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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

Freeport Prices Bond Refi in Tough LNG Environment

Olivia Feld

Freeport LNG has priced a $1.25 billion project bond offering to refinance part of the second liquefaction train at its export facility on Quintana Island, Texas. Four bookrunners priced the notes last week, says a deal watcher.

The pricing comes after another sponsor won U.S. **Department of Energy** approval to expand its LNG export facility. **Sempra Energy** is expanding its Cameron LNG facility to export a further 1.41 billion cubic feet of natural gas to non-free trade agreement countries. To date, the San Diego-based sponsor has not secured tolling agreements for its proposed two additional trains.

Despite the challenging market conditions and sustained low gas prices, five other LNG export terminals have applications pending with the U.S. **Federal Energy Regulatory Commission**. However, market participants are skeptical as to how soon these facilities will be financed.

"In terms of more of these getting done, it's going to be the folks like Sempra, Freeport and **Cheniere [Energy]**, who already have the infrastructure, who already have a facility, who can build an extension efficiently", says the first deal watcher. "The scale of these things is huge, so someone who's already there has a pretty good advantage."

Credit Suisse, **Goldman Sachs**, **HSBC** and **Royal Bank of Canada** are the bookrunners on the 22-year notes for Freeport, which priced last week with a coupon of 4.125%, a deal watcher tells *PFR*. Spokespeople for the banks either declined to comment or did not respond to inquiries.

'A LOAD OF DEMAND'

"There was a load of demand and pricing was very tight," says the deal watcher. The bonds have been sold mostly to traditional private placement buyers but in a 144A format, adds a second deal watcher.

Fitch Ratings has given the notes an expected rating of BBB with a stable outlook (PFR, 6/28).

The refinancing takes out part of the $4.025 billion debt financing backing the train that was arranged in late 2014 (PFR, 12/1/14).

Macquarie Capital was Freeport's financial adviser for the original financing, but is no longer working with the sponsor on the project, adds a third deal watcher. A spokesperson for Macquarie in New York declined to comment.

Credit Suisse was lead arranger on the original financing backing the second train at Freeport. **Barclays**, **BBVA**, **BMO**, **BTMU**, **CIBC**, **Crédit Agricole**, Credit Suisse, **Deutsche Bank**, an affiliate of **General Electric**, Goldman Sachs, HSBC, **ICBC**, **ING**, **Intesa Sanpaolo**, **Lloyds**, **Metlife**, **Mizuho**, **Natix-**

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SunEdison Preps TerraForm Global Sale

Fotios Tsarouhis

SunEdison is preparing to market its emerging markets yield company **TerraForm Global** to potential buyers.

The yieldco revealed that it is in "active discussions" with SunEdison about initiating a sales process in an investor presentation released on July 19.

TerraForm Global has a 917 MW portfolio, including 307 MW of wind assets in Brazil and 26 MW of solar assets in Uruguay. The yieldco also owns 584 MW of

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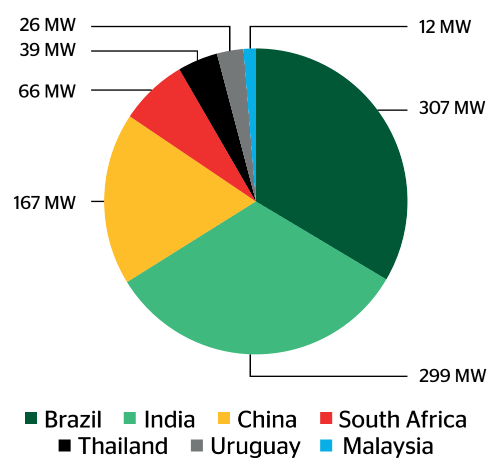
TerraForm Global Operational Portfolio

Location



Source: Terraform Global SEC Filing

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is, **Royal Bank of Canada**, **Royal Bank of Scotland**, **Santander**, **Scotiabank**, **Société Générale**, **Standard Chartered** and **SMBC** participated in the seven-year mini-perm. **IFM Investors** invested approximately $1.3 billion of equity in the train (PFR, 12/1/14).

The first train at the facility was financed by Japanese export credit agencies **Japanese Bank of International Cooperation** and **Nippon Export and Investment**. The third train was backed by 28 joint lead arrangers including commercial and investment banks (PFR, 4/28/15).

All three trains have 20-year tolling agreements, the first with **Osaka Gas Co.** and **Chubu Electric Power Co.**, the second with **BP Energy** and the third with **SK E&S LNG** and **Toshiba Corp**. The first train is slated to be operational in 2018.

The Freeport deal is the second bond market refinancing of an LNG facility this summer on which Credit Suisse has been mandated left lead. In June, the bank ran a similar $1.5 billion high yield bond refinancing for Cheniere Energy's Sabine Pass project (PFR, 6/9).

CAMERON EXPANSION

The Freeport deal could be followed by a financing for Sempra's expansion project at its Cameron LNG export facility in Hackberry, La.

The sponsor secured DoE approval for the expansion on July 18, after getting the green light from the U.S. **Federal Energy Regulatory Commission** in May.

Trains one to three have 20-year tolling agreements with **GDF Suez** and affiliates of **Mitsubishi Corporation** and **Mitsui & Co.** but the additional two trains do not yet have tolling agreements in place.

"The market has shown great interest in the Cameron LNG expansion and we are in active negotiations with several counterparties for long term contracts", a spokesperson for Sempra in San Diego tells *PFR*.

Sempra raised $10 billion in debt financing for the project in 2014 (PFR, 3/4/14). Construction has begun on the facility, which is slated to begin operations in 2018.

MORE LNG TO COME?

Five further LNG export terminals have applications pending with FERC: the **ExxonMobile** Golden Pass facility, **Kinder Morgan**'s Gulf LNG Liquefaction project, the **Venture Global** Calcasieu Pass facility, **Texas LNG**'s Brownsville plant and the **NextDecade** Rio Grande LNG project.

But even if their applications are successful and they secure tolling agreements, the sponsors may find bank financing scarce.

In the last two years, banks have committed close to $40 billion to LNG projects in the U.S. Debt financing for Cameron LNG, Freeport LNG and Cheniere's Corpus Christi and Sabine Pass facilities may have exhausted bank capacity for LNG exposure, says the first deal watcher. "I don't think any of them are going to hit the market for the next couple of years." ■

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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	Advisor	Status/Comment
● Ares-EIF	Indiantown (395.4 MW Coal)	Martin County, Fla.		NextEra Energy's Florida Power & Light is buying the facility, with which it has a has a power purchase agreement (see story, page 8).
Ares-EIF	Northampton (112 MW Waste coal)	Northampton, Pa.		Olympus Power has acquired the project (PFR, 7/18).
Alcoav	Narrows (108.8 MW Hydro)	Stanly County, N.C.		The portfolio of hydro assets, know collectively as the "Yadkin Project", are being sold to Cube Hydro, I Squared Capital's hydro platform (PFR, 7/18).
	High Rock (39.6 MW Hydro)			
	Tuckertown (38.04 MW Hydro)			
	Falls (29.94 MW Hydro)			
American Electric Power	Cardinal Unit 1 (595 MW Coal), Consesville (1.15 GW Coal), Stuart (603 MW Coal MW), Zimmer (330 MW Coal)	Jefferson, Coshocton, Brown and Clermont counties, Ohio	Goldman Sachs	AEP is considering selling its stakes in four coal-fired facilities in Ohio (PRF, 5/9).
Grupo BMV	Parque Solar Coahuila (22.5 MW Solar)	Coahuila state, Mexico	Ernst & Young (buyer)	The project is Macquarie Mexican Infrastructure Fund's first solar acquisition in Mexico (PFR, 7/18).
Brookfield Renewable Partners	Price (189 MW Wind)	Sault Ste. Marie, Ontario	Scotiabank and TD Securities (Seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
	Comber (166 MW Wind)	Lakeshore, Ontario		
	Gosfield (51 MW Wind)	Kingsville, Ontario		
Development Authority of Washington County	Washington (796 MW Gas)	Linton, Ga.		Carlyle-backed Southeast PowerGen is nixing its lease agreement for the project (PFR, 7/11).
EDF Renewable Energy	Slate Creek (150 MW Wind)	Sumner and Cowley counties, Kan.		Axium Infrastructure, Industrial Alliance Insurance and Financial Services are acquiring a stake in the project (PFR, 7/11).
Effingham County Industrial Authority	Effingham (597 MW Gas)	Rincon, Ga.		Carlyle-backed Southeast PowerGen is nixing its lease agreement for the project (PFR, 7/11).
● El Paso Electric	Four Corners (1,540 MW, 7%)	Fruitland, N.M./Navajo Nation		El Paso Electric is selling its 7% stake, representing 108 MW, to Pinnacle West Capital Corp. (see story, page 6).
● GE Energy Financial Services	Grandview (211 MW Wind)	Carson County, Texas		BlackRock has closed its acquisition of a 50% interest in the project (PFR, 6/17).
● Inovateus Solar	Unknown (7 MW Solar)	Indiana		Alterra Power Corp. has agreed to acquire 80% stakes in the two contracted projects, the smaller of which is under construction (see story, page 6).
	Unknown (13 MW Solar)	Michigan		
KDC Solar	Portfolio (164 MW Solar)	New Jersey	Moelis & Co.	The private equity-backed developer is offloading its entire solar portfolio (PFR, 6/20).
Kinder Morgan	Southern Natural Gas (7,600-mile pipeline)	Alabama, Florida, Georgia, Louisiana, Mississippi, South Carolina, Tennessee, Texas		Southern Company is taking a 50% stake in the pipeline system (PFR, 7/18).
NextEra Energy Resources	Cedar Bluff (199 MW Wind)	Ellis, Ness, Rush and Trego counties, Kan.		NextEra is dropping the project down into NextEra Energy Partners (PFR, 7/11).
	Golden Hills (86 MW Wind)	Alameda County, Calif.		
● NRG Energy	Aurora (878 MW Gas-fired)	Aurora, Ill.	Citigroup (Seller)	LS Power Equity Advisers has closed its acquisition of the peakers (PFR, 5/19).
	Rockford (450 MW Gas-fired)	Rockford, Ill.		
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	Panda Power Funds is selling a 2.5 GW portfolio of assets in PJM (PFR, 5/16).
Quantum Utility Generation	Quantum Pasco Power (123 MW Gas)	Dade City, Fla.	Merit Capital Partners (Seller)	Quantum is selling two peakers in Florida and Nevada (PFR, 6/6).
	Nevada Cogeneration Associates 2 (85 MW Gas)	Las Vegas		
● SunEdison	TerraForm Global (917 MW Solar, Wind)	Brazil, Uruguay, India, China, South Africa, Thailand, Malaysia		SunEdison is preparing to market its emerging markets yieldco to prospective buyers (see story, page 1).
SunEdison	King Pine (600 MW Wind)	Aroostook County, Maine	Rothschild	Pattern Energy has agreed to acquire the project (PFR, 6/27).
	Mount Signal 2 (201 MW Solar)	Imperial County, Calif.		Mount Signal 2 and Mount Signal 3 are being acquired by affiliates of 8minutenergy and D. E. Shaw (PFR, 7/11).
	Mount Signal 3 (245 MW Solar)			
TransCanada	Portfolio (4,510 MW Gas, duel-fuel, wind, hydro)	U.S.	JP Morgan	TransCanada is selling the assets to partly finance its $13B acquisition of Columbia Pipeline Group (PFR, 3/28).

● **New or updated listing**

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.
To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Wind Generation	Buffalo Gap 1, 2, and 3 (523.3 MW Wind)	Nolan and Taylor counties, Texas	TSSP	Tax Equity			Macquarie has closed the sale of its tax equity stakes in the project to TSSP (PFR, 6/6).
Ares-EIF, Oaktree Capital	Linden (943 MW Gas)	Linden, N.J.	Morgan Stanley, MUFG, Barclays, Investec, GE Energy Financial Services, ICBC	Debt	$1.125B	7-yr	The financing package consists of a $1 billion senior secured loan, and a $125 million senior secured loan (PFR, 6/20).
Advanced Power	Cricket Valley (1 GW Gas)	Dover, N.Y.	GE Energy Financial Services, BNP Paribas, Crédit Agricole, ICBC, Bank of America Merrill Lynch	Debt	TBA	TBA	Arrangers of the debt financing are meeting with other financial institutions about backing the deal (PFR, 6/20).
Apex Clean Energy	Cotton Plains (50.4 MW Wind)	Floyd County, Texas	Deutsche Bank	Debt	$300M	TBA	CohnReznick Capital Markets advised Apex. Cotton Plains and Phantom are contracted, while Old Settler has a proxy revenue swap (see story, page 5).
	Old Settler (151.2 MW Wind)	Floyd County, Texas					
			JP Morgan, ITOCHU Corp., U.S. Bank	Tax Equity	TBA		
	Phantom (15.4 MW Solar)	Killeen, Texas					
Enel Green Power North America	Little Elk (74 MW Wind)	Kiowa, Washita counties, Okla.	Bankers Commercial Corp. (MUFG)	Tax Equity	TBA		MUFG subsidiary BCC will sell up to 45% of its tax equity stake in the project to U.S. Bancorp (see story, page 5).
E.On	Munnsville (34.5 MW Wind)	Madison and Oneida counties, N.Y.	TSSP	Tax Equity			Macquarie has closed the sale of its tax equity stakes in the project to TSSP (PFR, 6/6).
Freeport LNG	Freeport LNG Train 2 (4.64M mtpa)	Quintana Island, Texas	Credit Suisse, Goldman Sachs, HSBC, RBC	Project Bond	$1.25B	22-yr	Freeport LNG has priced a project bond to refinance the debt associated with train 2 (see story, page 1).
Invenergy	Lackawanna (1.5 GW Gas)	Jessup, Pa.		Equity, Debt			Invenergy has hired Lazard to raise equity for the project (PFR, 6/13).
Advanced Microgrid Solutions	Portfolio (50 MW Storage)	California	Macquarie Capital	Equity			Macquarie Capital has invested equity in the distributed commercial and industrial storage portfolio (PFR, 7/18).
Mainstream Renewable Power	Sarco (170 MW Wind), Aurora (129 MW Wind)	Atacama region, Chile; Los Lagos region, Chile	SMBC, MUFG	Debt	$450M	17-yr	The sponsor is in the late stages of negotiations (PFR, 6/20).
NextEra Energy	Portfolio (258.25 MW Solar)	U.S.	JPM Capital Corp.	Tax Equity			The J.P. Morgan vehicle is taking tax equity in the 260 MW portfolio (PFR, 7/5).
NextDecade	Rio Grande (27 mtpa LNG), Rio Bravo (137-mile pipeline)	Brownsville, Texas	Sumitomo Mitsui Banking Corp.	Debt	TBA		NextDecade has requested permission to build the $20 billion project (PFR, 5/16).
			TBA	Equity	TBA		
NRG Energy	Portfolio (100 MW Community Solar)	U.S.		TBD	$80M		NRG is looking to raise $80 million to finance a 100 MW portfolio of development projects (PFR, 5/9).
NRG Energy	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	Debt	$650-$850M	TBA	Banks are competing to arrange financing for the Princeton, N.J.-based energy company (PFR, 4/18).
NTE Energy	Killingly Energy Center (500 MW Gas), Reidsville Energy Center (500 MW Gas), Pickaway Energy Center (1 GW Gas)	Killingly, Conn.; Rockingham County, N.C.; Pickaway County, Ohio	TBA	Debt	$2B		NTE is planning to raise $2 billion to finance the three projects (PFR, 4/25).
Quantum Utility Generation	Moundsville (549 MW Gas)	Marshall County, W. Va.	TBA	Debt	$500M	TBA	Quantum, which has approached prospective arrangers to finance the project, has mandated BNP Paribas to sell a stake in the project (PFR, 6/6).
SolarCity	Portfolio (Rooftop Solar)	U.S.	Four unidentified investors	Tax Equity	$345M		SolarCity raised the funds in June and July to finance the installation of rooftop solar projects (see story page 5).
SolarCity	Portfolio (Rooftop Solar)	U.S.	BAML (admin agent), 11 other lenders	Aggregation facility	$760M	TBA	SolarCity has increased the size of the loan by $110 million, $70 million of which has been provided by two new lenders (see story, page 5).
sPower	Portfolio (Solar)	Los Angeles County, Calif.	JPM Capital Corp.	Tax Equity	$70-$100M		The JP Morgan vehicle is buying tax equity in the portfolio project-by-project (see story, page 6).
Sowitec	Vientos de Pastorale (53 MW Wind)	Villa Pastora, Flores department, Uruguay	Deutsche Bank, Intensa Sanpaolo	Bridge Loan	$92M		The sponsor plans to take out the bridge loan with a local project bond (PFR, 7/11).
			Bow Power	Equity	$40M		
TerraForm Power	Mars Hill (42 MW Wind)	Mars Hill, Maine	TSSP	Tax Equity			Macquarie has closed the sale of its tax equity stakes in the projects to TSSP (PFR, 6/6).
	Kaheawa (30 MW Wind)	Maui, Hawaii					
Valhalla	Cielos de Tarapacá (600 MW Solar)	Tarapacá Region, Chile	Not officially mandated	Equity			Valhalla is in talks with Marathon Capital to arrange financing for the project (PFR, 6/27).
	Espejo de Tarapacá (300 MW Hydro)						
Vivint	Portfolio	U.S.	Investec	Debt	$300M		Investec is arranging the $300 million loan for Vivint (PFR, 6/20).

New or updated listing

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To report updates or provide additional information on the status of financings, please call Managing Editor Olivia Feld at (212) 224-3260 or e-mail olivia.feld@powerfinancerisk.com

Details Emerge on Apex Portfolio Financing

Apex Clean Energy has closed debt and tax equity financing and sold a majority stake in a 217 MW portfolio of projects in Texas.

Toronto-based private equity shop **Northleaf Capital Partners** has taken the majority stake in the portfolio, which consists of two wind projects and one solar facility.

Deutsche Bank underwrote a $300 million debt financing for the projects, a deal watcher tells *PFR*, adding that **JP Morgan**, **ITOCHU Corp.** and **U.S. Bank** are tax equity investors in the portfolio.

CohnReznick Capital Markets served as financial adviser to Apex.

The portfolio comprises:

- the 50.4 MW Cotton Plains wind project in Floyd County,
- the 151.2 MW Old Settler wind project, also in Floyd County, and
- the 15.4 MW Phantom solar project in Killeen.

All three facilities are under development.

Allianz Risk Transfer has supplied a 10-year proxy revenue swap for the Old Settler wind project. Unlike a typical, shorter hedge agreement, the product does not have a lien against the project.

Allianz provided an almost identical proxy revenue swap for **Capital Power**'s 178 MW Bloom Wind project in Ford and Clark counties, Kan., earlier this year (PFR, 5/10).

The Phantom solar project is under construction at the U.S. Army Garrison Fort Hood site in Killeen. The **Defense Logistics Agency**, on behalf of the **Army**, has signed a 28-year power purchase agreement with the Cotton Plains wind and Phantom solar projects to supply energy to Fort Hood (PFR, 2/11).

Representatives for Apex Clean Energy in Charlottesville, Va., Northleaf in Toronto, Deutsche Bank in New York and CohnReznick Capital Markets in New York did not respond to requests for comment. ■

SolarCity Raises Tax Equity, Increases Loan

SolarCity raised $345 million in tax equity from four investors in June and July, and has increased the size of its aggregation facility with commitments from two additional lenders.

The rooftop solar company did not disclose the identities of the tax equity investors in a July 18 statement announcing the two financings. A spokesperson for the company in San Francisco declined to comment.

The aggregation loan has grown from $650 million to $760 million, $70 million of which is provided by the additional two lenders. The existing lenders also increased their commitments by a combined $40 million.

Bank of America Merrill Lynch is the administrative agent for the loan, which was previously amended on April 19, according to filings with the U.S. **Securities and Exchange Commission**.

BAML, **Credit Suisse**, **Silicon Valley Bank**, **Western Alliance Bank**, **CIT Bank**, **American Savings Bank**, **Deutsche Bank**, **Royal Bank of Canada**, **Citibank** and **Goldman Sachs** were the lenders at the time of the April amendment. The identities of the two lenders that have since joined the group could not immediately be established.

A spokesperson for BAML in New York declined to comment, citing client confidentiality.

As of March 31, SolarCity had drawn about $562 million under the facility, which matures in December 2017 and bears interest at 3.25% over Libor, according to the company's most recent quarterly report.

TESLA BID

SolarCity's board of directors is weighing an acquisition bid by electric car company **Tesla Motors**.

Under the terms of the deal proposed by Tesla, SolarCity's shareholders would receive between 0.222 and 0.131 Tesla shares for each SolarCity share, a premium of between 21% and 30% over the solar company's closing share price on June 20.

Tesla's ceo **Elon Musk** is the chairman and largest shareholder of SolarCity, and will not participate in the board's decision.

Earlier this year, SolarCity obtained a $188 million tax equity commitment from BAML and another unidentified investor as well as an up-to-$200 million 21-month non-recourse secured loan arranged by Credit Suisse (PFR, 4/8). ■

U.S. Bank to Take Piece of Enel Wind Project Tax Equity

U.S. Bank is acquiring a tax equity stake in a U.S. wind project owned by **Enel Green Power North America**.

MUFG subsidiary **Bankers Commercial Corp.** will transfer part of its existing tax equity interest in the 74 MW Little Elk wind project in Kiowa and Washita counties, Okla., to U.S. Bank affiliate **Firstar Development**, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

U.S. Bank will probably acquire 42% and not more than 45% of the tax equity in the project, in the transaction described in the filing.

Under a 25-year power purchase agreement signed last year, the Little Elk project will sell its output to **People's Electric of Oklahoma** starting on Jan. 1, 2018 (PFR, 4/17/15). Until then, the project will sell its output into the **Southwest Power Pool** market, according to a spokesperson for Enel in Andover, Mass.

The facility, which has been online since December 2015, is interconnected with **Western Farmers Electric Cooperative**.

The Enel spokesperson declined to comment on the financing for the project. Representatives of MUFG in New York and U.S. Bank in Minneapolis either were not available to comment or did not respond to inquiries. ■

PROJECT FINANCE

Details of Tax Equity Deals for sPower Portfolio Surface

JP Morgan is on track to close a series of tax equity investments in an **sPower** solar portfolio in Los Angeles County, Calif., before the end of the year.

The portfolio comprises approximately 60 projects in Lancaster, Calif., with a total tax equity investment in the range of $75 million to $100 million, a deal watcher tells *PFR*.

JPM Capital Corp., the Chicago-based tax equity arm of the New York investment bank, is acquiring the tax equity in the facilities on a project-by-project basis. Most of the projects are under construction. **CohnReznick Capital Markets** is advising sPower on the deals.

On July 20, sPower filed details of two of the transactions with the U.S. **Federal Energy Regulatory Commission**. The JP Morgan subsidiary will buy tax equity stakes in sPower's 10 MW Western Antelope Dry Ranch project and its 5 MW Antelope DSR 2 project, according to the filing.

Both projects are set to go online in October 2016. Western Antelope Dry Ranch has a 20-year power purchase agreement with the **City of Lancaster**. Antelope DSR has a 25-year power purchase agreement with **Southern California Public Power Authority**, as does the portfolio's 20 MW Antelope Big Sky Ranch.

The portfolio also includes the 40 MW Elevation Solar C project and the 20 MW Western Antelope Blue Sky Ranch B project, both of which have 25-year power purchase agreements with the **City of Palo Alto**.

Some of the tax equity deals associated with the projects have already closed, including a transaction to finance the 20 MW Summer Solar project, which closed in May (PFR, 3/23).

It is not the first time JP Morgan has provided tax equity financing for a large sPower portfolio. Last year, the bank invested in a fleet that was initially expected by deal watchers to total 80 MW. The size of the portfolio had ballooned to 140 MW by final closing (PFR, 4/29/15).

MERGERS & ACQUISITIONS

El Paso Electric Sells Stake in Coal-fired Plant

El Paso Electric has sold its 7% stake in a 1,540 MW coal-fired project in New Mexico to a subsidiary of **Pinnacle West Capital Corp.** El Paso Electric controlled 108 MW of the project's capacity through its interest prior to the sale.

The Four Corners facility, which is located within the Navajo Nation in San Juan County, consists of two operational units—Units 4 and 5. Units 1, 2, and 3 were retired in 2013.

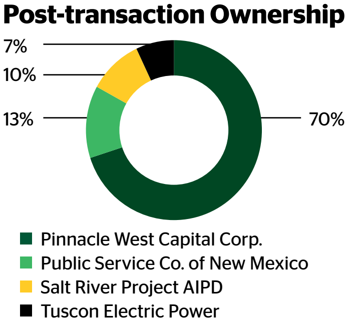
The terms of the deal, such as the purchase price, could not immediately be established. A spokesperson for El Paso Electric in El Paso, Texas, declined to comment, and representatives of Pinnacle West and **Arizona Public Service** in Phoenix, Ariz., did not respond to inquiries by press time.

Arizona Public Service, a separate subsidiary of Pinnacle West, owns 63% of the operational units, having acquired a 48% interest from **Southern California Edison** in 2013 for $182 million.

The **Public Service Company of New Mexico**, **Salt River Project Agricultural Improvement and Power District**, which is an Arizona state agency, and **Tucson Electric Power** own 13%, 10% and 7% stakes in the facility, respectively.

The project is named for its proximity to the Four Corners quadripoint, where the northwestern corner of New Mexico meets the southwestern corner of Colorado, the northeastern corner of Arizona, and the southeastern corner of Utah.

Post-transaction Ownership



Source: FERC Filing

Alterra to Buy Solar Stakes

Alterra Power Corp. is purchasing an 80% interest in two development-stage solar projects in the Midwestern U.S. from **Inovateus Solar**.

One of the projects, 7 MW in size, is under construction in Indiana and due to come online by the end of the year. The other is a 13 MW early-stage development project in Michigan. The precise locations of the projects could not immediately be established.

The projects have long-term power purchase agreements, according to a statement issued by Alterra on July 20.

Spokespeople for Alterra in Vancouver and Inovateus Solar in South Bend, Ind., declined to identify the projects and offtakers.

Jon Schintler, v.p., project finance, at Alterra, hopes the two companies will partner together on other U.S. projects, according to the statement.

Alterra stated its intention to expand its U.S. portfolio earlier this year (PFR, 3/17). Last month, the company acquired a development-stage wind project in Texas from **Pioneer Green Energy** (PFR, 6/16).

SunEd Preps Yieldco Sale

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generation in India, China, South Africa, Thailand, and Malaysia.

SunEdison filed for bankruptcy on April 21 (PFR, 4/21), and late last month **Brookfield Asset Management** and its affiliates purchased a 12.13% stake in TerraForm Global's sister yieldco, **TerraForm Power**, which holds assets in developed markets (PFR, 6/30).

Representatives of SunEdison in Belmont, Calif., and TerraForm Global in Bethesda, Md., did not immediately reply to requests for comment.

Corporate Offtakers Sign Tailored Contracts

Non-utility offtakers signing up to procure renewable generation have an ever growing range of options at their disposal, as the latest selection of agreements demonstrates.

Japanese auto manufacturer **Toyota**, for example, recently inked a five-year contract with **MP2 Energy** for the supply of renewable generation for its new North American headquarters in Plano, Texas.

The short term of the retail electricity contract was one of the attractions for Toyota, because it improves the car maker's "ability to forecast its energy costs and adjust accordingly," MP2 said in a statement.

Corporate power purchase agreements usually have a 20-year duration, although shorter tenors have become available over time to meet corporate demand (PFR, 6/22).

Toyota's contract also reflects the desire of corporations for a mix of on-site and off-site renewables. The PPA will be fulfilled in part with the output of a 7.75 MW on-site carport solar project, to be installed by **SunPower** by the end of 2017. The remainder of the generation will come from nearby wind and solar projects.

In a survey of companies conducted recently by **PwC**, 60% of respondents said they intended to procure renewables from both onsite and offsite sources.

Here is a summary of other corporate offtake deals announced in the last two months, which include onsite and offsite PPAs and a contract for renewable energy certificates:

- **MGM Resorts International**'s Mandalay Bay Resort and Casino in Las Vegas has signed a 25-year power purchase agreement with **NRG Energy** for the output from a recently expanded solar project on the roof of the resort. The rooftop panels will produce up to 6.5 MW, enough to meet 25% of the demand of the hotel and casino, and set a record as the largest rooftop solar project in the U.S., according to the companies.
- Grocery chain **MOM's Organic Market** has entered into a 20-year power purchase agreement with **WGL Energy Systems** for the output of a 1.5 MW solar project in Kingsville, Md., which will meet 25% of the demand of the company's stores in D.C., Maryland, Pennsylvania and Virginia.
- **Alabama Power** will sell renewable energy certificates generated by a 72 MW solar project in Chambers County, Ala., to **Walmart**, under a long-term agreement recently approved by the **Alabama Public Service Commission**. Alabama Power will purchase the RECs, along with the generation of the project, from a subsidiary of **Origis Energy** under a long-term PPA. Walmart will buy and retire most, but not all, of the RECs under its contract with Alabama Power. The **Southern Company** subsidiary will market the remaining RECs to other buyers.

OTHER U.S. CONTRACTS

- **Hydro-Québec** and **Eversource Energy's Public Service Co. of New Hampshire** have filed details of a 20-year power purchase agreement with the **New Hampshire Public Utilities Commission**, under which the Canadian company will provide the New Hampshire utility with at least 100 MW from unspecified hydro sources during peak hours. The generation will be delivered by the 192-mile Northern Pass Transmission Line being developed by Eversource. The transmission line, which will have a capacity of 1,090 MW, is also a bidder in the New England Clean Energy Request for Proposals.
- The city of Garland, Texas, has signed a 15-year power purchase agreement with **Southern Power** for the output from the 102 MW Lamesa solar project, which is expected to begin construction in Dawson County, Texas, in July and be commercially operational by mid-2017. Southern Power recently acquired the facility from **RES America Development** (PFR, 7/7).
- **Pacific Gas & Electric Co.** and **Southern California Edison** have each entered into 20-year power purchase agreements for the output of the 31 MW Portal Ridge solar project in Lancaster, Pa. **D.E. Shaw Renewable Investments** and **Bright Plain Renewable Energy** jointly acquired the project from **First Solar** in June (PFR, 6/21).
- **Appalachian Power** has inked a 20-year power purchase agreement with a subsidiary of **NextEra Energy Resources** for the output from the 495 MW Bluff Point wind project in Jay and Randolph counties, Ind.

CANADA

Vancouver's **BC Hydro** has awarded 40-year electricity purchase agreements to four hydro projects in British Columbia this year under its standing offer program, according to an updated list of signed contracts published on its website. The hydro facilities that won the EPAs in 2016 are:

- Padova, Italy-headquartered **Sorgent.e**'s 10.5 MW Clemina Creek project in Valemount and its 10.5 MW Serpentine Creek run-of-river project in Blue River,
- **WindRiver Power**'s 12 MW Hunter Creek run-of-river project in Hope, and
- the **Tla-o-qui-aht First Nation**'s 4 MW Winchie Creek project in Ucluelet.

Connor Clark & Lunn took an equity stake in the Hunter Creek project in June, concurrently with the closing of a C$38 million ($24.6 million) debt financing for the project.

BC Hydro is evaluating applications for an additional nine projects totaling 73.8 MW. The pricing of EPAs awarded under the utility company's standing offer program is determined by a regional base price adjusted for inflation and the time of day or month when the generation is delivered.

The PPA Pulse is a guide to which sponsors and projects have recently garnered power purchase agreements in the Americas. To report updates or additional information please contact data associate ***Stuart Wise*** *at* swise@iiintelligence.com

STRATEGIES

NRG High Yield Bond Offering Grows to $1.25B

NRG Energy has increased the size of its second high yield bond offering of the year, which was priced on July 19 to take advantage of a rally in credit markets.

The execution of the deal followed a similar pattern to NRG's last high yield issuance in May, which was increased from $700 million to $1 billion in response to strong demand (PFR, 5/11).

Both deals were priced in the middle of initial price thoughts, but the yield on NRG's bonds has fallen since the first transaction, allowing the company to price its latest bond, which has a maturity of 10.5 years, with a smaller coupon than the 10-year note it priced in May.

The bond issued in May was priced at 7.25%, or 549 basis points over U.S. Treasuries. The same bond was yielding 6.4% by the time the new deal was launched, according to credit research firm **CreditSights**.

"There's been a broad rally both in the equity markets and credit markets on the heels of the Brexit dynamics," said a high yield banker, referring to the decision of the U.K. to leave the European Union in a referendum last month. As a result, NRG saw the opportunity to lower its total cost of debt, and took it, he added.

After a 10:30am investor call on July 19, initial price talk on the new bond was set in the 6.625% area with an expected size of $1 billion. The bond was priced in the afternoon in the middle of that range, representing a 507 bp spread over Treasuries, and at an increased size of $1.25 billion.

Morgan Stanley was left lead on the deal, and **Barclays**, **JP Morgan**, **BNP Paribas**, **Citigroup**, **Commerzbank**, **Credit Suisse**, **Deutsche Bank**, **ING**, **MUFG**, **Natixis** and **SMBC** were also bookrunners.

NRG will use the proceeds of the transaction to redeem existing bonds, according to a filing with the U.S. **Securities and Exchange Commission**. The company will redeem in full its 8.25% bonds maturing in 2020, and the remaining proceeds will be used to repay some of its 7.875% bonds due in 2021.

NRG is rated Ba3 by **Moody's Investors Service** and BB- by **S&P Global Ratings**. Moody's affirmed the IPP's ratings in March after carrying out a review of the U.S. merchant generation sector in response to low power and gas prices.

In June, the company priced a $1.9 billion seven-year term loan B (PFR, 6/20). ■

MERGERS & ACQUISITIONS

NextEra Subsid. to Buy Ares-EIF Project

A **NextEra Energy Resources** subsidiary is acquiring a coal-fired asset in Florida from **Ares-EIF**, according to a filing made with the U.S. **Federal Energy Regulatory Commission**.

Florida Power & Light is purchasing the 395.4 MW Indiantown facility in Martin County, Fla., for $451 million.

The purchase price includes FP&L's assumption of existing debt. Since the existing bonds financing the project are not callable or defeasible before 2020, the debt has to remain in place until that time.

The Indiantown plant has a power purchase agreement with FP&L. The steam generated by the facility is purchased by citrus processing company **Louis Dreyfus**.

Executed in 1990, Indiantown's PPA will stay in place until 2025. The existing bond covenants require the PPA to remain in place and a cancellation of the agreement would trigger repayment obligations.

FP&L expects to operate Indiantown through at least 2018, but ultimately intends to dismantle or sell the facility, according to the FERC filing. The utility says that the project might become uneconomical when it completes a 1,600 MW gas-fired project under development in Okeechobee County, Fla. The Okeechobee Clean Energy Center is slated to come online in 2019.

U.S. Operating Services will remain the Indiantown project's operations and management provider.

Representatives of NextEra and FP&L in Juno Beach, Fla., and Ares in New York and Atlanta did not immediately respond to requests for comment. ■

NextEra Drops Hawaiian Electric Merger

NextEra Energy has abandoned its plan to acquire **Hawaiian Electric Industries**, the companies said in a joint statement on July 18.

NextEra will pay HEI a $90 million break-up fee and up to $5 million to reimburse transaction-related expenses.

The decision follows a ruling by the **Hawaii Public Utilities Commission** Friday that rejected the companies' merger application in a 2-0 vote, with one commissioner abstaining.

The commission concluded that, while it regarded NextEra as "fit, willing, and able to step into the shoes of the HECO Companies [HEI's subsidiary utility companies] without a loss in performance," the planned acquisition was not in the public interest.

The companies had not demonstrated that the proposed benefits of the deal "would provide adequate or assured benefits to ratepayers", according to the PUC, which added that the companies had "failed to put forth sufficient ring-fencing measures" to protect customers.

HEI will net around $60 million from the break up fees after taxes, according to a separate statement issued by HEI on July 18.

A planned one-time cash dividend of 50 cents per HEI share that would have been paid upon the closing of the deal will not go ahead. ■