

# power finance & risk

The exclusive source for power financing and M&A news

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## Macquarie Markets Transmission Co. Stake

A Macquarie fund is looking to sell its 15% stake in **AltaLink**, eight years after it led a consortium to buy it.

*See story, page 2*

## Axio Enters Exclusive Talks

**Axio Power** has entered into exclusive talks with a potential buyer as it seeks to line up development and construction funds.

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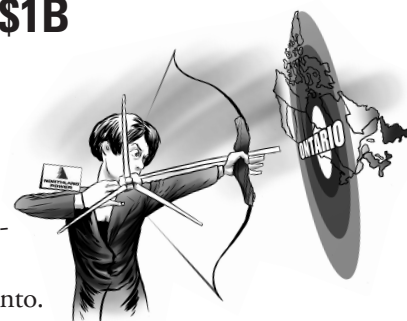
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## NORTHLAND POWER TARGETS \$1B FOR ONTARIO RENEWABLES

Northland Power of Toronto has initiated discussions with Canadian and international banks about financing its nearly \$1 billion pipeline of wind, solar and hydro projects in Ontario. Northland aims to fund roughly 70-80% of the development pipeline with debt and the remainder with equity, says **Tony Anderson**, cfo in Toronto.

The pipeline comprises 13 solar photovoltaic plants—each generating 10 MW and costing about \$49 million—a \$150 million, 60 MW wind farm and a \$100 million, 26 MW hydro project. The wind farm on Manitoulin Island, will

*(continued on page 8)*



## FINANCIAL BUYERS FLOCK TO TENASKA PORTFOLIO

The sale of a portion of Tenaska's stakes in a 4.8 GW portfolio of five contracted, natural gas-fired facilities in the U.S. is expected to attract a legion of financial investors. "It's an infrastructure guy's dream—stakes in contracted assets," says one banker. First round bids were due to advisors **Citigroup**, the lead, and **Morgan Stanley** on Friday.

First round bids are likely in the \$500 million range, says a banker in New York, citing strong operational history and PPAs as attractive to buyers. In addition to infrastructure funds, Japanese companies are also expected to submit bids as they tend to like taking stakes in long-term contracted assets, bankers say. The identity of potential bidders could not be learned.

Tenaska wants to ink the sale before changes to tax laws come into effect that would

*(continued on page 7)*

## SNAIL-LIKE CONGRESS THREATENS RENEWABLES SPACE

Congressional gridlock has emerged as the biggest threat to financing renewables projects as the odds of Congress extending the U.S. **Department of Treasury** cash grant before it expires at year-end have slipped to 40%, says **Keith Martin**, partner at **Chadbourne & Parke** in Washington, D.C. A national renewable energy standard also has little shot of passage this year. The cash grant expires on Dec. 31.

"Renewables are the most harmed because they rely on government support that needs to be extended periodically," Martin says. The prospective sunset of the cash grant has replaced the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act as the foremost concern of bankers, says **Marshall Salant**, managing director at **Citigroup Global Markets** in New York. The grant has buoyed renewables financing in the aftermath of the

*(continued on page 8)*

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.



## At Press Time

### Macquarie Looks To Exit AltaLink

Macquarie Capital is shopping an affiliate fund's stake in AltaLink, a transmission company out of Alberta, Canada.

Macquarie Essential Assets Partnership owns a 15% stake in the company and is in the process of divesting some of its assets, including toll roads, says a market observer. Teasers went out late last week.

Macquarie led a consortium that bought AltaLink from TransAlta in 2001 for \$545 million. Owners include engineering and construction firm SNC-Lavalin with 50%, Ontario Teachers' Pension Plan Board with 25% and Trans-Elect with 10%.

Recipients of the teaser included infrastructure funds and other financial investors, says the observer. A Macquarie spokesman in New York declined to comment. An AltaLink spokesman in Calgary declined to comment.

## Axio Enters Into Exclusive Contract With Potential Buyer

Axio Power has entered into an exclusive contract with a potential strategic buyer. The contract for the ground-mounted photovoltaic developer includes a cash purchase amount in addition to an earn-out that ties future payments for the purchase of the company to the success of projects in its portfolio, market observers say. The exclusive talks are set to wrap in mid-September. Marathon Capital is advising Axio.

The cash plus earn-out structure will probably not be ideal in the eyes of Axio's backer Greenlight Energy Resources as the company likely prefers the entire payment upfront, without having future payments tied to bringing projects online.

But the offer may be well-received by Greenlight, deal/watchers say, since the company has hit pushback from potential acquirers over its development stage portfolio earlier in the year. Buyers of PV pipelines are interested in near-term projects that can be brought online with little development effort, bankers say. Axio encountered resistance from buyers because it had yet to garner offtake agreements for projects in Ontario; a shortlisted buyer dropped out of the second round of bids (PFR, 3/10).

Buyer interest was likely renewed when Axio secured offtake agreements with the Ontario Power Authority for nine, 10 MW projects, one observer notes. The developer is currently talking to banks about arranging financing for its \$360-400 million portfolio in Ontario as early as the fourth quarter (PFR, 7/9). It has about 600 MW in development in California, Arizona, New Mexico, Hawaii, Texas, New Jersey, Pennsylvania, New York and Ontario.

Neither the identity of the potential buyer nor the purchase amount could be learned. Calls to Tim Derrick, ceo in San Juan Capistrano, Calif., and a Marathon official in Mill Valley, Calif., were not returned. A call to a Greenlight official in Charlottesville, Va., was not returned.

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## Project Finance

### ArcLight-backed Gas Deal Set To Wrap

**Crédit Agricole** and **WestLB** have finalized commitments for a \$370 million loan backing **ArcLight Capital Partners** and **Hess Corp.**'s 512 MW Bayonne Energy Center gas-fired plant in Bayonne, N.J. ArcLight-backed developer **Pure Energy Resources** expects to close the deal this month, according to **Timothy Leary**, cfo in Burlington, Mass.

Syndication was slightly oversubscribed, with eight to 10 banks taking tickets between \$50-75 million on the facility, a deal watcher says. The identity of the participating banks and how much the deal was oversubscribed by could not be learned.

Pricing on the facility—325 basis points over LIBOR—didn't budge despite a lukewarm reaction due to some merchant risk in the project (PFR, 7/23). Deal watchers attribute interest in Bayonne to the strength of the sponsors, sluggish deal flow and the appeal of the high-demand New York power market. The sponsors are contributing 40% of the project's \$650 million cost via equity. A **Crédit Agricole** official couldn't be reached for comment. A **WestLB** official declined to comment.

Hess established a 15-year offtake agreement for a portion of the power to move the project forward. The plant is slated for operation in 2012. A call to **Dan Revers**, managing director of ArcLight in Boston, was directed to an assistant, who did not return calls. A Hess spokesman in New York didn't return a call seeking comment.

### Calif. Solar Developer Seeks Finance

**Solar Power Partners** is talking to lenders and tax equity investors about financing a chunk of its 600 MW pipeline of utility-scale photovoltaic projects by early 2011. **Bob Powell**, ceo in Mill Valley, Calif., says it is targeting roughly 40% debt and 40% tax equity to complement a 20% equity investment from the sponsor to fund the first piece of the development pipeline.

SPP is in discussions with relationship banks **US Bank** and **WestLB**, among other institutions, about financing. "Being able to monetize tax equity is key," says Powell, a former cfo of **Pacific Gas & Electric**. "We have relationships with the right tax equity investors."

Powell notes that SPP would tap the investment tax credit to help monetize tax equity if the company wraps the financing after the year-end deadline for applications for the U.S. **Department of Treasury's** cash grant. **Darren Van't Hof**, director of renewable energy investments at US Bank in St. Louis, did not

return a call by press time. Powell declined to identify an official at **WestLB**.

He also declined to specify the size or costs of the projects the company is looking to finance in the short term, as well as the status of offtake agreements and interconnections. A spokeswoman declined to identify the sources of SPP's equity investment.

SPP secured a \$115 million loan—expandable to \$215 million—in April from **US Bank** and **WestLB** (PFR, 4/30). Pricing on that facility, which will go toward constructing commercial projects of 5 MW or less, was reportedly 325 bps over LIBOR.

SPP's pipeline features utility-scale projects mostly in the 5-10 MW range; larger plants could top out at 20 MW. The company has 13 MW of distributed solar projects in operation on school, government and business rooftops from California to Connecticut (PFR, 3/24).

### NV Energy Hunts Renewables

**NV Energy** will issue a request for proposals for renewable projects this fall. Winners of the RFP will garner 20- to 25-year offtake agreements, says **David Hicks**, director of renewable energy procurement and technical services in Las Vegas, Nev.

The utility will accept proposals for solar thermal, photovoltaic, biomass, hydro, geothermal and wind projects. A timeline for the bids and the issuance of PPAs has yet to be determined, Hicks says. He declined to specify the amount of capacity sought in the RFP. **NV Energy** is looking to increase the renewable portion of its generation portfolio to 20% from 12% to meet state renewable energy portfolio standards in 2015.

The utility is also culling through bids filed as a response to a renewables RFP issued this spring and expects to whittle down applications in the next six weeks. Sponsors that make the cut under the first RFP will have an opportunity to negotiate with the utility for PPAs. Hicks declined to reveal the number of applicants for the spring RFP or how many bidders will be selected from either RFP, noting that the utility doesn't have a predetermined number of slots available. The PPAs for the spring RFP are expected to be issued by year-end.

**NV Energy** also recently issued a request for offers from renewables sponsors for renewable energy credits. To qualify for the inaugural RFO, sponsors must certify renewables projects and credits with the Nevada Tracks Renewable Energy Credits initiative, referred to as NVTREC. Projects must be larger than 450 KW and either be based in Nevada or sell power to customers in the state. **NV Energy** hasn't determined how many credits it is looking to buy under the RFO, Hicks says,



adding the bids filed under the RFO will help determine how the utility will value credits. NV Energy issued the RFO on July 29. Bids are due on Sept. 22 and the utility will cull a shortlist of applicants in December. Contracts for credits will be issued in January.

## Ameren Launches Transmission Unit

Ameren has started **Ameren Transmission Company** to develop transmission projects which will integrate renewable power into the grid. The unit is slated to develop about \$3 billion in projects in Ameren's territories in Illinois and Missouri before 2025. ATX will be financed with a mix of debt and equity issued at the parent level, says a spokeswoman in St. Louis, Mo. She declined to elaborate.

Ameren is filing a petition with the U.S. **Federal Energy Regulatory Commission** Monday to establish a cost recovery structure for the inaugural \$1.3 billion project, a series of lines in Missouri and Illinois known as the Grand Rivers projects. The parent is aiming to establish a structure where incurred expenses are recovered through the rate base and set up a capital structure similar to that of its Illinois utilities. The amount of debt and equity in Ameren's Illinois utility could not be learned.

ATX will develop proposed projects on its own although partnerships have not been ruled out for the long-run, says the spokeswoman. **Maureen Borkowski**, formerly the v.p. of transmission at **Ameren Services**, is the ceo and president of ATX. Borkowski was unavailable for comment by press time.

Existing lines will not be moved under the ATX umbrella and existing utility subsidiaries will continue to build and own lines to benefit individual territories.

## Dole Wind Farm On Hold

Dole affiliate **Castle and Cooke**'s proposed \$750 million, 200 MW offshore wind farm in Hawaii has been put on hold as the state and federal authorities complete environmental impact studies for the undersea cable that will connect the wind farm to the island of Oahu.

Castle and Cooke has not been able to finalize financing for the project and is still mulling over options, including a **Department of Energy** loan guarantee, a joint venture with a wind turbine manufacturer or with private lenders. Final financing plans will be decided once the company has a better handle on a timeline for the completion of the transmission cable. The company had originally sought to finalize financing plans this year, ahead of construction in 2011 (PFR, 6/5/09).

The EIS is expected to be complete by 2011 and the cable laid by 2014. But the process could be delayed until 2015 or 2016, says **Harry Saunders**, president of Hawaii operations on Oahu. The wind farm off the coast of the island of Lanai will take one

year to complete and the company aims to match the project's operational date with the completion of the transmission cable.

The Hawaiian state government has assumed responsibility for the construction of the transmission cable and has just selected a contractor to conduct the EIS. The cost of the cable is expected to be between \$600 million and \$1 billion depending on how many islands the cable connects.

**Hawaiian Electric Industries** is the offtaker for the project.

## N.J. Developer Seeks 40% Debt For Solar

**Geopeak Energy** is talking to at least one large bank and California-based private equity investors about financing a roughly \$160 million, 40 MW solar plant in rural central New Jersey. The sponsor seeks up to 40% debt and prefers lenders with appetites for long-term tenors, says **AJ Javan**, chief strategy officer in Somerset, N.J. The plant would be Geopeak's second utility-scale project. The timeline for financing couldn't be learned.

Five large companies in an urban area of New Jersey intend to import much of the plant's capacity—and serve as project investors, Javan says. Geopeak would hold a smaller equity stake than the private equity firm and the companies acting as offtakers, Javan says. He declined to specify the size of the equity stake or identify potential investors and lenders.

Geopeak has a 100 MW pipeline of projects. It recently wrapped a deal backing a 5 MW solar plant in south New Jersey with power imported by a neighboring company. The deal combined 30% debt and equity from a San Diego-based company, Javan says. He declined to specify the investor, lenders and specific location of that plant.

## Recurrent Scouts For Solar Financing

**Recurrent Energy** is talking to financial advisors, European lenders and life insurance companies to finance 19 solar projects in Ontario that will generate 170 MW, says **Arno Harris**, ceo in San Francisco. Harris prefers combining multiple projects under a single financing. He declined to specify how much debt his company is shopping for, which banks he has spoken with and the timeline for financing. Solar generally costs \$4 million per MW, bringing the pricetag of the projects to roughly \$700 million.

The developer has a relationship with **Prudential Capital Group**, which recently closed an \$18 million financing backing a 5 MW Recurrent solar photovoltaic project on the roof of the Sunset Reservoir, San Francisco's largest subterranean reservoir. The debt provided by Prudential will amortize over 24 years. "It's

a great indication that longer-term project finance debt has returned,” Harris says, noting the prevalence of shorter tenors and mini-perms in late 2009. Recurrent is the sole equity investor and has a 25-year offtake agreement with the **San Francisco Public Utilities Commission**. Harris declined to specify his company’s equity stake and the pricing on the deal.

Prudential prefers single-asset project financing and is receptive to tenors of 20 to 30 years as long as the debt amortizes over that period, an observer says. A Prudential official referred calls to a director in Dallas who didn’t return a call seeking comment.

Recurrent, which is being peddled by parent **Hudson Clean Energy Partners**, has a pipeline of 1.4 GW—335 MW of which is contracted—chiefly in the U.S. and Canada (PFR, 7/9). The status of the sale could not be learned.

## Mergers & Acquisitions

### Ormat Snags Constellation Geo Stake

**Ormat Technologies** has bought out co-owner **Constellation Energy**’s stake in a 29 MW geothermal facility in Mammoth Lakes, Calif. Ormat plans to double the capacity at the Mammoth Pacific facility now that the \$72.5 million acquisition is complete.

Constellation considered launching an auction for its 50% stake in Mammoth—its only geothermal asset—two years ago after it received a pair of offers of around \$50 million (PFR, 11/26/08). It could not be learned whether Constellation retained an advisor on the deal then or if one was used for this transaction.

Details regarding the expansion, such as timeline and cost, could not be determined.

Messages left for **Dita Bronicki**, ceo of Ormat Technologies in Reno, Nev., and a Constellation spokesman in Baltimore, Md., were not returned before press time.

### EPCOR Spinoff Snags Harbinger Plant

**Capital Power** has agreed to buy **Harbinger Capital Partners**’ cogeneration plant in British Columbia, marking the Canadian independent power producer’s debut acquisition. Capital Power, a spinoff from **EPCOR**, will pay \$207 million plus closing costs for the 275 MW Island Cogen plant on Vancouver Island.

The acquisition will be financed with a loan and equity. The details of the financing, such as the sources and amounts of the debt and equity, could not be learned. Island Cogen has 12 years remaining in a power purchase agreement with **BC Hydro**.

Harbinger put the natural gas-fired facility under its **Kelson**

**Canada** unit on the block earlier this year, re-igniting a two-year old auction (PFR, 5/20). **UBS** advised. The private equity shop sold its 120 MW King City plant in California to **GE Energy Financial Services** earlier this year for \$68 million

Spokesmen at Capital Power in Edmonton declined to comment. A call to Harbinger in New York was not returned. A call to a UBS official was not returned. Capital Power has not used advisors in the past auctions (PFR, 6/2) and it could not be learned if they used an advisor in this transaction.

### Ft. Chicago Nears Close Of B.C. Hydropower Takeover

**Fort Chicago Energy Partners**’ acquisition of a hydropower developer in British Columbia is expected to be complete Aug. 9. Fort Chicago is buying **Swift Power** for C\$8.47 million (\$8.36 million)—or \$0.35 a share, illustrating the investor’s heightened interest in hydro and renewable generation.

The acquisition by Fort Chicago will make financing of Swift’s first project much easier, says **Alexi Zawadzki**, president and ceo of Swift in Vancouver. Fort Chicago will be able to get debt at a lower cost or possibly finance a portion of the projected \$50 million, 20 MW Dasque project near Terrace in northwest B.C., on balance sheet.

The Dasque run-of-the-river project received a long-term power purchase agreement from **BC Hydro** this spring. Construction is expected to start in March. Swift has nine other projects in its development pipeline.

Fort Chicago is expected to make more strides in assembling a renewable portfolio in the U.S. and Canada, says an observer. It closed the \$80.1 million purchase of the 33 MW Glen Park run-of-the-river hydro facility near Watertown, N.Y., from **Energy Investors Funds** in March (PFR, 3/25).

A Fort Chicago official in Calgary did not return a call.

### Third Planet Delays Exclusivity Talks

**Third Planet Windpower** and potential buyer Spanish construction company **FCC** have pushed back the deadline for exclusivity talks, bankers say. The talks were set to wrap in the middle of last month. The reasons behind the delay and the new timeline could not be learned.

The San Ramon, Calif.-based developer has been looking for a buyer or investor since 2008. The agreement with FCC would cover the management team and project pipeline but not the merchant 100 MW Loraine farm in Texas (PFR, 6/14). **Morgan Stanley**, the backer of the wind developer, is running the sale.

The extension could be fueled by a variety of factors, deal watchers note. FCC could be looking for more progress on projects in Nebraska and Wyoming, in which case the extension

could be the prelude to a purchase, an M&A banker says. If, however, the extension is due to uncertainty surrounding U.S. climate legislation or the European financial situation, then a delay could signal the talks are winding down, says another banker.

Third Planet received approval from the Wyoming **Department of Environmental Quality** last month to proceed with its \$343 million, 150 MW Reno Junction wind project in Campbell County. "It's taken a while but their ducks are starting to get in a row," says a banker, referring to Reno Junction and the developer's first PPA, which was signed by **Omaha Public Power District** for a 40 MW project

near Petersburg, Neb., earlier this year. Neither the offtake arrangements for Reno Junction nor the timeline for financing and construction could be determined.

Another Spanish construction firm **Grupo ACS** was reportedly tipped to be the potential acquirer, although a deal watcher recently confirmed that it's not. Whether ACS was ever involved could not be learned; a spokesperson in Madrid could not be reached.

Calls to **Walter Kamp**, ceo of Third Planet in Palm City, Fla., and an official at Morgan Stanley were not returned. An FCC spokesperson in Barcelona did not respond to an inquiry.

## 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

- Continued oversupply of wind turbines makes it unlikely that turbine prices will recover to their peak in 2008 in the next three years, improving the sector's competitiveness with gas-fired, coal-fired and nuclear projects. Sponsors are paying an average of \$1.37 million per MW for development, down from \$1.58 million per MW in 2008 (*Bloomberg*, 8/5).

- **NRG Bluewater Wind** has delayed construction of its 200 MW Mid-Atlantic Wind Park off Rehoboth Beach, Delaware, by two years to obtain federal permits. The extension to May 2018 requires the approval of the state **Public Service Commission** (*The News Journal*, 8/5).

- The **Los Angeles Department of Water and Power** has approved an offtake agreement with **First Wind** to buy 100 MW generated by the Milford II wind farm in Beaver and Millard Counties, Utah. The farm is expected to be operational in July (*BrighterEnergy.org*, 8/5).

- **Southern California Edison** has launched a request for proposals for renewable projects with a capacity 20 MW or smaller. Proposals are due Sept. 8 (*The Desert Sun*, 8/4).

- **Mirant** and **RRI Energy** received approval for their proposed merger from the U.S. **Federal Energy Regulatory Commission**. The companies still need to line up financing and get approval from the U.S. **Department of Justice** (*Reuters*, 8/4).

- **Caithness Energy** of New York, a developer of the proposed 909 MW, 338-turbine Shepherd's Flat wind farm in Gilliam and Morrow counties, Ore., is paying roughly \$5,000 to each resident opposed to the project because of potential turbine noise. Residents of eastern Oregon have challenged the noise from wind farms, including a project developed by **Invenergy** (*The New York Times*, 8/3).

- **Portland General Electric Co.** and **PacifiCorp** are considering partnering on an \$825 million Cascade Crossing transmission project in Oregon. Construction could begin in 2013 (*Portland Business Journal*, 8/4).

- **Xcel Energy** is proposing to build a \$600 million, 680 MW combined-cycle natural gas-fired plant in Minnesota to replace two coal-fired plants that are being retired. In addition to the projects, the company expects to launch a request for wind proposals later this year (*The Pioneer Press*, 8/4).

- **Acciona Energy** is planning to invest C\$115 million (\$112 million) and begin construction its 45 MW Lameque wind project in New Brunswick. The project will be online in early 2011 and has a 25-year PPA with **New Brunswick Power** (*Energy Central*, 8/4).

- Gainesville, Fla., residents have appealed the Florida **Public Service Commission's** decision to allow construction of a 100 MW biomass facility in that city developed by Boston-based **American Renewables**. The dispute over the environmental impact of biomass will be decided by the state **Supreme Court** or Gov. **Charlie Crist** (*The Gainesville Sun*, 8/3).

### Asia

- **Ofgem** of Britain has selected **Balfour Beatty**, **Macquarie** and **Transmission Capital Partners** as preferred bidders to link 2 GW generated by seven offshore wind farms to the nation's grid (*Reuters*, 8/5).

- **Mingyang Electric**, a wind turbine manufacturer in China, is planning a \$500 million initial public offering in the U.S. next month. **Bank of America**, **Credit Suisse** and **Morgan Stanley** are arranging the offering (*Reuters*, 8/2).

# 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@iinews.com](mailto:beckhouse@iinews.com).*

## Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
ArcLight Capital Partners, SGR Holdings	Southern Pines Energy Center (Gas Storage)	Greene County, Miss.	TBA	TBA	TBA	TBA	Developers seeking to upsize existing loan for new cavern (PFR, 7/12).
Falcon Gas Storage	MoBay (50Bcf Gas Storage)	Mobile County, Ala.	BNP, ING	Construction/	\$400M	7-yr	Financial close on hold as sponsor works to secure equity (PFR, 7/19).
First Wind	Milford II (100 MW Wind)	Milford, Utah	TBA	TBA	\$220M	TBA	LA DWP has yet to approve PPA, holding up financing (PFR, 7/19)
Fishermen's Energy	Various (20 MW Offshore Wind)	Atlantic City, N.J.	TBA	TBA	TBA	TBA	Sponsor seeking at least a 70:30 debt-to-equity split (PFR, 7/26).
Exergy Development	Various (183 MW Wind)	Idaho	TBA	TBA	\$350M	TBA	Exergy plots 70% debt (PFR, 7/29).
Group Geopark Energy	Unidentified (40 MW Solar)	Central New Jersey	TBA	TBA	TBA	TBA	Sponsor talking to a bank and PE firm about financing \$160M plant (see story, page 4).
Greenfield South Power	Unidentified (293 MW Gas)	Ontario	Credit Suisse	B Loan	\$335M	TBA	Deal wrapped (PFR, 8/2).
Invenery	Le Plateau (138 MW Wind)	Quebec, Canada	TBA	TBA	TBA	TBA	Sponsor seeks financing matching its 20-year PPA (PFR, 8/2).
Longview Power	Maidsville (695 MW Coal)	Maidsville, W.Va	Goldman, WestLB	TBA	\$1.1B	7-yr	Amendments refinance debt incrementally (PFR, 7/22).
Northland Power	Saskatchewan (265 MW Combined Cycle)	North Battleford, Saskatchewan	CIBC, BMO, Union Bank	Mini-Perm	\$580M	TBA	National Bank Canada takes a \$45M ticket (see story, page 1).
	Various (226 Renewables)	Ontario	TBA	TBA	TBA	TBA	Sponsor seeks up to \$1B in financing for projects (see story, page 1).
Pristine Power	York Energy Centre (393 MW Gas)	King, Ontario	ING, Cr�dit Agricole, Union Bank, RBC	Mini-Perm	\$330M	5-yr plus construction	Deal oversubscribed; closing expected in early August (PFR, 7/27).
Project Resources Corporation	Lakeswind (100 MW Wind)	Fargo-Moorhead, Minn.	TBA	TBA	\$200M	TBA	PRC hunts for financing, sale-leaseback structure (PFR, 7/26).
Pure Energy	Bayonne Energy Center (512 MW Gas)	Bayonne, N.J.	Cr�dit Agricole, WestLB	Mini-Perm	\$370M	TBA	Financial close expected in August (PFR, 7/26).
Recurrent Energy	Sunset Reservoir (5 MW Solar)	San Francisco, Calif.	Prudential Capital Group	TBA	\$18M	TBA	24-year deal closes (see story, page 4).
Reliance Power	Sasan (3,960 MW Coal)	Madhya Pradesh, India	TBA	TBA	\$3B	TBA	Sponsor hunts international banks to refinance debt (PFR, 7/31).
Solar Power Partners	Various (600 MW Solar)	TBA	TBA	TBA	TBA	TBA	Early 2011 targeted for closing of first chunk of debt financing (PFR, 8/2/10).
SolarReserve	Crescent Dunes (100 MW Solar)	Tonopah, Nev.	TBA	TBA	TBA	TBA	Sponsors seeks 80% equity and a DOE loan guarantee (PFR, 7/30).
Solar Trust of America	Various (485 MW Solar Thermal)	Blythe, Calif.	Citigroup, Deutsche Bank	TBA	\$2B	TBA	Leads talking to lenders about two solar thermal plants (PFR, 7/19).
Terra-Gen Power	Alta Phases 2-4 (570 MW Wind)	Tehachapi, Calif.	Cr�dit Agricole, Natixis	TBA	\$1.2B	TBA	Deal wraps, including \$580.2 million in pass-through certificates (PFR, 7/26).

For a complete listing of the Project Finance Deal Book, please go to [iipower.com](http://iipower.com).

## FINANCIAL BUYERS

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impact some of the privately held company's gains for 2010, notes a banker. Second round bids are expected to come in shortly, says another financier. "I'm interested to see because so many [auctions and discussions] are taking a long time. It might come down to the wire," the M&A banker notes. Bankers are watching the transaction to see if Tenaska can meet its deadline of Dec. 1 to wrap the sale.

The debt on the plants—a combined \$1.782 billion, much of

it in 144A bonds—is not expected to be a problem for a potential buyer because the assets have long-term PPAs that will generate revenue to pay coupons and loan obligations, bankers say.

A Citi official and a Tenaska spokeswoman declined to comment. Calls to officials at Morgan Stanley were not returned.

—Holly Fletcher

### Tenaska Stakes For Sale

Plant Name & Size	Location	Type	Tenaska's stake	Divesting	Co-Owners	Contracted Until	Debt
885 MW Alabama II	Billingsley, Ala.	CCGT	70%	35%	Diamond Generating	2023	\$331 million
885 MW Virginia	Scottsville, Va.	CCGT	70%	35%	J-Power USA Generation	2024	\$410 million
1,220 MW Kiowa	Kiowa, Okla.	CCGT	70%	35%	Diamond Generating	2021	\$468 million
845 MW Gateway	Mt. Enterprise, Texas	CCGT	32%	22%	Osaka Gas Energy America, Diamond Generating	2024	\$304 million
944 MW Georgia	Franklin, Ga.	Peaker	70%	35%	Diamond Generating	2030	\$269 million

Source: Dealwatchers and financiers.



## NORTHLAND POWER

(continued from page 1)

hit the project finance market early next year. Northland also aims to wrap financing of five or six solar plants next year—preferably via portfolios of three. Anderson expects to finance another four solar PV projects and the hydro plant on the Kabinakagami River in 2012. An additional three or four solar PV plants are scheduled for 2013. The wind and solar projects have 20-year offtake agreements and the hydro plant has a 40-year offtake, all with the **Ontario Power Authority**.

Anderson believes the 40-year PPA for the hydro plant would appeal to insurance companies that favor long-term tenors, while he expects European project finance banks to finance much of the solar projects.

The company is looking to wrap a \$580 million financing backing its 265 MW combined-cycle plant in North Battleford, Saskatchewan, and it has used the deal to develop new lending relationships. “One of our goals with the North Battleford financing is [building] new relationships by attracting banks into

the syndicate with whom we haven’t dealt in the past, particularly international banks with renewables experience,” Anderson says.

**BMO Capital Markets**, **CIBC** and **Union Bank** are leading the deal and have each committed up to \$100 million, though the size of their pieces is expected to be smaller, depending on how many tickets are taken, Anderson says. **National Bank of Canada** has taken a \$45 million ticket, carrying an upfront fee of 2.25% (PFR Daily, 8/3); \$30 million tickets with 2% upfront fees are also available. The deal is priced at 250 basis points over LIBOR. Commitments are due Aug. 18. The facility has a tenor of construction plus seven years and features a \$542 million construction/term loan and a \$38 million letter of credit (PFR, 7/23).

Northland has also secured \$150 million in equity investment via a sale of shares on the **Toronto Stock Exchange**. **CIBC** led the syndicate underwriting the shares, with **Scotia Capital**, **Royal Bank of Canada**, **TD**, **Macquarie**, **Canaccord Genuity** and **Cormark** participating.

Bank officials either declined comment or didn’t return calls.

—*Brian Eckhouse*

## SNAIL-LIKE CONGRESS

(continued from page 1)

financial crisis, with the DOT awarding 967 grants since Sept. 1 under the program—nearly \$5.1 billion in subsidies.

A tax bill appears to be the lone remaining Congressional vehicle to save the cash grant this year. Congress is poised to convert the cash grant to a tax refund—paid a year after a project is operational, instead of the 60-day window of today’s program—which will still cover up to 30% of the cost of eligible projects. “The government would pretend that owners of new renewable energy projects overpaid their taxes by 30% of the project cost,” Martin explains, adding that the extension of the cash grant program seemed more likely earlier in the year. “[Owners] could then apply to the government for the money back.” The House **Ways and Means Committee** believes recasting the proposed refund would be easier to pass than asking spending committees to simply extend the sunset past year-end.

The revised program, estimated to cost the federal government \$2.7 billion, would extend the deadline to start construction of renewables projects to 2012. Construction would still need to be completed by 2012 for onshore wind farms and 2016 for solar plants, fuel cells and small cogeneration projects. A ban on projects partly owned by private equity funds—whose investors generally include taxable and non-taxable investors—would be relaxed. Under the existing program, a project isn’t eligible for the grant if one-millionth or more of its investors are tax-exempt entities unless a taxable blocker corporation for investors is

established (PFR, 8/21/09).

The spotlight on the cash grant program comes as the sector averted what could have been – from its point of view – a calamitous financial regulatory reform bill. **John Eber**, managing director of energy investments at **JPMorgan** in Chicago, had worried that a rule restricting commercial banks’ investment in private equity and hedge funds to the equivalent of 3% of their Tier 1 capital would include tax equity investments (PFR, 7/2)—but the language of the final bill appears to exclude tax equity investment from the definition of private equity. “We are taking comfort in that definition although... the regulators can expand the scope of that definition,” said Eber in a recent Chadbourne conference call.

**John Shelk**, ceo of the **Electric Power Supply Association**, and utilities had fretted that a requirement to run swaps through an exchange would require utilities to post hundreds of millions in cash collateral for price and power hedges (PFR, 7/9), but the final bill exempted end-users, including utilities. —*B.E.*

### Quote Of The Week

*“One of our goals with the North Battleford financing is [building] new relationships by attracting banks into the syndicate with whom we haven’t dealt in the past, particularly international banks with renewables experience.”*—**Tony Anderson**, cfo of **Northland Power** in Toronto, on how a \$580 million debt financing backing its 265 MW combined-cycle plant in North Battleford, Saskatchewan, will also help the company fund \$1 billion in renewables projects (see story, page 1).