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First Wind Scouts Wash. Wind Funds

First Wind is looking to finance its 100 MW Palouse wind project in Whitman County, Wash.

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Invenergy Inks N.J. Solar Stake

Invenergy Solar Development has snagged a majority stake in a 10 MW solar project in New Jersey from **Atlantic Green Power Co.**

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AES SCOPES COAL DEBT RESTRUCTURING

AES is considering restructuring the debt on its coal-fired subsidiary **Eastern Energy** in parallel with the ongoing sale process to divest the unit. Financiers are chasing the potential mandate, which would rework some \$557 million in debt, deal watchers say.



Pitches have come from investment banks and advisory shops with a restructuring niche. **Barclays Capital**—the auctioneer on the sale process—is a contender to lead the restructuring. AES has been trying to sell the 306 MW Cayuga in Lansing; 675 MW Somerset in Barker; 105 MW Greenidge in Dresden; and the 83 MW Westover near Binghamton (PFR, 3/4). Somerset has a sale leaseback in place until November 2027 while

(continued on page 11)

RETAIL SYNDICATIONS BACK ON THE RADAR

Retail syndication is regaining traction in project finance loans. Mostly off the agenda since 2008, the big lenders are getting more confident that they can sell down exposures taken on in wholesale syndication to smaller players.

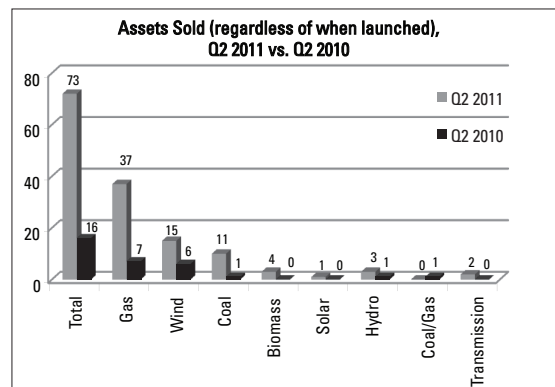
In the aftermath of the 2008 financial collapse, major project finance lenders shied away from taking tickets larger than they intended to hold, given the paucity in demand from, or disappearance of, smaller players. That lead banks are again pursuing a retail strategy is an indication of a reviving market capacity, says a longtime financier. Another banker notes that retail rounds will become a common feature on deals in the \$500 million range.

Tightening margins to around 100 basis points in corporate-level deals and a lack of such transactions are also causing lenders to turn to project finance, where retail tickets come with

(continued on page 11)

Generation Sale Database Quarterly Report CLOSINGS SPIKE MARKS Q2 M&A

More than 70 assets changed hands in the second quarter, marking the busiest period for mergers and acquisitions in the power sector in several years. Only 16 assets traded in the same period according to *PFR's* Generation Sale Database. The movement, which is led by the sales of 37 gas-fired assets, illustrates the rehabilitation in a sector that was all but silent during the financial crisis.



For the full report, please visit <http://www.iipower.com/GenerationSalePage.aspx>

Check www.iipower.com during the week for breaking news and updates.



At Press Time

Invenergy Snags N.J. Solar Stake

Invenergy Solar Development has bought a majority stake in a New Jersey photovoltaic project from Atlantic Green Power Co. for \$90,000 and an earn-out upon the deal's completion. The 10 MW project in southern New Jersey is near the top of the PJM interconnection queue, making it an attractive opportunity. The subsidiary of Invenergy will pay Atlantic Green Power for project costs up to this point.

In April, Invenergy bought a majority stake in an 18 MW project that is also in southern New Jersey from Atlantic Green Power. Atlantic Green Power is a solar developer that is focusing on a 74.4 MW project in Salem County, N.J. that is being built in phases. Whether Invenergy has plans to buy larger stakes in this pipeline and details regarding the project in the transaction, could not be learned.

Invenergy is also developing two solar projects in Ontario and one in Illinois.

Whether either party used an advisor could not be learned. Robert Demos, president and ceo of Atlantic Green Power in West Atlantic City, N.J., could not immediately comment. An Invenergy spokeswoman declined to comment.

First Wind Eyes Funding For Washington Wind Project

First Wind is looking to finance its roughly \$200 million, 100 MW Palouse Wind project in Whitman County, Wash. Bankers anticipate the developer will seek \$120-140 million in leverage. First Wind relationship banks include Banco Espirito Santo, BNP Paribas, Commerzbank, HSH Nordbank, Mitsubishi UFJ Financial Group affiliate Union Bank, NordLB, Rabobank and Société Générale.

The Boston-based shop's most recent project financings featured short tenors spanning construction of its farms. First Wind landed construction financings totaling \$174 million backing its 40 MW Sheffield wind farm in Caledonia County, Vt., and the 60 MW Rollins wind project in Penobscot County, Maine in late 2010 (PFR, 1/19). Key Bank financed both projects.

Avista Corp. has a 30-year offtake agreement for the Palouse project. First Wind plans to start construction in the fourth quarter, with operation targeted for the third quarter of 2012. The Palouse financing appears to be the first since First Wind entered into a joint venture with Northeast Wind, an operating company comprised of Emera and Algonquin Power & Utilities Corp., on 370 MW of assets in the Northeast (PFR, 5/2). The JV includes the Sheffield and Rollins projects.

Details on the latest deal, including tenor, size and pricing, as well as the financing timeline couldn't be learned. A First Wind spokesman in Boston didn't return a call. Bank officials and spokespeople declined to comment or didn't respond to messages.

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Project Finance

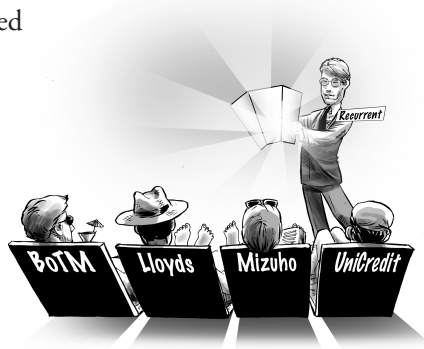
Recurrent Mandates Quartet For Calif. PV

Recurrent Energy has tapped Bank of Tokyo-Mitsubishi UFJ, Lloyds TSB, Mizuho Corporate Bank and UniCredit to lead a financing backing a portfolio of photovoltaic projects in California. The financing is a club deal, with BoTM serving as administrative agent.

Financial close is targeted for this quarter.

Recurrent, an affiliate of Sharp Corp., had been looking to finance at least 60 MW of its 140 MW pipeline of California PV projects (PFR, 6/13). The size of the financing and the identity of the four projects in the portfolio couldn't be learned. Deal details, including pricing and tenor, also couldn't be learned. Arno Harris, Recurrent president in San Francisco, declined to comment through a spokeswoman. Bank officials declined to comment or didn't return messages.

Southern California Edison has power purchase agreements for 80 MW of Recurrent's ground-mount solar projects in Kern and San Bernardino counties, while the Sacramento Municipal Utility District plans to buy generation from a dozen 5 MW projects near Galt and Elk Grove.



season, says Raquel Bierzwinsky, attorney at Chadbourne & Parke in Washington, D.C. "It's a first come, first serve process," Bierzwinsky says of the open season. The commission will build up to 4 GW of transmission in the state of Oaxaca and 1 GW of projects in the state of Tamaulipas. The process is only open to self-supply schemes or inside-the-fence projects, where the project has a private third-party offtaker as opposed to an agreement with CFE.

EME Taps WestLB For Wind Deal

Edison Mission Energy has selected WestLB to lead a roughly \$200 million deal backing a refinancing of the 130 MW Taloga wind project in Dewey County, Okla., and possible funding for new projects, deal watchers say.

The specific projects it supports couldn't be learned. Krish Koomar, an EME managing director who has worked on several wind project finance deals for EME in Irvine, Calif., and a spokesman in Chicago didn't return calls seeking comment. Bank officials declined to discuss the deal.

Oklahoma Gas & Electric reportedly has a 20-year offtake agreement for Taloga. EME initiated efforts to finance construction of the project in 2009 (PFR, 8/17). The outcome of that effort could not be learned.

WestLB also led a \$260 million refinancing supporting EME's Viento Funding II portfolio, which wrapped earlier this year (PFR, 3/2).

Flood Of PNM Renewable Bids Causes Delay

The high volume of bids to Public Service Company of New Mexico call for 120-140 MW of renewable generation has prompted a delay in shortlisting applicants from July 1 to early August as the utility sifts through more than 80 proposals.

PNM is seeking either new renewables projects or renewable energy credits from plants operational after July 1, 2008 (PFR, 4/14). In the request for proposals, PNM says it had no preference among potential renewables sources nor would it necessarily choose winners based on price or geography; new projects outside New Mexico are eligible. The identity of the bidders couldn't be learned.

PNM is targeting an additional 1.2 GW of new generation by 2030, including 150 MW of renewables by 2014. It expects to add one 40 MW gas-fired project in both 2015 and 2016, as well

Mexico Preps 5GW Open Call

The Comisión Reguladora de Energía of Mexico is gearing up to offer an open season for renewable developers to take capacity on up to 5 GW of transmission lines. The commission, which grants permits for generation and also regulates the relationship between suppliers and state-backed utility Comisión Federal de Electricidad, aims to launch the open season in the next two weeks.

Bids are due roughly two weeks after the call is launched, says Enrique Guzman, general director of electricity and renewable for CRE in Mexico City. Alejandro Peraza, director of electricity and renewable power in Mexico City, is overseeing the open season for CRE. Winners will ink a contract with CFE to pay to take up capacity on the line. Bidders must back up their offers with a letter of credit that CFE will draw upon in the case of a project's default. The transmission will be built between 2013 and 2014.

The extent of transmission development, which will be built by CFE, will depend on the amount of capacity bid in to the open

fast fact

► PNM is targeting an additional 1.2 GW of new generation by 2030, including 150 MW of renewables by 2014.

as a 177 MW project in 2017.

PNM expects to issue a call for new renewables generation by next July, says a spokesman in Albuquerque. The size and scope of the call have yet to be determined, as new renewables from another RFP may be applied to the utility's target for 2014.

Whether the utility will seek private gas-fired projects to fulfill its 2015-2017 targets or opt to build the capacity has yet to be decided, the spokesman says.

EME Wraps Calif. Peaker Deal

Banco Santander and **Mitsubishi UFJ Financial Group** have wrapped a financing supporting **Edison Mission Energy's** \$500-600 million, 500 MW simple-cycle plant in Southern California. **Banco Sabadell**, **CIT Group**, **Intesa Sanpaolo**, **Société Générale** and **WestLB** are among the 14 banks taking tickets.

Pricing is scheduled to start at 225 basis points over LIBOR (PFR, 7/7). The size and tenor of the deal couldn't be learned. **Krish Koomar**, EME managing director in Irvine, Calif., who has worked on several of EME's project financings in the past, and a spokesman in Chicago didn't return calls by press time. Bank officials declined to comment or didn't return calls.

Southern California Edison has a 10-year power purchase agreement for the Walnut Creek plant in the City of Industry.

Mergers & Acquisitions

Hudson Clean Energy Circles Fund With Chinese City

Hudson Clean Energy Partners is aiming to establish a fund with the municipal government of the city of Yangzhou in China that will focus on client energy investment.

The shop signed a memorandum of understanding with **Yangzhou Municipal Government Financial Affairs Office** to



Neil Auerbach

establish the fund, which will be in renminbi. The pair will look to bring in investors once the agreement is finalized in the next few months. Yangzhou is a city of 4.6 million near Shanghai.

The team is looking at a few deals right now although there is no timeline for an initial transaction, says **Neil Auerbach**, co-managing partner at Hudson in Teaneck, N.J., noting that the green technology sectors in the U.S. and China are increasingly interdependent.

Chatter had been swirling that Hudson was in the process of taking steps toward a China-centric fund (PFR, 9/14). Neither the size of the fund, details of potential investments nor the identity of potential investors could be learned.

The U.S. will continue to be Hudson's primary investment

focus, says Auerbach, explaining that the growth stems from existing portfolio companies' desire to expand into, and sell into, China. "We are a young firm and can't expand everywhere simultaneously. We have to be very thoughtful," he says, adding that the firm has been looking at this move for a while.

Zhongmin Shen, who recently joined Hudson as the Beijing-based head of China operations, is spearheading the agreement with Yangzhou and is also opening an office in Beijing. Hudson anticipates getting government approval to set up the office within a few months, says Shen. The shop plans to hire investment professionals and some support staff, likely from within China, he says.

Binding Liberty Bids Due Monday

Final round bids for **Strategic Value Partners'** 586 MW combined cycle merchant plant in eastern Pennsylvania are due next week. Shops that made it to the second round submitted proposals in the neighborhood, or north, of \$1,000 per kW (PFR, 7/19). Binding offers are due Aug. 1 to **JPMorgan**.

Usual suspects, including recent acquirers **Capital Power**, **Energy Capital Partners** and **Highstar Capital**, looked at the facility. The identity of the bidders planning to submit final round bids could not be learned.

The plant is owned by a consortium of investors including **Harbert Venture Partners**, **CarVal Investors**—formerly **Cargill Value Investments**—and affiliates of **JPMorgan**. The plant has about \$600 of debt per kW (PFR, 4/29).

A **JPMorgan** spokeswoman declined to comment while an SVP official in Greenwich, Conn., didn't respond to an inquiry.

Bicent Targets Debt Restructure

Bicent Power is looking to restructure its debt, which includes first and second lien term loans. The independent power producer has about \$250-\$270 million outstanding in the first and second lien.

Boutique investment bank **Moelis & Co.** is reportedly leading the restructuring.

fast fact

► Bicent is a subsidiary of **Beowulf Energy**, which is headed up by energy veteran **Paul Prager**.

Bicent, a subsidiary of **Beowulf Energy** that is headed up by energy veteran **Paul Prager**, has a \$480 million package of first lien debt courtesy of a \$330 million term loan B, \$120 million letter of credit and a \$30 million revolver. The second lien consisted of a \$130 million term loan. All the debt matures in 2014 and was arranged by **Barclays Capital** and **Goldman Sachs** in 2007 (PFR, 6/15/07).

The debt backed **Natural Gas Partners** and Prager's acquisition of 416 MW of gas-fired generation and the 116 MW

Hardin coal-fired plant in Montana from **MDU Resources** for \$636 million in 2007. Bicent Power is the company that owns and operates those assets.

Calls to officials and spokespeople at Beowulf Energy in Easton, Md., and Moelis were not immediately returned. Bank officials could not immediately comment.

Conti, Spanish Firm Launch Wind Sale

Engineering, procurement and construction services company **Conti Group** and **Grupo Arranz Acinas** are selling their wind development joint venture **Arrcon Wind**. Teasers for the JV, which has projects totaling 550 MW in Texas and the Midwest, were released Friday by Northhampton, Mass.-based advisor **Alyra Renewable Energy Finance**.

The JV has 250 MW of late stage development projects in

Texas and 200 MW of similar projects in Kansas. The remainder is in Minnesota, according to a deal watcher. Whether the projects have power purchase agreements could not be learned.

Conti subsidiary **Alternity Wind Power** has a roughly 50% ownership in the JV. Conti also has a 20 MW photovoltaic project pipeline under its subsidiary **SunDurance**, which is not for sale.

The duo is looking for a strategic buyer as Conti wants to refocus its efforts as an EPC contractor, says a deal watcher, who notes that the two will likely be flexible in how a sale is structured. Grupo Arranz, a Spanish construction and real estate conglomerate, has about 875 MW of projects in Europe. It got into the U.S. wind market early last year (PFR, 2/22/10); whether it will continue to work in the U.S. could not be learned.

An official at Alyra declined to comment while Conti and Arranz officials in Edison, N.J., and Madrid, respectively, were not immediately reached.

Generation Sales Database

Generation Sale ■ DATABASE

*Following is a listing of ongoing generation asset sales from PFR's Generation Sales Database. The entries below are of new sales and auctions or of sales and auctions that have changed in their parameters or status. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new sales and auctions or changes in the status of a sale or auction, please call Senior Reporter **Holly Fletcher** at 212.224.3293 or e-mail hletcher@iineews.com. The full database is available at <http://www.iipower.com/GenerationSalePage.aspx>*

Seller	Assets	Location	Advisor	Status/Comments
AES	Cayuga (306 MW Coal) Greenidge (105 MW Coal) Westover (83 MW Coal)	Lansing, N.Y. Dresden, N.Y. Binghamton, N.Y.	Barclays Capital	AES is looking to restructure about \$550 million in debt (see story, page 1).
AE Investor II	Astoria Energy II (4%, or 23.3 MW)	Queens, N.Y.	Whitehall & Co.	A group of high network individuals is exiting their B-class stake in the facility (PFR, 7/18).
ArcLight Capital Partners	Waterside (72 MW peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (391 MW, 65-mile transmission line)	Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokaa, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y.	Citigroup, Barclays Capital	Teasers went out in late July (PFR, 7/25).
Atlantic Green Power Holdings Co.	Stake (10 MW Solar PV)	Salem County, N.J.	TBA	Invenergy has bought a majority stake (see story, page 2).
Brookfield Infrastructure Partners	Cross Sound Cable (24-mile Transmission)	N.Y., Conn.	Rothschild	Potential buyers are receiving CIMs right now (PFR, 5/2).
Calpine	Mankato (375 MW CCGT) Broad River (847 MW Simple cycle)	Mankato, Minn. Gaffney, S.C.	Barclays Capital	First round bids are due mid-July (PFR, 7/4).
Conti Group, Grupo Arranz	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went Acinasout in late July (see story, page 5).
Duke Energy Ohio	Vermillion (640 MW Simple Cycle)	Cayuga, Ind.	TBA	Wabash Valley Power Association and Duke Energy Indiana are buying out DEO's 75% stake (PFR, 7/4)).
EIG Global Partners	Greenfield South (293 MW Gas)	Ontario		EIG makes \$250M loan that warrants an equity stake (PFR, 7/18).
GDF Suez Energy North America	Hot Spring (746 MW CCGT) Choctaw (746 MW CCGT)	Malvern, Ark. Ackerman, Miss.	UBS	UBS is releasing CIMs to interested parties (PFR, 5/15).
Invenergy	Gratiot (212.8 MW Wind)	Breckenridge, Mich.		Detroit Edison Co. has agreed to buy a 102.4 MW stake (PFR, 7/25).

Shaded items indicate latest entries.

For a complete listing of the Generation Sales Database, please go to [iipower.com](http://www.iipower.com).



INDUSTRY CURRENT

A Federal Clean Energy Standard

This week's Industry Current is written by Christopher Gladbach and Ben Davidson, managing associates in law firm Orrick's energy and infrastructure group in Washington, D.C.



Christopher Gladbach

The Obama Administration has set an ambitious goal for clean energy – 80% of U.S. energy should be produced by clean energy resources by 2035. But Congress has not passed comprehensive energy legislation and two federal incentives that are important to developing renewable energy projects are set to expire in the near future. Renewable energy projects must commence construction by year-

end to be eligible for the American Recovery and Reinvestment Act's 30% U.S. Department of Treasury cash grants in lieu of investment tax credits, and the U.S. Department of Energy's 1705 loan guarantee program for commercial renewable energy projects expires at the end of September. The DOE and developers are moving quickly to meet these two deadlines.

Congress has been focused on resolving federal budget and debt-limit issues and the prospects for near-term, on-time extension of either of these two programs are becoming increasingly dim. Industry participants are waiting to see how the potential expiration of these incentives affects the debt and tax-equity markets for renewable energy projects.



Ben Davidson

As industry experience shows, growth in renewable energy benefits from predictability of tax credits and other incentives: uncertainty discourages investment and impedes growth in the sector. Recent reports suggest at least some utilities are finding it increasingly difficult to justify the costs of new technologies, such as carbon capture and storage, without incentives that improve the economics of those investments.

A federal renewable or clean energy standard (CES) is one such approach that has recently gained some traction. Although several prior legislative proposals have included renewable energy resources, a CES that credits fossil fuel with carbon capture, natural gas and nuclear facilities will likely receive broader support from energy industry participants.

To date, 31 states and the District of Columbia have adopted various renewable portfolio standards with some form of renewable energy credits for renewable generation. Proposed federal CES policies would award clean energy credits on a per-megawatt basis (CECs), and require utilities to source increasing

percentages of their generation portfolio from renewable or clean generation sources over a period of years with interim benchmarks. Under most proposals, these credits may be stripped from the underlying electricity and sold and traded separately.

Evidence suggests that some in Congress are willing to consider moving toward federal clean energy legislation. For example, Senators Jeff Bingaman (D) and Lisa Murkowski (R), chair and ranking member of the Senate's Committee on Energy and Natural Resources, respectively, recently received a robust response to a white paper calling for comments on a national clean energy standard. The most encouraging sign for supporters is that clean energy standards have garnered some bi-partisan attention from Congressmen and Senators such as Edward Markey (D), Henry Waxman (D), Dick Lugar (R), Lindsey Graham (R), and Bingaman (D) and others over the last few years.

Congress would need to balance several competing concerns in designing CES legislation. CES legislation also would need to adequately encourage investments in clean energy projects and technology as well as potential cost and rate impacts. In a 2007 report, the U.S. Energy Information Administration predicted that U.S. utilities would spend an incremental \$7.8 billion complying with a clean energy standard that targeted 25% of generation from clean energy resources (including new nuclear and coal plants with carbon capture and storage technology (CCS)) by 2025. Other estimates suggest the costs could be much higher.

A Congressional Budget Office report released in late July concluded that a federal CES would likely increase energy prices (depending on region) but would reduce overall carbon emissions.

Technologies and Credits

One of the most fundamental policy decisions for a CES is choosing the technologies that will receive credit and how those credits should be applied. According to the EIA, as of March 2011 the U.S. received about 44.7% of our electric energy from coal facilities, 20.6% from natural gas, 20.5% from nuclear, 8.2% from conventional hydro and 4.1% from other renewable resources.

President Obama's proposed clean energy standard is broader than many existing state renewable portfolio standards. It includes nuclear power, "efficient" combined-cycle natural gas plants and fossil fuel plants that employ CCS technologies.

The separate clean energy proposals of Senators Lugar and Graham are also similarly broad and include coal facilities equipped with CCS technologies and new nuclear plants. Senator Graham's plan also credits fossil fuel generation retired in the near term. But these proposals have higher compliance targets than past renewable-only proposals. Utilities that have

already begun to invest in the development of these types of generation, however, will benefit from a broader definition.

Other Congressional proposals have hewed more closely to the standards used in most states, which generally credit only traditional renewable energy resources. For example, Senator Bingaman's proposal gives credit to wind, solar, geothermal, qualified incremental hydro, marine and hydrokinetic energy, ocean energy, biomass, landfill gas, and coal-mined methane and qualified waste-to-energy technologies. The Senator's proposal also excludes, among others, hydro, new nuclear facilities and coal-fired plants with CCS technology from the total amount of energy used for compliance purposes, which effectively gives partial credit for those additional technologies.

Although not included in any recent federal proposals, some states (like North Carolina and New Jersey) have also used carve-outs that set separate targets for certain generation resources like solar. Because the outside compliance periods for most proposals expire from 2030 to 2050, Congress will also need to consider a process to identify and assimilate new clean technologies.

Credit allocations will matter most to load serving entities with existing generation portfolios that are more heavily weighted to resources that don't ultimately qualify for clean energy credits. And some have argued that small utilities and utilities in regions without abundant renewable resources should be excluded from CES compliance requirements. Without a functioning, efficient market for clean energy credits, small utilities may have more difficulty complying because of scale problems associated with owned-generation. Likewise, utilities without ready access to renewable generation may be overly dependent on purchased CECs, especially if the policy does not credit non-renewable clean technologies.

Most of the current proposals would exempt utilities that sold less than 4,000 GWh of electricity during the prior year but don't contain any meaningful geographic limitation. Any size exemption, such as this one, will reduce the headline, nominal effective clean energy targets because those utilities will not be required to comply.

Implementation and Market Design

Although outside target dates in CES proposals vary (e.g., 80% CES by 2035 in President Obama's proposal), scaling and timing of interim targets are subject to more debate. Previous legislative proposals provide for interim targets that vary from two to ten years apart. For example, Senator Lugar's bill would require utilities to comply with his broad-based diversified energy standard with targets of 15% in 2015, 20% in 2020, 25% in 2025, 30% in 2030 and 50% in 2050 and beyond. By way of

comparison, Senator Bingaman's more narrow renewable electricity standard would target 6% by 2014, 9% by 2017, 12% by 2019 and 15% from 2021-2039.

All current proposals scale linearly, although targets could be designed to include an interim "ramp-up period" for the first several years of the program. A ramp-up period would encourage the construction of long-lead time generation like nuclear and fossil fuels with CCS technology and would also benefit utilities from regions with lower relative access to clean energy resources.

Depending on the timing of interim targets, some linear models may have the effect of encouraging near-term construction of natural gas-fired capacity (if credited) and traditional renewables while clean energy projects with longer lead times are still in development. And a robust system that allows utilities to bank unused CECs for later use or borrow CECs from future

compliance periods could provide additional flexibility both to utilities in regions with less abundant clean energy resources and to those developing long-lead time or larger-scale projects.

Integrating a federal CES with the state RPS programs is also a key concern. State governments

may prefer to retain control over their own state renewable standards, but federal preemption would avoid a patchwork of conflicting standards. Renewable energy supporters, however, argue that the CES should be a "floor" and not a ceiling for states wishing to impose higher renewable or clean energy goals.

It should be possible to design a CES that complements existing state programs and is not too burdensome for affected utilities. Each of four recent CES proposals make clear that state programs would not be preempted. This approach generally treats state renewable energy credits as completely distinct from CECs. To ensure fair treatment of utilities subject to state standards, a federal program may provide state renewable energy credits to purchasers with existing contracts with equivalent CECs (unless the contracts stated otherwise) and could credit state alternative compliance payments towards compliance with the federal standard.

Most industry participants also agree that policies that encourage a functioning, liquid market for CECs are an essential part of any clean energy standard. To this end, CECs could be centrally certificated and credited to clearly establish ownership and to avoid any double counting. Preventing double counting ensures that voluntary purchases of CECs are meaningful and reduces potential for litigation for claims of multiple owners. Trades in CECs could also be centrally cleared on one of the existing exchanges.

To protect ratepayers, most federal proposals include alternative compliance payments (ACPs), priced from \$25.00 to

"State governments may prefer to retain control over their own state renewable standards, but federal preemption would avoid a patchwork of conflicting standards."

\$50.00 per MWh, that allow utilities to pay set amounts in lieu of acquiring CECs. Alternative compliance payments would act to establish a ceiling price for CECs in times of market disruption.

But an ACP's value can also greatly affect the development of clean technologies and ultimate costs of complying with the program. If the ACP is too low, utilities would prefer to pay the alternative compliance payment instead of purchasing CECs or developing clean owned-generation. Although based on extensive assumptions, **National Renewable Energy Laboratory** modeling suggests that CECs might predominately trade in the \$31-\$63 range for a program that targeted 25% of

generation from renewable energy resources by 2030 with linear interim benchmarks.

Policy makers considering a clean energy standard have been and will be confronted with a many difficult policy decisions that will have important and varied effects on our national energy policy and on energy industry participants, from climate change, to resource diversity, to new clean energy technologies, to cost. Designing a CES that accounts for these issues and that receives broad industry and bi-partisan support will require an inclusive approach that seeks to achieve clean-energy goals while mitigating costs and rate impacts.

Industry Current is a feature written by industry professionals that highlights and clarifies key issues in the power sector. *Power Finance & Risk* runs the feature periodically and is now accepting submissions from industry professionals for the Industry Current section. For details and guidelines on writing an Industry Current, please call **Sara Rosner** at (212) 224-3165 or email srosner@iineews.com.

Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iineews.com.*

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Abengoa Solar	Mojave (250 MW Solar Thermal)	San Bernardino County, Calif.	FFB	TBA	\$1.2B	TBA	DOE offers conditional FFB loan (PFR, 6/20).
American Renewables	Gainesville (100 MW Biomass)	Gainesville, Fla.	BoTM, Crédit Agricole, ING, Natixis, Rabo, SocGen	TBA	\$500M	TBA	BoTM tapped to lead retail syndication (see story, page 1).
Boralex, Gaz Métro	Unidentified (272 MW Wind)	Seigneurie de Beaupré, Quebec	BoTM, DB, KfW	TBA	\$500-600M	18-20-yr	Dexia, LBBW, Mizuho and SMBC join club deal (PFR, 7/25).
Brookfield Renewable Calpine Corp.	Granite Reliable (99 MW Wind) Los Esteros (300 MW Retrofit)	Coos County, N.H. San Jose, Calif.	WestLB, Citi Crédit Agricole	TBA TBA	TBA TBA	TBA TBA	DOE offers conditional loan guarantee (PFR, 7/4). Sponsor mandates Crédit Agricole as lead left (PFR, 7/25).
Cheniere Energy DKRW Advanced Fuels	Unidentified (Export LNH Facility) Unidentified (Coal Liquefaction)	Sabine Pass, La. Medicine Bow, Wyo.	TBA TBA	TBA TBA	\$2.24B TBA	TBA TBA	Sponsor eyes \$2.4B financing by year-end (PFR, 6/13). Sponsor taps Citi to advise on the \$1B+ financing (PFR, 6/13).
Edison Mission Energy	Walnut Creek (500 MW Gas) Taloga (130 MW Wind)	City of Industry, Calif. Dewey County, Okla.	MUFG, Santander WestLB	TBA TBA	TBA \$200M	TBA TBA	Deal wraps (see story, page 4). EME mandates WestLB to lead financing (see story, page 3).
Enova Energy Group, NuPower	Plainfield (37.5 MW Biomass)	Plainfield, Conn.	SocGen	TBA	TBA	TBA	SocGen wins mandate to lead syndicated financing (PFR, 7/18).
Fotowatio Renewable Ventures	Unidentified (20 MW PV)	Southern Nevada	John Hancock	TBA	TBA	TBA	Fotowatio snags conditional DOE loan guarantee (PFR, 6/13).
EverPower	Allegheny (72.5 MW Wind)	Cattaraugus County, N.Y.	TBA	TBA	TBA	TBA	EverPower hunts 20% debt for merchant farm (PFR, 6/27).
Gradient Resources	Patua (132 MW)	Reno, Nev.	BNP, Dexia, Scotia	TBA	\$600M	TBA	Sponsor retains Marathon Capital as financial advisor (PFR, 7/18).
First Solar	Desert Sunlight (550 MW Solar PV)	Desert Center, Calif.	Goldman Sachs	TBA	TBA	TBA	Goldman Sachs as lender-applicant for DOE loan guarantee (PFR, 7/4).
LS Power	Cross Texas (230 Miles Transmission)	Texas	BNP, Citi, Crédit Agricole and MUFG	TBA	TBA	TBA	LS Power prices loan at roughly 200 bps over LIBOR (PFR, 6/6).
NextEra Energy Resources	Genesis (250 MW Solar Thermal)	Blythe, Calif.	Credit Suisse	TBA	\$1B+	TBA	DOE offers conditional loan guarantee (PFR, 6/20).
NRG	El Segundo (550 MW Gas)	El Segundo, Calif.	Crédit Agricole, Mizuho, RBS	TBA	\$683M	10-yr	Eight lenders join deal (PFR, 7/25).
Ormat Technologies	Various (121 MW Geothermal)	Nevada	John Hancock	TBA	\$350M	TBA	DOE offers conditional \$280M loan guarantee (PFR, 6/20).
Radback Energy	Oakley (624 MW Gas)	Contra Costa County, Calif.	BoTM, Crédit Agricole, ING, RBS, Scotia	TBA	TBA	TBA	Loan priced south of 225 bps (PFR, 7/18).
Recurrent Energy	Unidentified (60 MW Solar PV)	Calif.	BoTM, Lloyds, Mizuho, UniCredit	TBA	TBA	TBA	Four banks mandated to lead portfolio financing (see story, page 3).
Sempra Pipelines, Pemex	Various (Gas Pipeline)	Mexico	TBA	Refi	\$400M	TBA	Sponsors seek to lever existing pipelines for new development (PFR, 7/11).

Shaded items indicate latest entries.

News In Brief

News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

Americas

- Power producers and utilities could shutter up to 20% of the country's coal-fired plants by 2020 to meet environmental regulations, according to **ICF International** (*Reuters*, 7/27).
- **PPL Renewable Energy** and landfill operator **Chrin Brothers** have brought a landfill gas-to-energy project online in Pennsylvania. Currently the project sells power into the grid but the pair hopes to line up a tenant at a nearby industrial park to buy the power (*The Morning Call*, 7/27).
- **Robinson Power Co.** is proposing to develop a 150 MW gas-fired project and a 150 MW coal waste-fired project in Washington County, Penn., instead of a 300 MW coal waste-fired plant, in order to reduce emissions (*Pittsburgh Post-Gazette*, 7/28).
- **NextEra Energy's** second quarter earnings were boosted by increased wind at its operational wind farms, adding \$0.07 per share. Its Q2 net income was \$580 million, compared to \$417 million the year before (*South Florida Business Journal*, 7/27).
- **Montana State University** has received federal approval for its \$85 million Big Sky Sequestration project that will inject carbon dioxide from a coal-fired plant into underground rock formations. The project has received \$67 million from the federal government and \$18 million from private investors (*Reuters*, 7/27).
- The **Imperial Irrigation District** of Southern California has approved the development phase of a roughly \$300 million upgrade to transmission lines linking the Southwest Powerlink in the San Diego area to a transmission corridor along the northern portion of the district's service area (*Imperial Valley Press*, 7/27).
- The **Florida Public Service Commission** is considering power conservation plans proposed by **Florida Power & Light Co.** and **Progress Energy Florida** that would raise electric rates while allowing customers to reduce bills by taking part in conservation program (*The Miami Herald*, 7/26).
- A portion of **enXco's** \$179 million wind project near Red Wing, Minn., sits in a bald eagle nesting area, which could block the project from moving forward. The project faced a setback earlier this year when **Xcel Energy** canceled its power purchase agreement over endangerment to other birds (*Star Tribune*, 7/26).
- **Pacific Gas & Electric** has asked state regulators for permission to close five petroleum coke-fired plants in Pittsburg, Antioch and Bay Point, Calif. The plants are operated by **GWF Energy** (*Silicon Valley Mercury News*, 7/26).
- California Governor **Jerry Brown** says the state must "crush" opponents of renewables projects to meet his target of 20,000 MW generated in the state by 2020 (*Bloomberg*, 7/25).
- Chemical company **DuPont** has bought solar technology shop **Innovalight** as it tries to double its sales to the solar industry to \$2 billion in the next three years. Innovalight sells components to panel manufacturers, including **Yingli Green Energy Holding Co.** and **JA Solar Holdings Co.** (*Reuters*, 7/25).
- **Duke Energy Indiana** is looking to put about \$1 billion in cost overruns from its Edwardsport coal gasification project through to its ratebase, bringing the total price tag for the project up to \$2.35 billion. A consumer agency is suggesting that Duke absorb the additional expenses (*Forbes*, 7/25).
- Yolo County of California has drafted legislation that would require solar sponsors to set aside land for farming and wildlife. The legislation also would mandate developers to prove that less fertile land isn't available for projects (*The Sacramento Bee*, 7/25).
- The **Public Utilities Commission** of Nevada has rejected five contracts that **NV Energy** inked to buy more than 100 MW of power and energy credits from **Fotowatio Renewables Ventures** and other renewables developers. Commissioners say the utility failed to prove that it needed the contracts to meet the state's target of deriving 25% of its generation from renewables by 2025 (*The Las Vegas Review-Journal*, 7/25).
- **Helo Energy** of California is among a number of developers planning wind projects in the greater Tehachapi Valley, roughly 100 miles north of Los Angeles and home to **Terra-Gen Power's** Alta project. Kern County, which encompasses Tehachapi, has approved most proposed wind farms, though local residents have begun pushing back against the expansion (*The Los Angeles Times*, 7/24).

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AES SCOPES

(continued from page 1)

Cayuga has a leveraged lease until February 2033.

Prospective buyers have been wary of executing a transaction that involves injecting liquidity if the liquidity would only be used to cover debt servicing obligations; now a restructuring will need to accompany a sale. The auction attracted a handful of bidders (PFR, 4/8).

High fixed-costs along with decreased power demand have made the plants uneconomical. Of the four, only Cayuga and Somerset, the two with leveraged leases, are running. The other two plants—Greenidge and Westover—need a rebound in power prices to bring them back online.

Eastern Energy had about \$577 million in pass-through certificates and revolver debt outstanding at the end of the fourth quarter. The company has \$550 million in 30-year pass through certificates with a 9.67% coupon due in 2029 that have about \$431 million outstanding, and an \$18 million revolver, according to a **Standard & Poor's** report in June. AES wrote down the value of Eastern Energy—\$827 million—in its 2010 financial statements, citing lower power prices and demand. The debt is rated CCC- by S&P.

Eastern Energy tapped the rent reserves it maintains for its sale-leaseback agreement to make its July debt service commitments, according to S&P. Paying its January 2012 obligations will likely require a restructuring, despite recent high demand due to hot weather. If the next payment is not made,

Eastern Energy, which is bankruptcy remote, would go into default and debt holders would have a say in whether to foreclose and sell or go into a restructuring process.

A spokesman for Barclays declined to comment while an AES spokesman didn't respond to inquiries. —*Holly Fletcher*

RETAIL SYNDICATIONS

(continued from page 1)

150-175 bps over LIBOR tags. **Banco Sabadell**, **CIT Group**, **DZ Bank**, and **Intesa Sanpaolo** are among the lenders that have looked at taking retail tickets, notes a head project financier. **Bank of Tokyo-Mitsubishi UFJ** is leading a retail syndication of a non-recourse financing backing **American Renewables'** 100 MW biomass project in Gainesville, Fla. CIT is among the lenders considering making a commitment.

Two deals have cleared the retail market so far this year. Banks leading a \$500-600 million deal backing **Edison Mission Energy's** 500 MW Walnut Creek gas-fired facility wrapped a retail syndication with eight banks participating, including DZ Bank (see story, page 4). **Competitive Power Ventures'** \$800 million financing backing its 850 MW Sentinel plant in Riverside, Calif., attracted 20 banks and also featured a retail round (PFR, 5/31).

Christopher O'Neill, the head of BoTM's syndicated loan group, and **Chris Smith**, managing director of American Renewables affiliate **Energy Management Inc.**, are overseeing the Gainesville retail syndication. American Renewables held a bank

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JUNE 24, 2011

GE Looks To Upsize Development Pipeline

GE Energy Financial Services is looking to take stakes in early-stage gas-fired, renewables and midstream projects in an effort to boost the number it finances each year. It plans to finance up to 12 in the next four years and aims to grow the development portfolio by taking early equity positions in more projects. GE EFS has brought about two projects to financial close annually.

Alex Urquhart, president and ceo in Stamford, Conn., told PFR that

REUTERS U.S. News & Markets Sections & Industries Analysts & Opinion

REUTERS SUMMITS GLOBAL MERGERS AND ACQUISITIONS GET THE EXCLUSIVES

JUNE 27, 2011

GE Unit Seeks Power, Natural Gas and Oil Projects: CEO

At a time when electricity prices are low and credit is tight, power companies looking to build new capacity may be able to find a partner in GE Energy Financial Services, which has \$21 billion in assets already invested in the energy sector.

The chief executive of the unit of U.S. multinational

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meeting in New York last week to discuss the syndication. The loan is a seven-year mini-perm priced at roughly 225 basis points over LIBOR. Details on the retail syndication, such as pricing and timeline, could not be learned. O'Neill and Smith didn't return calls seeking comment by press time, while bank officials declined to comment or didn't return messages.

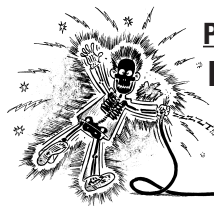
EMI is contributing equity to the Gainesville plant, along with **Tyr Energy**, **BayCorp Holdings** and **Fagen Inc.**, the company building the plant. **Gainesville Regional Utilities** has a 30-year offtake agreement for the project, which will use wood waste from harvested trees. Construction is expected to begin this year, with operation targeted for 2014.

—*Brian Eckhouse & Sara Rosner*

Conference Calendar

- **Infocast** will host **Turbines, Towers & Vessels 2011** Sept. 7-9 at the Providence Biltmore in Providence, R.I. To register, visit <http://www.infocastinc.com/index.php/conference/543>.
- **Platts** will host **2011 Transmission Planning & Development Forum** Sept. 12-13 at The Westin Arlington Gateway in Arlington, Va. To register, visit <http://www.platts.com/ConferenceDetail/2011/pc120/index>.
- **Euromoney** will host the **6th Annual North American Infrastructure & Energy Finance Forum** Sept. 21-22 at the Westin New York at Times Square. To register, visit <http://www.euromoneyseminars.com/EventDetails/14344/4055/The-6th-Annual-North-American-Infrastructure-Energy-Finance-Forum.html>.
- **GreenPower Conferences** will host **Utility Scale Flexible Power Summit** Sept. 27-28 at the Grand Hyatt in Denver. To register, visit <http://www2.greenpowerconferences.co.uk/EF/?sSubSystem=Prospectus&sEventCode=RE1109US&sSessionID=1aa09985673634d444c281c369422e40-3303861>.
- **Solar Power International** will host **Solar Power International 2011** Oct. 17-20 at the Dallas Convention Center in Dallas. To register, visit <http://www.solarpowerinternational.com/sepa2011/public/enter.aspx>.
- **Edison Electric Institute** will host **EEI Financial Conference** Nov. 6-9 at Walt Disney World Swan and Dolphin in Lake Buena Vista, Fla. To register, visit <http://wwwtest.eei.org/meetings/Pages/2011-11-06-FinancialConference.aspx>.

Alternating Current



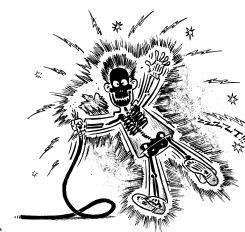
Power Shopper

Lord & Taylor Stocks Up On Wind

The executives at **Lord & Taylor**, of course, know a good value when they see one. That's why the luxury department store contracted with energy consulting firm **Good Energy** to run a solicitation for renewable power for its Fifth Avenue flagship in Manhattan and a branch in Eastchester, N.Y.

Lord & Taylor emerged from the solicitation with a contract for 13 million kWh from **Green Mountain Energy Co.** Under the two year contract with the lucky **NRG Energy** subsidiary, **Green Mountain** will supply wind renewable energy certificates that will offset all the power used at the two stores. Or eliminate the equivalent emission of 3.6 million car rides.

Like any good bargain hunter worth his or her salt, **Lord & Taylor** is keeping mum on how much it paid. Spokespeople declined to comment.



Quote Of The Week

"We are a young firm and can't expand everywhere simultaneously. We have to be very thoughtful." —**Neil Auerbach**, co-managing partner at **Hudson Clean Energy Partners** in Teaneck, N.J., on the shop's strategy toward expanding into China (see story, page 4).

One Year Ago In Power Finance & Risk

Greenfield South Power and **Credit Suisse** launched a \$335 million term loan B with pricing at LIBOR plus 500 basis points and an original issue discount of 94 bps to try and entice investors into funding its 293 MW gas-fired project in Ontario. [**EIG Global Energy Partners** loaned about \$250 million to the project after investors balked at the deal and the developer began looking for alternative funding (PFR, 7/12).]

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