

# Power Finance & Risk

Exclusive Insight on Power M&amp;A and Project Financing

By the publisher of GlobalCapital

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## ● STRATEGIES

## ● PEOPLE &amp; FIRMS

## Algonquin to Buy Remaining Stake in Odell Facility

Algonquin Power & Utilities is increasing its ownership stake in a development-stage wind project in Minnesota. Page 6

## Insurers Could Exit Bonds of Coal-Heavy Utilities

Pressure is mounting on insurance companies to sell their holdings of some utility bonds. Page 8

## Financing Duo Departs RET Capital

Two senior financiers at Renewable Energy Trust Capital in San Francisco have left the company in the last month. Page 8

## Q2 League Tables: U.S. Banks Gain Ground

Richard Metcalf

**Citigroup, Morgan Stanley and Jefferies** climbed the North American power project finance loan rankings in the second quarter of the year, after the term loan B market re-opened for gas-fired project refinancings.

Citi provided three loans worth \$418.8 million of league table credit during the quarter, bringing its total for first six months of 2016 to \$506.8 million and putting it in third place after **MUFG** and **Société Générale**, according to data from *PFR* affiliate **Dealogic**.

MUFG continued to dominate the market, adding seven deals to its tally.

### TERM LOAN RECOVERY

The biggest chunk of Citi's second quarter credit was its \$195.8 million allocation of **Ares-EIF**'s \$1.175 billion refinancing of its Linden cogeneration gas-fired project in Linden, N.J., which closed on June 28.

Morgan Stanley, MUFG, **Barclays**, **GE Capital** and **Investec** were also man-

dated arrangers on the deal, which comprised a \$1 billion seven-year term loan B and a \$125 million five-year revolving credit facility (*PFR*, 6/16).

Another term loan B for **Ares-EIF** also helped push Citi up the table. The bank co-led the \$675 million deal backing the sponsor's Newark gas-fired project in Newark, N.J., alongside **MUFG** (*PFR*, 4/20).

Like Citi, Jefferies is a new entry in the top ten this year, having been propelled to fifth place by its sole lead arranger role on **Panda Power Funds**' \$360 million refinancing of its Sherman gas-fired project in Sherman, Texas.

The term loan B market had been considered effectively shut to power projects at the beginning of the year during a period of volatility, but deals began to move forward again in April (*PFR*, 4/20).

### BROADVIEW BREAKDOWN

Besides the Linden financing, Morgan Stanley's only other deal from April through June was a loan package which closed on June 30 for **Pattern** PAGE 5

## TerraForms Navigate Potential SunEdison Exit

Olivia Feld

**TerraForm Power** and **TerraForm Global** are working with managing shareholder SunEdison on its potential exit from the yield companies.

TerraForm Power has revealed is it working with SunEdison to "explore potential value creating options for SunEdison's interests in the Company", after TerraForm Global announced that it is in active discussions with PAGE 7

## Rating Agencies Mull Downgrade of Solar Projects

Richard Metcalf

**Moody's Investors Service** and **Fitch Ratings** have placed the bonds secured on two **Berkshire Hathaway Energy Renewables** solar projects in California on review for downgrade following several outages.

BHE Renewables financed the adjacent Solar Star projects in Kern and Los Angeles counties, which total 586 MW, with a \$1 billion project bond deal PAGE 5

### North America Power Project Loan Arrangers First Half, 2016

Rank	Lead arranger	Amount (\$M)	No. of loans	Share %
1	MUFG	1,423	17	16.3
2	Société Générale	507	5	5.8
3	Citigroup	507	4	5.8
4	Morgan Stanley	431	2	4.9
5	Jefferies	360	1	4.1
6	ICBC	356	4	4.1
7	Keybanc	348	3	4
8	Investec	261	2	3
9	Crédit Agricole	254	5	2.9
10	Bank of America Merrill Lynch	247	3	2.8
Total eligible loans		8,746	24	100

Source: Dealogic



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## ● AT PRESS TIME

# Atlantic Power Considers Sale of Biomass Project

**Atlantic Power** is considering selling a biomass project in Georgia to **John Hancock Life Insurance**.

The 54 MW Piedmont project is located in Barnesville, Ga., approximately 70 miles south-east of Atlanta. The facility, which came online in 2013, has a 20-year power purchase agreement with **Georgia Power**.

Piedmont has not been performing particularly well, says one deal watcher, who noted Atlantic Power's decision not to include the project in the collateral package backing its \$700 million term loan B refinancing earlier this year. **Goldman Sachs** and **Bank of America Merrill Lynch** were the leads on the loan (PFR, 4/13).

The fact that Piedmont was the only facility not used as collateral was the first indication that Atlantic Power may look to sell the asset, says the deal watcher.

"The second indication is that there's no cash flow coming out of that project until at least

2018," he adds. "And when that debt is refinanced it's probably unlikely that it'll generate a distributable cash flow anyway. So this is a good asset for them to get rid of."

The Piedmont project was initially financed with an \$82 million construction and term loan and a \$51 million bridge loan arranged by **MUFG** and **Investec** (10/27/10).

The project was initially developed and owned by Charlotte, N.C.-based developer **Rollcast Energy**, which was 60% owned by Atlantic Power at the time. Rollcast bought Atlantic Power out in 2013 in a deal which involved the transfer to Atlantic Power of full ownership of both the Piedmont project and another biomass facility, the 40 MW Cadillac project in Cadillac, Mich.

A spokesperson for John Hancock in Boston declined to comment. Officials at Atlantic Power in Boston did not immediately respond to inquiries. ■

## ● PEOPLE & FIRMS

# Exec. Director Duo Leaves JPM

Two executive directors who worked in energy, power and utilities at **JP Morgan** have left the bank.

**Akshay Dhiman** and **Nathan Barnes** have left the bank's New York office.

Dhiman was an executive director in energy investment banking for just over a year and a half, according to **LinkedIn**. Dhiman joined the bank as a summer associate in

2007, before rising to associate in 2008 and then v.p. in 2012.

Barnes was an executive director in power, utilities and infrastructure investment banking at the bank for seven months. He joined JP Morgan in 2009 as an associate, before being promoted to v.p. in 2013.

A spokesperson for JP Morgan in New York declined to comment. ■

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Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## GENERATION AUCTION &amp; SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.  
A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

## Generation Sale ■ DATABASE

Seller	Assets	Location	Advisor	Status/Comment
Alcoa	Portfolio (328.38 MW Hydro)	Stanly County, N.C.		The portfolio of hydro assets, know collectively as the "Yadkin Project", is being sold to Cube Hydro, I Squared Capital's hydro platform (PFR, 7/18).
Ares-EIF	Indiantown (395.4 MW Coal)	Martin County, Fla.		NextEra Energy's Florida Power & Light is buying the facility, with which it has a power purchase agreement (PFR, 7/25).
	Northampton (112 MW Waste coal)	Northampton, Pa.		Olympus Power has acquired the project (PFR, 7/18).
Atlantic Power	Piedmont (55 MW Biomass)	Barnesville, Ga.		John Hancock is considering buying the asset (see story, page 2).
Grupo BMV	Parque Solar Coahuila (22.5 MW Solar)	Coahuila state, Mexico	Ernst & Young (buyer)	The project is Macquarie Mexican Infrastructure Fund's first solar acquisition in Mexico (PFR, 7/18).
Brookfield Renewable Partners	Price (189 MW Wind)	Sault Ste. Marie, Ontario	Scotiabank, TD Securities (Seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
	Comber (166 MW Wind)	Lakeshore, Ontario		
	Gosfield (51 MW Wind)	Kingsville, Ontario		
EDF Renewable Energy	Slate Creek (150 MW Wind)	Sumner and Cowley counties, Kan.		Axiom Infrastructure, Industrial Alliance Insurance and Financial Services are acquiring a stake in the project (PFR, 7/11).
El Paso Electric	Four Corners (1,540 MW, 7%)	Fruitland, N.M./Navajo Nation		El Paso Electric is selling its 7% stake, representing 108 MW, to Pinnacle West Capital Corp. (PFR, 7/25).
Enel Green Power North America	Odell (200 MW Wind)	Cottonwood, Jackson, Martin, and Watonwan counties, Minn.		Algonquin Power & Utilities is taking full ownership in the project, acquiring Enel's 50% stake (see story, page 6).
First Energy	Bay Shore Unit 1 (136 MW Coal)	Lucas County, Ohio		FirstEnergy is soliciting offers for the plant, (see story, page 7).
Inovateus Solar	Unknown (7 MW Solar)	Indiana		Alterra Power Corp. has agreed to acquire 80% stakes in the two contracted projects, the smaller of which is under construction (PFR, 7/25).
	Unknown (13 MW Solar)	Michigan		
KDC Solar	Portfolio (164 MW Solar)	New Jersey	Moelis & Co.	The private equity-backed developer is offloading its entire solar portfolio (PFR, 6/20).
Kinder Morgan	Southern Natural Gas (7,600-mile pipeline)	Alabama, Florida, Georgia, Louisiana, Mississippi, South Carolina, Tennessee, Texas		Southern Company is taking a 50% stake in the pipeline system (PFR, 7/18).
NextEra Energy Resources	Cedar Bluff (199 MW Wind)	Ellis, Ness, Rush and Trego counties, Kan.		NextEra is dropping the project down into NextEra Energy Partners (PFR, 7/11).
	Golden Hills (86 MW Wind)	Alameda County, Calif.		
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	Panda Power Funds is selling a 2.5 GW portfolio of assets in PJM (PFR, 5/16).
Quantum Utility Generation	Quantum Pasco Power (123 MW Gas)	Dade City, Fla.	Merit Capital Partners (Seller)	Quantum is selling two peakers in Florida and Nevada (PFR, 6/6).
	Nevada Cogeneration Associates 2 (85 MW Gas)	Las Vegas		
Santander	Cubico Sustainable Investments (1,689 MW Wind, Solar, Hydro)	Mexico, Brazil, Uruguay, Ireland, Italy, Spain, Portugal, U.K.		Two Canadian pension funds, PSP Investments and the Ontario Teachers' Pension Plan, have taken equal shares of Santander's one-third stake in the renewables platform, which owns 1,464 MW of wind assets in Latin America (see story, page 6).
Sempra U.S. Gas & Power	Apple Blossom (100 MW Wind)	Huron County, Mich.		Sempra has acquired the project from Geronimo Energy (see story, page 6).
Sky Solar	Portfolio (22 MW Solar)	California, Massachusetts		Hong Kong-based Sky Solar's U.S. subsidiary has acquired a portfolio of solar projects from Greenleaf-TNX (see story, page 6).
SunEdison	TerraForm Global (917 MW Solar, Wind)	Brazil, Uruguay, India, China, South Africa, Thailand, Malaysia		SunEdison is preparing to market its emerging markets yieldco to prospective buyers (PFR, 7/25).
SunEdison	King Pine (600 MW Wind)	Aroostook County, Maine	Rothschild	Pattern Energy has agreed to acquire the project (PFR, 6/27).
	Mount Signal 2 (201 MW Solar)	Imperial County, Calif.		Mount Signal 2 and Mount Signal 3 are being acquired by affiliates of 8minutenergy and D. E. Shaw (PFR, 7/11).
	Mount Signal 3 (245 MW Solar)			
TransCanada	Portfolio (4,510 MW Gas, dual-fuel, wind, hydro)	U.S.	JP Morgan	TransCanada is selling the assets to partly finance its \$13B acquisition of Columbia Pipeline Group (PFR, 3/28).
Wayzata Investment Partners	Castleton (72 MW Gas)	Castleton-on-Hudson, N.Y.	Scotia Capital (seller)	Fortistar has closed its acquisition of the combined-cycle facility. (PFR, 4/28).

## ● New or updated listing

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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](mailto:fotios.tsarouhis@powerfinancerisk.com)

## ● PROJECT FINANCE

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

### Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Ares-EIF, Oaktree Capital	Linden (943 MW Gas)	Linden, N.J.	Morgan Stanley, MUFG, Barclays, Investec, GE Energy Financial Services, ICBC	Debt	\$1.125B	7-yr	The financing package consists of a \$1 billion senior secured loan and a \$125 million senior secured loan (PFR, 6/20).
Advanced Power	Cricket Valley (1 GW Gas)	Dover, N.Y.	GE Energy Financial Services, BNP Paribas, Crédit Agricole, ICBC, Bank of America Merrill Lynch	Debt	TBA	TBA	Arrangers of the debt financing are meeting with other financial institutions about backing the deal (PFR, 6/20).
Apex Clean Energy	Cotton Plains (50.4 MW Wind)	Floyd County, Texas	Deutsche Bank	Debt	\$300M	TBA	CohnReznick Capital Markets advised Apex. Cotton Plains and Phantom are contracted, while Old Settler has a proxy revenue swap (PFR, 7/25).
	Old Settler (151.2 MW Wind)	Floyd County, Texas	JP Morgan, ITOCHU Corp., U.S. Bank	Tax Equity	TBA		
	Phantom (15.4 MW Solar)	Killeen, Texas					
Berkshire Hathaway Renewable Energy	Solar Star (579 MW Solar)	Kern and Los Angeles counties, Calif.	Citi, Barclays, Royal Bank of Scotland	Project Bond	\$1B	22-yr	Moody's Investors Service and Fitch Ratings have placed bonds backing the project on review for downgrade (see story, page 1).
Enel Green Power North America	Little Elk (74 MW Wind)	Kiowa, Washita counties, Okla.	Bankers Commercial Corp. (MUFG)	Tax Equity	TBA		MUFG subsidiary BCC will sell up to 45% of its tax equity stake in the project to U.S. Bancorp (PFR, 7/25).
Freeport LNG	Freeport LNG Train 2 (4.64M mtpa)	Quintana Island, Texas	Credit Suisse, Goldman Sachs, HSBC, RBC	Project Bond	\$1.25B	22-yr	Freeport LNG has priced a privately placed project bond to refinance the debt associated with train 2 (PFR, 7/25).
Invenergy	Lackawanna (1.5 GW Gas)	Jessup, Pa.		Equity, Debt			Invenergy has hired Lazard to raise equity for the project (PFR, 6/13).
Advanced Microgrid Solutions	Portfolio (50 MW Storage)	California	Macquarie Capital	Equity			Macquarie Capital has invested equity in the distributed commercial and industrial storage portfolio (PFR, 7/18).
Mainstream Renewable Power	Sarco (170 MW Wind), Aurora (129 MW Wind)	Atacama region, Chile; Los Lagos region, Chile	SMBC, MUFG	Debt	\$450M	17-yr	The sponsor is in the late stages of negotiations (PFR, 6/20).
NextEra Energy	Portfolio (258.25 MW Solar)	U.S.	JPM Capital Corp.	Tax Equity			The JP Morgan vehicle is taking tax equity in the 260 MW portfolio (PFR, 7/5).
NRG Energy	Portfolio (100 MW Community Solar)	U.S.	Deutsche Bank	Debt	\$80M		Deutsche Bank arranged a roughly \$80 million loan for a 100 MW portfolio of development projects (PFR, 6/20).
	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	Debt	\$650-\$850M	TBA	Banks are competing to arrange financing for the Princeton, N.J.-based energy company (PFR, 4/18).
NTE Energy	Killingly Energy Center (500 MW Gas), Reidsville Energy Center (500 MW Gas), Pickaway Energy Center (1 GW Gas)	Killingly, Conn.; Rockingham County, N.C.; Pickaway County, Ohio	TBA	Debt	\$2B		NTE is planning to raise \$2 billion to finance the three projects (PFR, 4/25).
Quantum Utility Generation	Moundsville (549 MW Gas)	Marshall County, W. Va.	TBA	Debt	\$500M	TBA	Quantum, which has approached prospective arrangers to finance the project, has mandated BNP Paribas to sell a stake in the project (PFR, 6/6).
Semptra Energy	Mesquite Solar 3 (153.97 MW Solar)	Maricopa County, Ariz.	Wells Fargo Wind Holdings	Tax Equity			Wells Fargo has closed its purchase of the tax equity associated with the projects (PFR, 4/18).
	Copper Mountain Solar 2 (100.82 MW Solar)						
	Copper Mountain Solar 4 (93.6 MW Solar)	Clark County, Nev.					
SolarCity	Portfolio (Rooftop Solar)	U.S.	Four unidentified investors	Tax Equity	\$345M		SolarCity raised the funds in June and July to finance the installation of rooftop solar projects (PFR, 7/25).
	Portfolio (Rooftop Solar)	U.S.	BAML (admin agent), 11 other lenders	Aggregation facility	\$760M	TBA	SolarCity has increased the size of the loan by \$110 million, \$70 million of which has been provided by two new lenders (PFR, 7/25).
sPower	Portfolio (Solar)	Los Angeles County, Calif.	JPM Capital Corp.	Tax Equity	\$70-\$100M		The JP Morgan vehicle is buying up tax equity in the portfolio project-by-project (PFR, 7/25).
Sowitec	Vientos de Pastoral (53 MW Wind)	Villa Pastora, Flores department, Uruguay	Deutsche Bank, Intensa Sanpaolo	Bridge Loan	\$92M		The sponsor plans to take out the bridge loan with a local project bond (PFR, 7/11).
			Bow Power	Equity	\$40M		
Valhalla	Cielos de Tarapacá (600 MW Solar)	Tarapacá Region, Chile	Not officially mandated	Equity			Valhalla is in talks with Marathon Capital to arrange financing for the project (PFR, 6/27).
	Espejo de Tarapacá (300 MW Hydro)						
Vivint	Portfolio	U.S.	Investec	Debt	\$300M		Investec is arranging the \$300 million loan for Vivint (PFR, 6/20).

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## Q2 League Tables: U.S. Banks Gain Ground

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**Development's** 324 MW Broadview wind project. **KeyBanc**, Société Générale and **Rabobank** were also arrangers.

Pattern announced that its yieldco, **Pattern Energy**, had agreed to acquire the project and an associated transmission line for \$269 million at the end of June. At the same time, the developer revealed that the debt financing for the project consisted of credit facilities totaling up to \$160 million (PFR, 7/1).

The long-term debt comprises two back-levered term loans, a \$99 million five-year facility and a \$60 million 10-year loan, according to Dealogic data. The debt

package also includes about \$498 million of construction loans and a \$47 million letter of credit facility.

**JP Morgan**, **Capital One**, **Allianz** and **Royal Bank of Canada** will provide tax equity financing for the project.

### LATIN AMERICA

**Itaú BBA** tops the Latin America power project loan league table, having closed several deals backing wind projects and transmission lines in Brazil in the second quarter.

The São Paulo-based corporate and investment bank arranged loans worth \$638.6 million of league table credit in the first half

of the year. Second-placed **Santander**, in compari-

son, was allotted \$434.6 million for its roles in 24 deals. ■

### Latin America Power Project Loan Arrangers First Half, 2016

Rank	Lead arranger	Amount (\$M)	No. of loans	Share %
1	Itaú BBA	638.6	27	16.9
2	Santander	434.6	24	11.5
3	SMBC	253.1	2	6.7
4	BBVA	220.9	2	5.9
5	Bradesco BBI	220.3	17	5.8
6	Banco del Estado de Chile	154.7	1	4.1
7	BNP Paribas	154.2	2	4.1
8	CaixaBank	135.7	2	3.6
9	Crédit Agricole	131.2	1	3.5
9	Bank of America Merrill Lynch	131.2	1	3.5
9	Natixis	131.2	1	3.5
Total eligible loans		2,414.20	48	100

Source: Dealogic

## Rating Agencies Mull Downgrade of Solar Projects

◀ FROM PAGE 1

in June 2013 and a \$325 million follow-up issuance in March 2015 (PFR, 7/1/13, PFR, 3/6/15).

The bonds were initially rated Baa3 by Moody's and BBB- by **S&P Global Ratings** and Fitch, the lowest ratings in the investment grade category, and demand from investors for both offerings was strong. In October 2014, S&P raised its rating to BBB after reviewing its project finance ratings criteria.

The improved rating "stems from our revised view that photovoltaic solar projects have low operations risk relative to other power generating technologies," wrote analysts at S&P at the time.

But two transformer-related outages this year have prompted Moody's and Fitch to place the projects' ratings under review, which could lead to the bonds losing their investment grade status with those agencies.

S&P issued a report on the project on April 22, which noted the first outage, but has so far not begun a formal review or taken any rating action.

### BUSHING PROBLEMS

The first outage, attributed to the failure of an insulating device known as a bushing at one of the projects' four **Siemens** transformers, lasted from Feb. 9 to March 29 and affected about 144 MW of the projects' output, according to a Fitch report published on July 21.

Following inspections at the other three transformers, bushings were replaced at two of them, and plans were made to replace all the bushings on the site in fall and winter, using an alternative vendor.

But the plan had to be altered when Solar Star 1, the larger of the two projects, was taken offline entirely after what is described in a Moody's report as a fire at one of the

transformers on May 29.

The bushings were suspected of having caused the second failure, and BHE Renewables has had the bushings at the three surviving transformers at the Solar Star projects replaced. A new transformer has been installed and came online on July 24, a spokesperson for BHE Renewables in Des Moines, Iowa, tells PFR via e-mail. As of July 27, the project was operating at 300 MW versus the full load of 310 MW, while the replacement equipment was being monitored. Solar Star 2 is running at its full capacity of 276 MW.

The company did not draw on its \$68 million debt service reserve letter of credit to pay its June 30 debt service, adds the spokesperson, referring to a suggestion in the Moody's report that this might have been necessary.

### FORCE MAJEURE

The project company declared the outage a *force majeure* event, relieving it temporarily of its minimum delivery obligations under its

20-year power purchase agreement with **Southern California Edison**.

The costs of repairing the transformer and replacing the bushings are covered by equipment warranties and the project's operation and maintenance agreement, according to the Fitch report. **SunPower** built the project and is its O&M provider.

The loss of revenue during the outages will mean that the project's debt service coverage ratios will be about 1.2 to 1.25 times, rather than the 1.61 times originally budgeted, according to Moody's.

A spokesperson for SunPower in San Francisco directed inquiries to BHE Renewables, which is part of **Warren Buffett's Berkshire Hathaway** group. The BHE Renewables spokesperson confirmed that the details in the Fitch report were accurate.

"Siemens has been working in close collaboration with SunPower and is coordinating as appropriate to determine the root cause," said a spokesperson for Siemens in Washington, D.C. ■



## ● MERGERS & ACQUISITIONS

# Algonquin Ups Stake in Minn. Wind Project

**Algonquin Power & Utilities** is increasing its ownership stake in a development-stage wind asset in Minnesota.

The Oakville, Ontario-based company acquired its 50% interest in the 200 MW Odell wind project in Cottonwood, Jackson, Martin and Watonwan counties, Minn., for \$313.5 million in 2014 (PFR, 9/8/14).

Algonquin is exercising its right, under the terms of the original purchase agreement, to acquire the remaining 50% stake in the project from **Enel Green Power North America**. The purchase agreement stipulates that Algonquin has the right to buy Enel's stake up to 30 days after the commercial operation date. The project is slated to be online by July 31.

The facility, which was developed by **Geronimo Energy** through its strategic partnership with Enel, has a 20-year

power purchase agreement with **Xcel Energy's Northern States Power Company**.

The tax equity association being purchased by **JP Morgan** and **MetLife**, both of which have invested in other Enel wind projects (PFR, 2/2/15).

A club bank deal backing the Odell project was arranged last year (PFR, 2/10/15).

Representatives of Enel in Andover, Mass., Algonquin in Oakville, Ontario, and JP Morgan and MetLife in New York, did not immediately respond to requests for comment. ■

### FAST FACT

## \$313.5M

Price Algonquin paid for its 50% interest in Odell in 2014.

# Sempra Acquires Great Lakes Wind Project

**Sempra U.S. Gas & Power** has acquired the 100 MW Apple Blossom wind project in Michigan from **Geronimo Energy**.

The project is located in eastern Michigan's Huron County, on the coasts of Saginaw Bay and Lake Huron.

Construction on the project, which will sell its output to Michigan utility **Consumers Energy** under a 15-year power purchase agreement, is set to begin in the fall.

Under the terms of the PPA, Consumers Energy had an option to purchase Apple Blossom (PFR, 11/5). It could not

immediately be established whether the option is still valid.

Representatives of **Sempra Energy** in San Diego, Geronimo Energy in Minneapolis, and Consumers Energy, in Jackson, Mich., were not immediately available for comment. ■

### FAST FACT

## 15-years

Length of Michigan utility Consumers Energy's PPA with Apple Blossom.

# Pension Funds Increase Stake in Renewables Shop

Two Canadian pension funds are increasing their stake in renewables platform **Cubico Sustainable Investments** by jointly acquiring **Santander's** interest in the company.

The **Public Sector Pension Investment Board** and the **Ontario Teachers' Pension Plan** will each acquire 50% of Santander's one-third stake in Cubico. The pension funds each already own one third of the company.

London-based Cubico, which was founded in May 2015, owns 799 MW of development-stage wind assets in Mexico, a 615 MW portfolio of operational wind projects in Brazil, and a 50 MW operational

wind project in Uruguay.

The Brazil portfolio includes the 210 MW Ventos do Araripe I project in Piauí and the 182 MW Caetés project in Pernambuco, both of which Cubico acquired from local developer **Casa dos Ventos** earlier this year (PFR, 1/13).

Cubico also owns an additional 224.6 MW of wind, solar and hydro projects in Europe.

Spokespeople for PSP investments in Montréal and Ontario Teachers' in Toronto declined to comment on the terms and financing of the transaction. Representatives for Cubico in London did not respond to requests for comment. ■

# Hong Kong Developer Makes U.S. Solar Purchase

Hong Kong-based developer **Sky Solar** has acquired a roughly 22 MW portfolio of solar projects from **Greenleaf-TNX**, a San Mateo, Calif.-based renewables asset manager.

Sky's Solar's U.S. subsidiary, **Sky Capital America**, acquired the projects in a \$56.9 million deal that includes the assumption of \$21.7 million in debt.

The portfolio includes 16.1 MW of ground-mounted solar projects in California and the 2 MW Pioneer Solar ground-mounted project in Greenfield, Mass., as well as a bundle of carport and rooftop assets throughout California that total approximately 4 MW.

The California-based package of ground-mounted solar facilities comprises

- the 4.59 MW Ironwood project in Blythe,
- the 4.4 MW Chuckawalla project, also in Blythe,

- the 2 MW NLH2 project in Dos Palos,

- the 1.77 MW Cloverdale Solar 1 project in Cloverdale,

- the 1.75 MW NLH1 Solar project in Kern City, and

- the 1.13 MW Patton Solar project in Patton.

The projects are contracted for the next 15 years under various power purchase agreements.

Last year Sky Solar obtained an \$85 million financing for a 70 MW portfolio of solar projects in Paraguay from the **Inter-American Development Bank** and funds associated with the IDB (PFR, 7/14/15).

A spokesperson for Greenleaf-TNX in San Mateo declined to comment on how the acquisition was financed, or whether the company used a financial adviser. Representatives of Sky Solar in Short Hills, N.J., did not immediately respond to requests for comment. ■

## MERGERS &amp; ACQUISITIONS ●

## FirstEnergy to Sell or Shutter Coal-fired Plant

FirstEnergy has announced that it plans to sell or deactivate a 136 MW coal-fired project in **PJM Interconnection** because it says it is no longer economically viable to operate the facility.

The utility intends to either sell or close the Bay Shore Unit 1 project in Oregon, Ohio, by October 2020, when an agreement with **BP** to supply the plant with petroleum coke from the nearby BP-Husky refinery expires.

FirstEnergy is soliciting bids for the Bay Shore project through its business development group,

rather than an external financial adviser, a spokesperson for the company in the Greater Cleveland area tells *PFR*. If it has not found a buyer by October 2020, FirstEnergy plans to close the plant.

Units 2 to 4 at the Bay Shore project were deactivated in 2012 because of the impact of environmental rules, the company said.

First Energy has also announced that it plans to retire Units 1 to 4 at the seven-unit W. H. Sammis Plant in Stratton, Ohio, in May 2020. The units marked to be shuttered produce a combined 720 MW.

The plant's remaining three units, which produce a combined 1.49 GW, will remain operational.

Despite taking a number of measures to cut operation costs, continued challenging market conditions have made the Bay Shore and W. H. Sammis units less competitive, the company president **Jim Lash** said in a statement.

The units marked for sale or closure produce approximately 4% of the generation of the company's fleet. Despite this, FirstEnergy says it will not seek to replace the

facilities. The utility owns power plants in Ohio, West Virginia and Pennsylvania.

"We've not been looking to invest in any new generation for a number of years," the spokesperson says. "We've closed some power plants. But with lower demand it hasn't been necessary for us to replace them."

FirstEnergy says it does not plan to submit the units earmarked for closure or sale into the PJM capacity auction for delivery years 2020/2021.

Akron, Ohio-based FirstEnergy has closed eleven coal plants, excluding the Bay Shore and the W. H. Sammis units, since 2010. ■

## STRATEGIES ●

## TerraForms Navigate Potential SunEdison Exit

◀ FROM PAGE 1

SunEdison on a jointly-supported sales process (*PFR*, 7/20).

"This is a collaborative undertaking, marking the next step in SunEdison's Chapter 11 process as we explore restructuring options including whether to monetize our interests in TerraForm Power and TerraForm Global," said **John Dubel**, CEO of SunEdison, in a statement.

SunEdison owns the Class B shares in TerraForm Power and TerraForm Global. The Class A shares of both yieldcos are listed on **Nasdaq** and owned by a mix of investors.

**Brookfield Asset Management** and **Appaloosa Management**, which own 12.13% and 9.54% of the Class A TerraForm Power stock respectively, stated on July 22 that they plan to make a joint offer for SunEdison's controlling stake in the yieldco.

Chairman and interim CEO of TerraForm Power **Peter Blackmore** responded on Monday by announcing the adoption of a stock-

holder protection rights agreement, also known as a 'poison pill', which would dilute the ownership of a single entity that attempts to acquire more than 15% of the Class A stock.

The yieldco's board of directors, which has approved the poison pill measure, believes it is in the best interests of stockholders that acquisition proposals emerge in an environment free of a blocking position accumulated by possible bidders, according to Blackmore's statement.

"A number of large renewable asset platforms would make very logical long-term partners. Brookfield is certainly one of those. But there are other vehicles, both public and private, that could benefit from and bring strategic value to these assets," **Michael Morosi**, senior research analyst at **Avondale Partners**, told *PFR*. "It's going to be a matter of who's able to get the transaction completed."

The yieldcos say that its in the interests of their Class A shareholders that any SunEdison exit achieve a strong valuation, including

because a sale that includes Class A shares may emerge and be in the best interests of all stockholders.

Both yieldcos say they are considering a request by SunEdison to access confidential information to facilitate the marketing of SunEdison's controlling interests.

"Certainty I think it's constructive that TerraForm has input in this process. But what's likely is that the bidder that brings the most strategic value is going to be the winning bidder, because they're the ones who'll be willing to pay the most," says Morosi.

A spokesperson for TerraForm Power and TerraForm Global declined to comment on whether the yieldcos have mandated a financial adviser.

### PRELIMINARY FINANCIALS

In the last two weeks, both yieldcos have released preliminary unaudited financial information for the fourth quarter of 2015 and the first quarter of this year.

TerraForm Power lost between \$181 million and \$203 million in

2015 and between \$32 million and \$46 million in the first quarter of 2016, according to the interim data released on July 26.

The losses are attributed, among other things, to acquisition-related expenses, unrealized foreign exchange, extinguishment of debt, amortization of deferred financing, a settlement related to the termination of the yieldco's joint acquisition, with SunEdison, of **Latin America Power**, and fees associated with the bankruptcy of SunEdison.

TerraForm Global lost between \$335 and \$350 million in 2015 and up to \$8 million in first quarter of 2016, according to the interim data released on July 19. The losses primarily stem from a transaction related to portfolio of solar projects in India that is subject to ongoing litigation (*PFR*, 4/5).

As of the end of the first quarter, TerraForm Global has \$787 million of unrestricted cash of at the holding company level whereas TerraForm Power has \$501 million of unrestricted holdco cash. ■

## ● PEOPLE & FIRMS

# Two Senior Financiers Depart RET Capital

Two senior financiers at **Renewable Energy Trust Capital** have left the company.

**Christian Fong**, who was chief operating officer and chief investment officer at RET Capital, left the company this month. **Yury Gimburg**, director, acquisitions, left the firm in June. Both were based in the San Francisco office.

Gimburg has joined **Exelon** as manager, project finance, in its Baltimore office. It could not be immediately established where Fong has landed.

Fong, a co-founder of San Francisco and New York-based RET Capital, led the accounting and financing groups.

He was previously managing director and head of real estate capital markets at **AEGON** in Cedar Rapids, Iowa, for nine and a half years. From 2008 to 2011, he was also ceo

of a disaster recovery not-for-profit organization, **Corridor Recovery**. In 2009, he sought the Republican nomination for governor of Iowa.

Gimburg was director, acquisitions, at RET Capital. In his two years at the company he invested in excess of \$200 million of private equity capital in utility-scale renewable projects, according to **LinkedIn**.

From 2013 to 2014, Gimburg was manager, project finance, at utility-scale solar developer **Clean Focus** in Sunnyvale, Calif. Previously, he was an associate at **Latin American Partners** in Washington, D.C., for a year. Before that he spent five years as an associate in natural resources and utilities at **Rothschild**.

Founded in 2010, RET Capital acquires, develops and operates renewable projects in North Amer-

ica. Its portfolio consists of nine solar projects and a wind facility in the U.S. and Canada. The shop is backed by **Blue Mountain Capital Management** and the **California Clean Energy Fund**.

A number of staff have left the RET Capital within the last year. **Nikolas Novograd** left the firm earlier this year following a seven month stint as v.p., origination, according to **LinkedIn**. He joined **Forum Equity Partners** in its San Francisco office in March (PFR, 3/16).

**Roger Johanson** left in October, after nine months at the shop. Johanson was m.d., project finance (PFR, 4/1/15). He has since joined **Ecoplexus** as v.p., finance, Latin America, according to **LinkedIn**.

Fong and Gimburg could not be immediately reached. A spokesperson for RET Capital declined to comment. ■



Christian Fong



Yury Gimburg

## ● STRATEGIES

# Insurers Face Pressure to Sell Some Utilities' Bonds

Increasing calls for insurers to divest from companies with a large proportion of coal-fired generation could prompt a sell-off of certain utility company bonds, according to a report by bond research firm **CreditSights**.

California Insurance Commissioner **Dave Jones** added to the pressure in January when he asked all firms that underwrite insurance in California to divest from companies that generate more than 30% of their revenues or more than 30% of their energy from coal-fired generation.

The commissioner cannot force insurers to divest their holdings, but instead intends to maintain a public list of those that do not comply with the vol-

untary order.

Two major insurers, **Allianz** and **AXA**, had already announced that they intend to divest from companies that rely heavily on coal for their income or electricity before Jones' announcement in January.

"We do not see spreads blowing out on this, but we do see potential technical selling pressure on these utility bonds," wrote the CreditSights analysts in their report.

Bonds issued by **Scana Corp.**, **PNM Resources**, **AEP**, **DTE Energy**, **Xcel Energy**, **PPL Corp.** and **FirstEnergy** are the most likely to be affected, according to the report.

To work out which bonds

were most likely to be subject to forced selling, the analysts first identified which utilities sourced more than 30% of their generation, including purchased power, from coal. They then looked at how much of the debt of those companies was held by insurers, using data based on U.S. statutory accounting statements.

While insurance companies are a major investor in investment grade utility bonds, a syndicate banker tells *PFR* that he does not expect divestment by insurers to have a great impact on primary issuance.

"I don't think the deals are going to go terrible. Insurance companies just won't be buying it," he said, pointing to the

healthy oversubscription levels of recent deals.

Utility bonds have typically been two to three times oversubscribed so far this year, according to *PFR* data.

No U.S. electric utilities issued bonds last week, but **Piedmont Natural Gas**, a similar credit, with A2 and A ratings from **Moody's Investors Service** and **S&P Global Ratings**, respectively, issued a \$300 million 30-year bond on July 25 that was four times oversubscribed.

**Royal Bank of Canada** and **Wells Fargo** were the bookrunners on the deal, which was priced at 135 basis points over U.S. Treasuries, about 15 bps inside initial price thoughts. ■