his career at **Rothschild** before joining AMP in 2014. ■

IDB shuffles Mexico, Peru representatives

The **Inter-American Development Bank** (IDB) has named new country representatives in Peru and Mexico.

After representing the IDB in Mexico for the past two years, **Tomás Bermúdez** has moved to Lima, where he will manage the Andean region for the development finance institution.

Replacing him in Mexico City is **Roberto Manrique**. The two officials assumed their new positions on July 1.

Bermúdez joined the IDB in 2011, supervising Panama until 2015, and Trinidad and Tobago until 2018. Before moving to the IDB proper, he worked at its private sector arm, **IDB Invest**, in equity investments. He has also worked at **BBVA** in Washington, DC, overseeing debt capital markets.

Manrique joined the IDB in 2018 as an adviser at the office of the presidency. ■

EIG staffer joins development bank

A senior vice president at **EIG Global Energy Partners** has joined the US government's development finance arm.

Brian Gilmore, who had been with EIG since 2002, joined the US **International Development Finance Corp** (DFC) as a director in Washington DC last month.

At EIG he was responsible for origination, evaluation, negotiation and acquisition of energy and infrastructure investments globally.

Prior to his time at EIG, he had worked as a vice president at **Bank of America**'s energy and power investment banking group, and has also held roles at **Deutsche Bank** and **NERA Economic Consulting**.

DFC was formerly known as **Overseas Private Investment Corporation** (OPIC). ■

Ares principal surfaces in new role

An energy private equity and infrastructure principal at **Ares Management Corp** has surfaced in a new role.

Nosh Irani, who was part of the **Energy Investors Funds** team that Ares acquired in 2015, has joined **InstarAGF Asset Management** as a principal, focusing on origination and deal execution for infrastructure investments across Instar's North America portfolio.

Irani joined EIF in 2008, having started his career in energy and power investment banking at **Deutsche Bank**. ■

Nosh Irani