

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● MERGERS & ACQUISITIONS

● STRATEGIES

● PEOPLE & FIRMS

SunEdison Finalizes Sale Agreements

The bankrupt renewable project developer has closed a number of sale agreements with international buyers.

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Utilities Seek Renewable Generation, Credits

Dominion Energy and the **Illinois Power Agency** are looking to procure renewable assets.

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Investment Banks Expand Power Teams

Nomura and **Guggenheim Securities** have added to their power banking practices with recent hires.

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Mid-Year M&A Outlook: Demand for Assets Stays Strong

Fotios Tsarouhis

Deal volume for power and utility asset acquisitions in the first half of 2017 is down year-on-year, as expected by market participants recovering from an exceptionally busy 2016. As capital flocks to the power sector, competition for assets is likely to remain fierce as long as financing remains cheap.

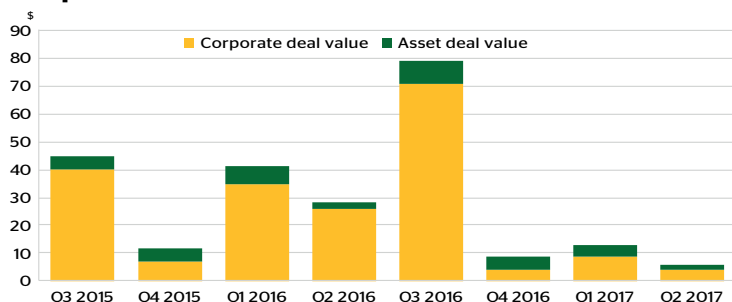
"I think we're not too surprised by Q1 and Q2 and how year-to-date has panned out," says **Jeremy Fago**, U.S. power & utilities deals leader at **PwC** in Denver,

Colo. Deal value in the second quarter of 2017 totaled \$6.5 billion, trailing the first quarter's \$12.8 billion sum, according to figures published by the accountancy and advisory firm.

In comparison, deal value in 2016's second quarter totaled \$28.3 billion, according to PwC's latest *North American Power & Utilities Deal Insights* report, which covers generation as well as regulated electric, gas and water utilities in the U.S. and Canada.

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Corporate and Asset Deal Value in Billions

Source: PwC's *North American Power & Utilities Deal Insights* report, listing deals exceeding \$50 million.

Solar Sponsor Seals Debt with Asian State Investor

Richard Metcalf

A solar developer has wrapped a \$450 million debt investment arranged by an Asian state-owned investment manager and a New York-based private credit firm.

The developer, **Cypress Creek Renewables**, sealed the six-year dual-tranche corporate-level bond on June 22.

Temasek Holdings, a Singaporean state-owned investment vehicle, led the investor group, while **HPS Investment Partners**, a private debt fund manager spun out from **JP Morgan Asset Management** in 2016, also acted as a bookrunner on the transaction.

Temasek opened an office in San Francisco, its second in the U.S., in February. [PAGE 10 >](#)

Regional Bank Taps Financier for Renewables Push

Richard Metcalf

A regional bank has hired a renewable finance specialist from a rival as it looks to begin providing project finance, primarily to solar developers.

United Community Banks has hired **Clayton Summers**, who worked at **Regions Financial Corp.** until June, as a senior vice president in its office in Charlotte, N.C.

Summers

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Invenergy to Raise Debt for 2 GW Wind Project

Olivia Feld

Invenergy is preparing to raise construction financing for the 2 GW Wind Catcher wind project in Oklahoma.

The Chicago-based sponsor has received bids from lenders that are looking to fund the project, a project finance banker tells *PFR*, although a spokesperson for Invenergy in Chicago denied that the sponsor had solicited bids. [PAGE 2 >](#)



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● PROJECT FINANCE

Invenergy to Raise Debt for 2 GW Wind Project

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"Everyone and their mothers want it", says the banker, adding that the debt financing for the project and associated 350-mile transmission line is slated at \$2 billion. The company spokesperson confirmed that Invenergy intends to raise construction financing but disputed the planned size of the deal. The sponsor is "moving very quickly to try to finance the project", notes the banker.

The combined wind generation and transmission project, collectively known as Wind Catcher Energy Connection, has a total cost of \$4.5 billion and is slated to be completed in mid-2020.

The project, which Invenergy says will be the largest wind facility in the U.S. and second largest globally, is under construction on an approximately 300,000 acre site in Cimarron and Texas counties, Okla.

Rather than signing a power purchase agreement, the sponsor has instead agreed to sell the project to two utilities upon completion.

Public Service Co. of Oklaho-

ma and Southwestern Electric Power Co., both subsidiaries of **American Electric Power**, are seeking approval from regulators in Louisiana, Arkansas, Texas and Oklahoma for plans to purchase the facility, according to a statement issued by Invenergy on July 26. Invenergy will operate the project for the first five years.

"The sponsor is moving very quickly to try to finance the project"

GE Renewable Energy has supplied 800 2.5 MW turbines for the project, which entered construction last year, according to the statement.

Invenergy closed a turbine loan at the end of last year to safe harbor a large number of wind turbines under the production tax credit (PFR, 1/25). It could not immediately be established whether the Wind Catcher project will utilize turbines procured with funds from the loan.

The independent power producer has worked with a long list of lenders in the last 12 months for project financing, including **Morgan Stanley**, **BNP Paribas**, **GE Energy Financial Services**, **MUFG**, **NordLB** and **Rabobank**. ■

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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
Ares-EIF	Newark (705 MW Gas)	Newark, N.J.	Citi	Indications of interest are expected by late July or early August (PFR, 7/3).
	Plum Point (670 MW Coal)	Osceola, Ark.	Citi	Bids for the portfolio were due the first week of June (PFR, 5/30).
	Carneys Point (262 MW Coal)	Carneys Point, N.J.		
	Logan (219 MW Coal)	Logan Township, N.J.		
	Morgantown (62 MW Waste coal)	Morgantown, W.Va.		
Ares-EIF, I Squared Capital	Oregon Clean Energy Center (869 MW Gas)	Lucas County, Ohio	Barclays, Credit Suisse	The two banks are running a sale process for the project (PFR, 5/15).
Apex Clean Energy	Portfolio (12 GW, mostly Wind)	U.S.	CohnReznick Capial	The company is looking to sell itself to a strategic investor (PFR, 5/1).
Bester Energy	Torreoncitos (36 MW Solar, 50%)	Chihuahua, Mexico		InfraRed Capital Partners is acquiring a 50% stake in the projects (see story, page 8).
	Rancho el Trece (36 MW Solar, 50%)	Chihuahua, Mexico		
BTG Pactual Infraestructura II, Pátria Investimentos, GMR Group	Latin America Power (114 MW Hydro, Wind)	Chile, Peru	BTG Pactual, Morgan Stanley	Several bidders have been shortlisted in the sale of the company, which also owns an 803.9 MW development pipeline that includes its first solar asset (PFR, 2/13).
Canadian Solar	Portfolio (703 MW DC Solar)	U.S.		Canadian Solar has taken second-round bids for its U.S. portfolio (PFR, 6/12).
Clean Energy Collective, Engie	Portfolio (22.1 MW Solar)	Massachusetts		Key Equipment Finance, a division of KeyBank, has financed a portfolio of community solar facilities through a sale-leaseback agreement (PFR, 7/24).
Dynergy	Lee (625 MW Gas)	Lee County, Ill.		Rockland Capital is acquiring the project (PFR, 7/17).
	Dighton (164 MW Gas)	Dighton, Mass.		Starwood Energy Group Global is acquiring the two projects (PFR, 7/17).
	Milford (149 MW Gas)	Milford, Mass.		
Energy Future Holdings	Oncor (Transmission 122,000 miles)	Texas		Berkshire Hathaway Energy has agreed to acquire the company, but EFH creditor Elliott Management Corp. has made a rival bid (PFR, 7/17).
Eversource Energy	Portfolio (1.2 GW Biomass, Coal, Hydro, Oil)	New Hampshire	JP Morgan	The auction for the assets is in a second round and final bids are due in August (PFR, 7/3).
Infinity Renewables	(6.6 GW Wind, Solar)	U.S.	CIBC	The company is for sale (PFR, 6/5).
InterGen	Portfolio (2,200 MW Gas, Wind)	Mexico		InterGen is planning to launch a sales process for its Mexican portfolio (PFR, 5/30).
Kenon Holdings	IC Power (3,894 MW Gas, Hydro, Oil, Wind)	Latin America, Caribbean, Israel		Kenon has entered negotiations to sell the subsidiary (see story, page 9).
Koch Industries	Odessa (1,054 MW Gas)	Odessa, Texas		Vistra Energy, the parent company of TXU Energy and Luminant, is acquiring the project (PFR, 7/17).
Morgan Stanley	NaturEner USA (399 MW Wind)	Montana		Morgan Stanley is selling NaturEner, which owns development wind assets in Alberta as well as the 399 MW operational wind portfolio in Montana (PFR, 5/15).
NRG Energy	Portfolio (6 GW Conventional)	U.S.	Citi, Goldman Sachs, Morgan Stanley	NRG is looking to raise \$4 billion from the sales (PFR, 7/17).
	NRG Yield			
Odebrecht	Chaglla (406 MW Hydro)	Huánuco Region, Peru	Itaú, Scotiabank, SMBC Nikko Securities	Odebrecht is expected to select a buyer within the next two months (PFR, 6/12).
Solar Frontier Americas	Midway I (50 MW Solar)	Imperial County, Calif		KKR and Gestamp are acquiring the project (PFR, 7/24).
Suncor Energy	Ripley (76 MW Wind)	Ontario, Canada		Suncor has sold its stake in the project to Acciona Energy (PFR, 7/24).
SunEdison	Canadian Hills Wind (298.45 MW Wind)	Canadian County, Okla.	Rothschild (seller)	Dutch fund manager DIF has closed its acquisition of the projects (see story, page 6).
	Goshen Phase (124.5 MW Wind)	Bonneville County, Idaho		
	Meadow Creek (119.7 MW Wind)			
	Rockland (79.86 MW Wind)	American Falls, Idaho		
	Portfolio (Community and industrial solar)	Minnesota		Swedish company Nordic Solar has acquired two of the 22 projects that were slated for acquisition by SoCore (see story, page 6).
Terra Firma	EverPower Wind (752.25 MW Wind)	U.S.	Barclays, KeyBanc	Terra Firma is marketing the U.S. wind shop, whose assets also include an up-to-1,759 MW development pipeline (PFR, 3/6).

● 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)	Deal Type	Loan Amount	Tenor	Notes
Acciona	Puerto Libertad (270 MW Solar)	Sonora, Mexico	TBA	TBA	TBA		Acciona plans to expand the project by 90 MW (PFR, 7/17).
AES Corp.	AES Southland (1.4 GW Gas, Battery Storage)	Los Angeles and Orange counties, Calif.	MUFG, JP Morgan, Citi	Term Loan	\$520M	C+7-yr	The banks were marketing the loan at Libor+175 bps (PFR, 5/30).
				Letter of Credit	\$300M	C+7-yr	
				Private Placement	\$1.5B	22-yr	The private placement was priced at T+215 bps, which includes a 25 bp premium for a delayed draw feature (PFR, 6/26).
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS	Debt	TBA	TBA	GE EFS is left lead on the debt raise. Other joint lead arrangers will be selected later this year (PFR, 5/1).
Alterra Power Corp.	Flat Top (200 MW Wind)	Comanche and Mills counties, Texas	BlackRock Real Assets	Equity, 49%	TBA		Alterra Power Corp. has closed debt, equity and tax equity for the project (see story, page 5).
			Citi, RBC, Santander	Debt	\$288M	TBA	
			BHE, Citi	Tax Equity	\$221M		
American Power Ventures	Renaissance (1 GW Gas)	Greene County, Pa.	Fieldstone (adviser)	Debt, Equity	\$900M		The sponsor has mandated boutique investment bank Fieldstone Private Capital Group to raise debt and equity for the project (PFR, 4/17).
EDP Renewables North America	Meadow Lake V (100 MW Wind)	White County, Ind.	BNY Mellon	Tax Equity	\$370M		BNY closed its investment in the projects on July 14 (PFR, 7/24).
	Redbed Plains (99.1 MW Wind)	Grady County, Okla.					
	Quilt Block (98 MW Wind)	Lafayette County, Wis.					
EDF Renewable Energy	Nicolas-Riou (224.25 MW Wind)	Bas Saint Laurent, Québec	TBA	Debt	≤\$500M		EDF and its co-owners, groups representing several municipalities and a First Nation, are seeking debt financing for the project (PFR, 7/10).
Iberdrola	Two unknown projects (370 MW Wind)	Santiago and Hermosillo, Mexico	TBA	TBA	TBA	TBA	Construction on the projects is expected to begin late this month (PFR, 7/17).
Invenergy	Wind Catcher (2 GW Wind)	Cimarron and Texas counties, Okla.	TBA	Debt	\$2B		Invenergy is preparing to raise financing for the project (see story, page 1).
LS Power Development	Armstrong (603 MW Gas)	Shelocla, Pa.	BNP Paribas, CIT Bank, Deutsche Bank, GE Energy Financial Services, ICBC, SunTrust Robinson Humphrey, CoBank, MUFG	Term Loan	365M	7-yr	The debt will finance LS Power's acquisition of the projects, collectively known as Spruce Generation, from Dynegy (see story, page 5).
	Troy (584 MW Gas)	Luckey, Ohio		Letter of Credit	\$30M		
NRG Energy	Buckthorn (100.5 MW Wind)	Erath County, Texas	RBC Capital Markets	Construction Loan	\$97M	TBA	The project represents John Laing's second U.S. wind project and its first renewables investment in Texas (PFR, 7/17).
				Letters of Credit	\$26.6M	TBA	
				Tax Equity Bridge Loan	\$117.2M		
			John Laing Group	Equity	90.50%		
NRG Energy	Buckthorn (154 MW Solar)	Pecos County, Texas	Crédit Agricole, Santander, Keybank, MUFG, SMBC	Mini-perm	\$140M	C+7-yr	NRG Energy has completed project financing for the facility (PFR, 6/12).
				Tax Equity Bridge Loan	\$55M	TBA	
				Letters of Credit	\$35M	TBA	
Pattern Development	Henvey Inlet (300 MW Wind)	Henvey Inlet First Nation, Ontario	TBA	Debt	TBA		Pattern is seeking debt for the project (PFR, 6/19).
Quantum Utility Generation	Moundsville (643 MW Gas)	Marshall County, W.Va.		Debt	TBA		Quantum could launch a debt financing for the project this year (PFR, 2/6).
			BNP Paribas	Equity			
Sojitz Corp., Shikoku Electric Power Co., Sojitz Corp. of America, Eiffage	Huatacondo (98 MW Solar)	Huatacondo, Tarapacá, Chile	SMBC, Mizuho, Iyo Bank	Debt	\$73.31M	18-yr	Nippon Export and Investment Insurance is insuring \$47.2 million of the debt (PFR, 7/3).
Swift Current Energy	HillTopper (175 MW-200 MW Solar)	Logan County, Ill.		Debt, Tax Equity	TBA		The sponsor plans to finance the project with debt and tax equity (PFR, 2/13).
Terna	Unknown (132-mile Transmission)	Uruguay	BBVA	Debt	\$25M	15-yr	The transmission, which will stretch from the country's east to northern Uruguay, is backed by a loan BBVA claims is the first project finance "green loan" (PFR, 7/24).
			Inter-American Development Bank		\$56M	17-yr	
Tyr Energy	Hickory Run (1 GW Gas)	Lawrence County, Pa.	BNP, BAML	Debt	TBA		The deal was expected to come to the market shortly after the announcement of the PJM auction results (PFR, 6/12).
US Solar Corp.	Portfolio (100 MW Community Solar)	Minnesota	North Sky Capital	TBA	TBA		North Sky Capital is being advised by New Energy Capital Partners (PFR, 7/3).

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

LS Power Signs Acquisition Loan with Eight Banks

LS Power Development has signed a loan package with eight banks to finance its acquisition of two gas-fired peakers in **PJM Interconnection** from **Dynegy**.

The \$415 million deal comprises a \$365 million seven-year term loan and a \$50 million letter of credit facility which was signed on July 11, *PFR* has learned.

BNP Paribas, CIT Bank, Deutsche Bank, GE Energy Financial Services, ICBC, SunTrust Robinson Humphrey, CoBank and **MUFG** are the lead arrangers.

Milbank, Tweed, Hadley & McCloy is the sponsor's legal adviser and **White & Case** is the lenders' counsel.

Pricing could not immediately be learned. **Joe Esteves**, cfo of LS Power in New York, did not respond to inquiries. Representatives of the lead arrangers either declined to comment or did not return e-mails and calls.

LS Power agreed to pay Dyn-

egy \$480 million for the 603 MW Armstrong project in Shelocta, Pa., and the 584 MW Troy project in Luckey, Ohio, in February, shortly after Dynegy acquired them as part of a larger portfolio from Engie (*PFR*, 6/27). LS Power has since renamed the portfolio Spruce Generation.

SIGHTS SET ON M&A

Bankers are hoping that more acquisition finance deals will come to the market in the second half of the year, as financings of new-build quasi-merchant gas-fired projects in PJM are expected to slow.

"We've seen new-build slow down a little and I think it'll slow down a lot more," says one. "But M&A has filled the gap and I think that will continue as there are a number of assets out there that people are looking to sell."

Dynegy recently agreed to sell three merchant gas-fired facilities to two private equity firms in separate transactions, and

the Houston-based IPP is also seeking to sell assets in California.

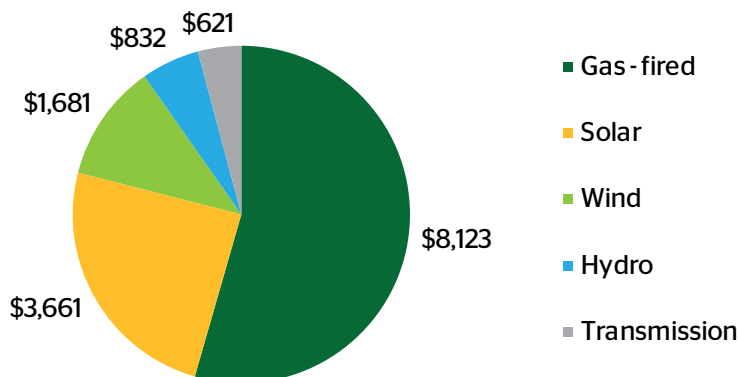
Rockland Capital is acquiring Dynegy's 625 MW Lee project in Lee County, Ill., for \$180 million, while **Starwood Energy Group Global** is paying \$119 million for the 164 MW Dighton project in Dighton, Mass., and the 149 MW Milford project in Milford, Mass. (*PFR*, 7/12).

In June, **Eversource's** auc-

tion of its 1.2 GW generation portfolio in New Hampshire, on which **JP Morgan** is advising, moved into a second round (*PFR*, 6/28).

Meanwhile, **Citi** is advising **Ares-EIF** on the sale of a group of four contracted coal-fired assets in three states (*PFR*, 5/22) and, separately, on the auction of the 705 MW Newark gas-fired combined-cycle project in New Jersey (*PFR*, 6/26). ■

**Power Project Finance Deal Volume
First Half of 2017 (Millions)**



Source: Dealogic

Alterra Nets BlackRock Equity, Inks Project Debt

Alterra Power Corp. has sealed financing for its 200 MW Flat Top wind project in Texas after landing an equity commitment from **BlackRock Real Assets**.

BlackRock has acquired a 49% equity stake in the project, with Alterra keeping the remaining interest.

The value of BlackRock's investment could not immediately be learned. Representatives of Alterra in Vancouver and BlackRock in New York did not immediately respond to

inquiries.

Vancouver-based Alterra has also closed a \$217 million construction loan and \$71 million in letters of credit for the project from **Citigroup, Santander** and **RBC**, as well as a \$221 million tax equity investment from **Berkshire Hathaway Energy** and Citi.

Alterra financed a portion of its sponsor equity in the project with a \$21.1 million expansion of an existing loan from **AMP Capital Investors**. The

developer had signed the loan in 2014 in part to finance a portion of its 204 MW Shannon wind facility in Clay County, Texas (*PFR*, 6/28).

DÉJÀ VU

The Flat Top deal mirrors the project financing for Shannon in several respects. The trio of banks that arranged the construction loan for Flat Top also inked the \$287 million project finance loan for Shannon, and both projects obtained tax equity commitments from BHE and Citi.

The offtake arrangements for the two projects are also simi-

lar, with Citi providing a 13-year hedge in each case.

The main difference between the two deals is the equity investor. **Starwood Energy Group Global** provided the equity for Shannon, acquiring a 50% stake in the facility (*PFR*, 7/15).

The Flat Top project, which is under construction in Comanche and Mills counties, is expected to be online in the first half of next year (*PFR*, 5/26).

Alterra acquired the project from Austin, Texas-based **Pioneer Green Energy** in June 2016 (*PFR*, 6/16/16). ■

● MERGERS & ACQUISITIONS

SunEdison Inks Sales, Seeks to Finalize Bankruptcy Plan

A bunch of SunEdison assets have changed hands in the same week that the company sought to finalize its plan to exit bankruptcy.

DIF, a Dutch fund manager, has closed its purchase of four wind assets originally belonging to SunEdison. The projects were held in SunEdison's warehouse financing vehicle, according to paperwork filed with the U.S. **Federal Energy Regulatory Commission** on July 20.

Prior to filing for bankruptcy in April 2016, SunEdison had been intending to drop the warehoused assets into its yield company, **TerraForm Power**.

The projects are the 119.7 MW Meadow Creek facility and the 124.5 MW Goshen Phase project, both in Bonneville County, Idaho, the 298.45 MW Canadian Hills Wind project in Canadian County, Okla., and the 79.86 MW Rockland project near American Falls, Idaho. The purchase price could not be immediately established.

DIF is an independent fund management company with approximately €3.7 billion (\$4.3 billion) of assets under management

across seven closed-end investment funds and several co-investment vehicles. The investor has been looking to invest in solar assets in North America for a number of years (PFR, 9/9/14).

News of the closing came shortly before it was announced that a separate sales agreement relating to two SunEdison solar projects in Minnesota had fallen through.

SoCore, a subsidiary of **Edison International**, had agreed to acquire 22 community and industrial solar assets in Minnesota in the fire sale which took place for the company's assets last year. The company agreed to buy the projects for up to \$79.8 million if all were completed.

However, **Nordic Solar** has emerged as the eventual buyer of two of the projects, one called Lindstrom in Chicago and another called St. Cloud 1 in the city of St. Cloud, in a filing with the **U.S Bankruptcy Court for the Southern District of New York** dated July 22.

Hellerup, Denmark-based developer Nordic Solar paid a base price of \$2.8 million

with estimated interconnection costs of \$1.6 million, according to the filing. It could not immediately be established whether SoCore is going ahead with the purchase of the remaining 20 projects or why the sale of the Lindstrom and St. Cloud 1 projects to SoCore fell through.

Meanwhile, SunEdison won court approval for its bankruptcy exit plan at a hearing at the U.S. Bankruptcy Court in New York on July 27, according to the *Wall Street Journal*, which reports that presiding **Judge Stuart Bernstein** said he would approve SunEdison's plan. A confirmation order was yet to be signed by Judge Bernstein at the time of publication. ■

FAST FACT

622.5 MW

Size of the wind portfolio DIF has acquired from SunEdison.

NextEra Eyes Renewable Assets as Rival Shifts Strategy

Executives at **NextEra Energy Resources** confirmed that they would consider bidding for renewable assets that are in the market, two weeks after one of the company's main competitors, **NRG Energy**, announced that it was selling its entire renewables business.

Citi, **Goldman Sachs** and **Morgan Stanley** are advising NRG on several asset sale processes, including the sale of its renewables business and a stake in its yield company NRG Yield (PFR, 7/12).

Stephen Calder Byrd, an analyst at Morgan Stanley, asked whether NextEra would consider buying some of the many renewable assets that are for sale—without naming NRG—during Nex-

tera's earnings call on July 26.

"We haven't been, as you noted, as successful in the larger type of acquisitions that draw a lot of folks to the table," responded **Armando Pimentel**, NextEra Energy Resources' president and ceo. "But that doesn't mean that there may not be something unique about the ones that are out in the market right now that might put us in a better position."

The company is more likely to be a successful acquirer in situations with unusual elements and involving fewer bidders, he added.

For any acquisition to go ahead, NextEra would have to consider it to be "accretive" to earnings per share and it must not be expected

to have a negative impact on the company's credit ratings, noted **James Robo**, ceo of NextEra Energy Resources' parent company **NextEra Energy**.

NRG has come under pressure

"Wall Street really does hate renewables, at least in the hands of fossil-fuel companies."

from activist investor **Elliott Management** to divest from renewable generation.

NRG's former ceo, **David Crane**, who tried to steer the

company away from conventional generation to renewables before he was fired in 2015, said that the divestment would be good for NRG shareholders like himself, in an article for *GreenBiz.com*, where he is editor-at-large.

The Princeton, N.J.-based independent power producer's share price has rocketed from \$16.30 on July 11, the day before the announcement of the sales, to \$24.67 on July 26.

"Wall Street really does hate renewables, at least in the hands of fossil-fuel companies," wrote Crane. "There was no institutional investor support for NRG's attempt to go green and now, obviously, a huge reward for them abandoning the effort." ■

MERGERS & ACQUISITIONS ●

Mid-Year M&A Outlook: Demand for Assets Stays Strong

◀ FROM PAGE 1

quarter of 2017 was the lowest in terms of deal value since the second quarter of 2015, according to the report. Despite the decline in value, the number of deals that closed in the power and utilities sector in the second quarter of 2017 was higher than the previous quarter and the second quarter of 2016.

“Fiscal ’16 was a pretty gangbuster year as far as deal value and volume,” says Fago, pointing out that 2016’s total deal value exceeded that of the prior three years combined and that “volume was still pretty solid” in the first two quarters of 2017.

“It broadly has continued and I think it broadly will continue,” says **Roger Wood**, managing director in power & utilities at **Moe-llis & Co.**, of the robust M&A flow that defined last year, identifying regulated gas-fired assets and renewables as attractive targets.

WIND: LAST CHANCE TO BUY

A number of large wind platforms are on the block in a market for bundled contracted assets that has become more competitive amid a relative scarcity of opportunities, says **Andy Redinger**, managing director and head of utilities, power and renewable energy at **Key-Banc Capital Markets**, who predicts a competitive wind M&A market throughout 2017.

Once these platforms and their pipelines are snapped up, there are unlikely to be more coming to the market, says Redinger.

“I don’t see a lot of new independent wind developers being formed going forward,” he says, citing low power prices and the difficulty of securing power purchase agreements as factors. “Most infrastructure funds, most private equity firms want returns in the low-double digits. And that’s just hard to find in the wind space today.”

Wood also sees valuations of operational and contracted wind assets as competitive. “It does depend on the nature of the contracts and the lengths of the contracts and would also depend on whether there’s a big development pipeline,” he says. “People aren’t really willing to pay up for development pipelines—but for the operating portfolios I would think [valuations] would be at or above recent transactions.”

CANADIAN INVASION

Institutional investors remain hungry for regulated and contracted assets, according to Wood, who notes the increasing willingness of Canadian pensions funds and corporations to invest at earlier stages of development. “Most people are saying they need to get higher nominal returns and you get that by taking a bit more risk,” he says.

The U.S. market is attractive to the Canadian investors in part because of a relative lack of opportunities north of the border, Wood adds.

St. John’s, Newfoundland and Labrador-headquartered **Fortis**’ acquisition of a 66.7% stake in **Teck Resources**’ Waneta Dam hydro project in British Columbia for \$876 million is the biggest North American single-asset deal of the year so far (PFR, 5/15).

SOLAR EVOLVES

Activity in the solar industry, meanwhile, is likely to center increasingly on smaller-scale assets. “There just aren’t that many big-scale projects,” says Redinger, predicting that commercial and industrial-scale solar portfolios will eclipse utility-sized assets in the coming year.

The non-investment grade and non-rated nature of many offtakers for C&I solar projects may erect hurdles to financing, but Redinger remains bullish on the subsector, remarking that capital remains “wildly abundant” while predicting many smaller shops will put themselves up for sale or merge.

“UNNATURAL ACTS”

Equity investors have also continued to line up to take stakes in new gas-fired projects in **PJM Interconnection**, despite concerns around potential overbuild in the region.

A generally disappointing result in the interconnection system operator’s most recent capacity auction did little to dispel such worries.

“You’ve still got people doing unnatural acts with new capital and building new capacity when it’s tough to see how the math supports it,” says Wood, adding that equity investors and lenders will continue

to be drawn to “anything where you can point to stability of cash flow for a period of time—whether it’s through capacity payments, or whether it’s through some kind of long-term contract.”

Basing decisions to construct and acquire gas-fired assets, which will be operational for decades, on relatively short-term commodity prices could be problematic, says Fago. “These are long-term, capital-intensive decisions”, he says. “It becomes a challenge, in a lot of cases, to get people to see that far out.”

Meanwhile, there are few potential buyers in the market for coal-fired generation, which has been suffering as natural gas prices, carbon emission standards and market sentiment continue to all work against it, say market participants.

“We don’t see people making big bets on coal” says Fago, who adds that as coal-fired generation is retired, it opens up opportunities for the development of gas-fired, wind and solar projects.

It remains to be seen how strong the bid will be for a portfolio of four coal-fired facilities with long-term offtake contracts that **Ares-EIF** is selling in New Jersey, West Virginia and Arkansas (PFR, 5/22).

EYES ON RATES

Looking ahead further, deal watchers say an increase in the cost of acquisition finance could begin to act as a brake on demand in the M&A market as the U.S. **Federal Reserve** ratchets up the interest rate.

“Valuations continue to be strong despite interest rate increases because the fundamentals are so strong,” says Fago, who adds that rate hikes will eventually drive cost of capital upwards, leading to a compression in deal values forecast by PwC in its report.

In a rising interest rate environment, the opportune time to move on deals may be now, says Redinger. “It’s hard to time the marketplace, but there are a lot of signs that there’s a higher probability of it being worse in the future than better.”

The Fed has already raised the federal funds rate by 25 bps twice this year, versus once each in 2015 and 2016. ■

● MERGERS & ACQUISITIONS

Grenergy to Acquire Debut Argentine Wind Project

Spain's **Grenergy Renovables** has entered the Argentine wind market with an agreement to acquire the 24 MW Kosten wind farm in Patagonia, which is in the process of being financed.

Grenergy has agreed to acquire the project from developers **Enat Energia Natural** and **SEG Ingenieria**, according to an announcement by legal, tax and investment boutique **Invertax**, which advised the sellers on the deal.

Located in Pampa del Castillo in the province of Chubut, the project comprises six 3.4 MW wind turbines and one 3.6 MW turbine.

The project won a 20-year, dollar-denominated power purchase agreement priced at \$59.41/MWh in the first round of the Argentina's RenovAr renewables program last year. The program is designed to allow the country to meet its ambitious target of generating 20% of its energy from renewable sources by 2025.

The **World Bank's** Fund for the Development of Renewable Energy is backing the

project with a \$12 million guarantee for eight years from its commercial operation date as part of the program.

Grenergy is in advanced talks to close project financing and is in "full due diligence with a financial institution", the company said in a statement, adding that financial close is expected before the end of the year, to coincide with the construction of the project.

The company expects the project to incur \$40 million of capital expenditures during construction and generate \$7 million of Ebit-

da in its first year of operation.

The spokesperson declined to name the bank providing the financing. "We will report on that agreement when it's closed," the spokesperson adds.

The project is slated to connect with the Argentine Interconnection System grid in the second half of next year.

Grenergy ceo **David Ruiz de Andrés** said in a statement that Argentina is "one of the markets with the greatest growth potentials in Latin America". ■

Bids Awarded in First Two Rounds of Argentina's RenovAr Program

	Round 1	Round 1.5
Wind	707 MW	765 MW
Solar	400 MW	516 MW
Biogas	9 MW	0 MW
Biomass	15 MW	0 MW
SmallHydro	11 MW	0 MW

Source: Argentine Ministry of Energy and Mining, Undersecretariat of Renewable Energy

U.K. Private Equity Firm Enters Mexico with Solar Deal

U.K. private equity firm **InfraRed Capital Partners** has agreed to acquire a 50% equity interest in two Mexican solar projects totaling 72 MW that are due to be completed at the end of the year, marking its first investment in the country.

InfraRed is investing \$17.25 million in the 36 MW Torreoncitos project in Jiménez, Chihuahua, and the 36 MW Rancho el Trece project in Camargo, Chihuahua, which both entered construction this month.

The private equity firm is purchasing the equity from Spain's **Bester Energy**, which is building the projects and will operate and maintain them during the early years of their commercial operations.

The remaining equity in both

projects is held by Mexican venture capital fund **Invex Infraestructura**.

The capital structure for the two projects does not include any senior debt "at this stage", says a spokesperson for InfraRed in London.

The generation will be sold to commercial and industrial customers through power distribution and trading business **Ammper**, which is jointly controlled by InfraRed and Invex. The two firms have invested \$1 million each to set up Ammper's operational capabilities.

Ammper was created after the deregulation of the Mexican power market in 2016 that allowed private sector suppliers to enter the market. ■

Enel Flips Switch On Brazilian Wind Farm

A Brazilian subsidiary of Italy's **Enel** has started commercial operation on its 90 MW Cristalândia wind farm in Brazil, as the group transitions to a "build, sell and operate" business model.

Enel announced at the end of November that it would start pursuing a "build, sell and operate" model for its worldwide renewables business, and hired **Goldman Sachs**, **BBVA** and **Morgan Stanley** in May to sell its generation assets in Mexico and Panama (PFR, 5/25).

A spokesperson for the company in Rome declined to comment on whether or when the Cristalândia project would be put up for sale under the "build, sell and operate" model.

Enel Green Power Brasil Participações (EGPB), Enel's renewables arm in the country, was awarded a power purchase agreement for the project through a public renewable energy auction that was held in April 2015.

Under the PPA, the Cristalândia project will sell its output to Brazilian distribution companies for 20 years.

The wind farm straddles the municipalities of Brumado, Rio de Contas and Dom Basilio in Brazil's north-eastern state of Bahia, where Enel has 1.3 GW of renewable capacity either in operation or under construction through EGBP and **Enel Brasil**.

Enel has invested about \$190 million in the project. ■

MERGERS & ACQUISITIONS ●

Kenon Receives Bids for IC Power

Kenon Holdings has entered negotiations to sell its primarily Latin American generation subsidiary IC Power after being approached by several buyers.

Kenon, which is dual-listed on the **New York Stock Exchange** and the **Tel Aviv Stock Exchange**, has received indicative, non-binding offers for some or all of the subsidiary, the company announced on July 23.

While there is no certainty that the talks will result in a sale, such a transaction “would be consistent with Kenon’s strategy to realize the

value of its businesses for its shareholders, which may include monetization of its businesses,” according to the statement.

The potential buyers could not immediately be identified. Whether Kenon has engaged an investment bank as a financial adviser on the potential sale could not be learned by press time. A spokesperson for Kenon in New York declined to comment.

The bids come after a planned initial public offering of the company’s shares was pulled earlier this year, says a deal watcher.

The Lima-headquartered company hired **Bank of America Merrill Lynch** and **Credit Suisse** to lead the IPO and filed an F-1 form with the U.S. **Securities and Exchange Commission** in 2015 (PFR, 9/1/15).

The NYSE approved the listing in January, at which time **Goldman Sachs**, **UBS**, **HSBC**, **Scotiabank** and **Credicorp Capital** had also signed up as bookrunners.

The company was aiming to raise between \$310.8 million and \$388.5 million by floating a 24.5% ownership stake.

IC Power owned 3,894 MW of

installed capacity across 11 countries as of Sep. 30, 2016, according to its most recently filed prospectus, dated Jan. 23. Its largest individual asset is a 75% stake in the 1,063 MW Kallpa gas-fired project in Peru.

Besides its generation assets in Latin America and the Caribbean, IC Power also owns an 80% interest in the 440 MW OPC Rotem dual-fuel facility and 100% of the 18 MW AIE gas-fired project in Israel.

The company’s assets also include heavy fuel oil and diesel-fired generation, hydro facilities, a wind project and a majority stake in Guatemalan electric distribution company **Energuate**. ■

Canadian Investor Buys Boralex Stake

Caisse de dépôt et placement du Québec has acquired a 17.3% interest in Canadian developer **Boralex**.

The Québec City-based investment firm purchased the stake in the Kingsey Falls, Québec-based company from tissue manufacturer **Cascades** for \$287.5 million.

Under the terms of the deal, CDPQ will have the right to appoint two independent directors to Boralex’s board.

CDPQ is also upping its stake in **Invenergy**’s renewables platform. The firm already owns a 27.09% passive interest in **Invenergy Renewables** and plans to increase its stake to 31.73%, according to filings with the U.S. **Federal Energy Regulatory Commission**.

Invenergy is selling over 3% of its interest in the subsidiary to CDPQ in a transaction reported by *PFR* on June 9 (PFR, 6/9).

Since then, permission has been requested for a further transaction in which CDPQ will acquire an additional 1.14% stake from Invenergy, 0.37% from **Liberty Mutual** and 0.05% from **Leaf Clean Energy Co.** Liberty Mutual and Leaf Clean own 16.26% and 2.3% interests in Invenergy Renewables, respectively.

CDPQ acquired its initial 24.73% interest in Invenergy Renewables

in 2014 (PFR, 6/12/14).

The Canadian investor has also been active in the private debt market for renewable and conventional generation this year, participating in a roughly \$115 million deal backing **Competitive Power Ventures**’ 1,050 MW Fairview gas-fired project in Jackson Township, Pa., and providing C\$90 million (\$67 million) to **Pattern Energy**’s 147 MW Mont Sainte-Marguerite wind project in Québec (PFR, 3/31, PFR, 3/7). ■

STRATEGIES ●

Dominion Issues Call for Renewable Generation

Dominion Energy, looking to further expand its burgeoning renewables pool, has issued a request for information on renewable generation it could procure to serve commercial and industrial clients.

The utility issued the RFI in response to a growing demand among its clients for renewable generation, according to a statement.

Dominion plans to sell the generation to non-residential consumers in Virginia whose peak demand reaches at least 1,000 kW as part of a program the utility company has launched with the aim of offering those clients the option to meet all of their needs with renewables.

Dominion would prefer the renewable proj-

ects to be situated in Virginia but will consider assets located throughout **PJM Interconnection**, according to the statement.

Whether the company intends to procure the generation through power purchase agreements or by acquiring projects was not specified. **Katheryn Curtis**, senior vice president, generation, at Dominion and spokespeople for the company in Richmond, Va., did not respond to inquiries.

Dominion has acquired several solar assets in recent months.

The company is in the process of acquiring the 20 MW Cherrydale solar project in Kendall Grove, Va., from **Hecate Energy**, and recently

closed the acquisition of the 10 MW Clarke County project in White Post, Va., from the same seller, as well as the 78.7 MW Innovative Solar 37 project in Anson County, N.C., from **Cypress Creek Renewables** and the 60 MW Summit Farms project in Currituck County, N.C., from **SunEnergy1** (PFR, 7/3, PFR, 2/28, PFR, 10/24).

Earlier this year, Dominion closed its purchase of the 30 MW Midway II solar project in Imperial County, Calif., from **Solar Frontier Americas** (PFR, 12/5). A separate deal to acquire another 20 MW solar project from Solar Frontier fell through in April, according to a May earnings statement. ■

● STRATEGIES

Solar Sponsor Seals Debt with Asian State Investor and Private Lender

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The firm's other U.S. presence is in New York.

Hawk Hill Group advised Temasek on the deal and **MVP Capital** assisted Cypress Creek

with the search for investors.

The financing comprises a \$420 million A tranche and a \$30 million B tranche. Details and pricing on the two tranches could not immediately be

learned. Representatives of Cypress Creek in Santa Monica, Temasek in New York and Singapore and HPS in New York did not respond to inquiries.

Latham & Watkins advised

the lenders on the deal, while **Wilson Sonsini Goodrich & Rosati** advised the sponsor.

Cypress Creek is headquartered in Santa Monica, Calif., and owns an 800 MW portfolio of solar projects in the U.S., having recently acquired and financed a 12-project portfolio of solar-plus-storage projects in North Carolina (PFR, 6/30). ■

Midwest Utilities Seek New-Build Wind and Solar RECs

The **Illinois Power Agency** has issued a request for proposals for renewable energy certificates from new wind and solar generation.

The state government agency is seeking to procure RECs generated by new utility-scale wind and solar projects, as well as new brownfield solar projects of any size, for three utilities—**Ameren Illinois**, **Commonwealth Edison Co.** and **MidAmerican Energy Co.**

The RFP will result in 15-year contracts

for the delivery of 1 million RECs per year from wind projects and a further 1 million for utility-scale and brownfield solar projects. Projects must be over 2 MW in size to qualify as “utility scale” for the purposes of the RFP.

Qualifying projects must be in the state of Illinois or an adjacent state and must not have started operations before June 1, 2017. The delivery of RECs must start between June 1, 2019 and June 1, 2021.

NERA Economic Consulting is acting as

procurement administrator and **Bates White** as procurement monitor.

Bids are due by Aug. 31 and contracts are slated to be fully executed by Sept. 12.

Illinois' renewable portfolio standard requires that the state produces 25% of its generation from renewable sources by 2025. In December, Illinois added additional provisions to the RPS to ensure that RECs are also supplied by new renewable generation capacity. ■

● PEOPLE & FIRMS

Regional Bank Taps Financier for Renewables Push



Clayton Summers

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reports to **Rich Bradshaw**, president of UCB's recently renamed commercial banking solutions division, which was previously called specialized lending.

The bank plans to provide senior secured loans to contracted solar projects both on a bilateral basis and in club deals, with tickets of



Rich Bradshaw

between \$10 million and \$20 million falling in its “sweet spot”, says Bradshaw.

The initial focus on solar is primarily due to the Blairsville-Ga.-based bank's geographic footprint, which mainly covers the Southeast.

UCB has already started working on its first deals, and recently

granted credit approval to a \$20 million loan for an existing solar project in the Northeast, Bradshaw adds, while declining to provide further details of the transaction, which has not yet closed.

The bank could sign between 10 and 20 deals in the next 12 months and is also looking into the possibility of deploying its own tax liabilities to provide tax equity financing alongside project debt.

SEASONED BANKER

Summers began his career as a relationship manager in global consumer banking at **Citigroup** in 1998, according to his **LinkedIn** profile. In 2001, he joined **Deutsche Bank** as a credit risk management associate in leveraged finance, and in 2006 he

moved to **Bank of America**, where he was a client manager first in middle market banking, then in commercial banking.

In 2012, Summers took a role as a first v.p. in commercial banking at **SunTrust Bank** in Charlotte and three years later he moved to Regions as a senior v.p.

It could not immediately be established who will take over Summers' responsibilities at Regions. A spokesperson for the bank was not immediately able to comment.

Brian Tate, who has been head of power and utilities at **Wells Fargo** for 18 years, has led Regions' energy and natural resources group as executive managing director in Charlotte since 2014. ■

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● PEOPLE & FIRMS

Nomura Adds to Power Team with Hire from NordLB

A project and acquisition finance banker has left NordLB to join Nomura as the Japanese bank builds up its infrastructure and power finance team.

Stephan Diaz Ellinghaus, who handled origination and execution of project and acquisition loans as a director at NordLB in New York, left the German bank two weeks ago, a person familiar with the move tells *PFR*.

Diaz Ellinghaus had been at NordLB since 2006 and focused partly on Latin America, speaking at the **Info-cast** Mexico Power Finance & Investment Summit in New York last year (*PFR*, 7/1/16).

He has joined Nomura as an executive director in infrastructure and power finance in New York, according to his **LinkedIn** profile.

The move comes amid a build-out of Nomura's infrastructure and energy business that began in June with the hire of **Vinod Mukani**, a senior financier who left **Deutsche Bank** in April (*PFR*, 6/21).

The Japanese bank is reportedly

ramping up its investment banking business in the U.S. with a focus on mergers and acquisitions, equity capital markets and leveraged finance.

"Nomura is traditionally not a lender but more of a securities shop, so, given who they've hired, I suspect it will be

more capital markets-focused rather than on the lending side," says a project finance banker at a commercial lender, who notes that there are opportunities for Nomura to advise on private placements in the current market conditions.

The infrastructure and energy team will cover both project

finance and mergers and acquisitions, market sources told *PFR* earlier this month (*PFR*, 7/17).

NordLB has yet to determine who will take over Diaz Ellinghaus's responsibilities at the bank.

Spokespeople for Nomura in New York did not immediately respond to requests for comment and Diaz Ellinghaus could not be reached. An official at NordLB declined to comment. ■



Stephan Diaz Ellinghaus

● ALTERNATING CURRENT

An Inconvenient Review?



Al Gore's sequel to his documentary *An Inconvenient Truth*, which opened in U.S. movie theatres on Friday, has so far garnered mixed reviews.

The former vice president's 2006 film, which tackled the consequences of climate change, was one of the most commercially successful documentaries in U.S. box-office history and won an Academy Award.

The follow up, *An Inconvenient Sequel: Truth to Power*, charts the progress made in the last decade to address climate change and Gore's efforts to persuade domestic and international governments to invest in renewable energy.

The movie, which was screened at the Sundance Film Festival in January, has been rated 73% on film review aggregation website *Rotten Tomatoes*.

Some critics have been unflattering, however. Users of *IMDb* have given it an average of five stars out of 10 and the *Guardian* has rated the movie two stars out of five.

"[Al Gore] can whip out his cell phone and dial the treasury secretary or the head of a giant solar panel manufacturer and say things such as 'I'll check with **President Hollande**' or '**Elon [Musk]** suggested I call.' It's amazing, then, that nowhere in his contacts is the number of a documentary film-maker that knows a thing or two about keeping audiences awake", writes **Jordan Hoffman** for the *Guardian*.

The movie's co-director, **Jon Shank**, addressed attendees at the **REFF Wall Street** conference in June in New York as part of a fireside chat on the development of renewable generation, storage, energy efficiency and transportation. ■

Guggenheim Expands Power Team

Guggenheim Securities has hired two senior officials to its power, energy and renewables team, a source tells *PFR*.

The new external hires, whose identities could not immediately be learned, have not started yet but are expected to join the bank within the next two months.

A spokesperson for Guggenheim in New York did not respond to inquiries.

Guggenheim has expanded its energy team over the last two years. The New York-based investment bank

hired **Carlos Fierro**, former m.d. and global head of natural resources at **Barclays**, and **Daniel More**, former global head of utility mergers and acquisitions at **Morgan Stanley**, as senior advisers in 2016 (*PFR*, 6/6/16, *PFR*, 2/9/2016). Fierro and More are based in Washington, D.C., and New York, respectively.

Dean Keller, **James Schaefer** and **David Dolezal** joined Guggenheim as senior managing directors the previous year (*PFR*, 8/12/15). ■

● QUOTE OF THE WEEK

"Wall Street really does hate renewables, at least in the hands of fossil-fuel companies."

David Crane, former ceo of **NRG Energy**, now senior operating executive at **Pegasus Capital Advisors** and editor-at-large at *GreenBiz.com*, on the investment community's reaction to NRG's planned divestment from renewables (see story, page 6).