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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

MERGERS & ACQUISITIONS

PSEG explores roughly 7 GW asset sale

Public Service Enterprise Group has hired **Goldman Sachs** as it weighs a sale of its non-nuclear generating assets. Page 5

CASE STUDY

Caught in a crosswind: Aviator, Texas

The super-sized 525 MW Aviator wind farm in Texas is the first to have a power purchase agreement with **McDonald's Corp**. Page 10

PEOPLE & FIRMS

Plastina emerges in new role at CIC

Ren Plastina has landed a new job at French bank **Crédit Industriel et Commercial** after leaving **Investec** earlier this summer. Page 16

Crescent Dunes restructuring deal reached with DOE

Shravan Bhat

Tonopah Solar Energy, the company that owns the troubled 110 MW Crescent Dunes concentrated solar project in Nye County, Nevada, has filed for Chapter 11 protection after reaching an agreement with its main creditor, the US **Department of Energy**.

The restructuring support agreement was reached on July 29 and the Chapter 11 filing at the US **Bankruptcy Court for the District Of Delaware** took place on July 30.

The equity interests in the project company are held by:

- **SolarReserve** – 36.6%
- **ACS Group** affiliate **Cobra Energy Investments** – 36.6%
- **Santander** – 26.8%

Capital One holds the tax equity interests (PFR, 1/20/17).

Cobra will be the sole owner of the delevered PAGE 9 »

The Crescent Dunes project has been plagued with operational issues.
Photo: Amble/Wikimedia

Brookfield district energy biz up for grabs

Taryana Odayar

Brookfield Infrastructure is preparing to launch an auction for **Enwave Energy Corp**, a large-scale district energy platform spread across a number of major cities in North America.

The Canadian investor has hired two investment banks – **Scotiabank** and **TD Securities** – to market the Toronto-headquartered district energy business, which provides large-scale heating and cooling services to customers via a network of underground pipes in 11 cities across North America.

Brookfield has grown Enwave over the past eight years and describes the subsidiary on its website as "a scalable business that benefits from pre- PAGE 6 »

New Fortress Energy plans term loan refi

Shravan Bhat

Fresh from a credit ratings boost, LNG terminal and gas-to-power project developer **New Fortress Energy** is looking to refinance its $800 million corporate term loan.

Moody's Investors Service and **S&P Global Ratings** issued B+/B1 corporate ratings to the New York-based company – which is majority-owned by a fund managed by PAGE 11 »

Investors eye wave of M&A in Mexico in the fall

Carmen Arroyo

Bankers, developers, and institutional investors expect activity in power and renewable energy assets in Mexico to pick up in the fall after a pause brought about by the combined impact of the pandemic and political, regulatory and legal uncertainty.

Project financings and M&A processes for renewable energy and gas-fired assets ground to a halt when the Covid-19 PAGE 12 »

POWER UP: CHECK OUT A SELECTION OF THE WEEK'S POWER AND UTILITY NEWS ON TWITTER @POWERFINRISK

IN THIS ISSUE

THE BUZZ

Damned if you DOE...

Whenever a **Department of Energy** loan goes bad – as it did in the case of the Crescent Dunes concentrated solar project in Nevada (see story, page 1) – questions are raised about the program.

Industry insiders will be familiar with the **Solyndra**-shaped stick used to beat President **Barack Obama** with. American taxpayers recovered just $24 million of the $527 million loan extended to the company.

But they may not be as familiar with the $535 million that stock market darling **Tesla** repaid in full, with interest, in May 2013.

So how bad is the US government at picking winners?

The DOE Loan Program Office's portfolio and annual reports are publicly available and the results are not as dire as the average taxpayer might expect. And it is run by technocrats who have served through administrations red and blue – let's hope it stays that way!

At the end of 2019, the program had issued $35.69 billion in loans and loan guarantees and recouped $9.96 billion in principal and $2.77 billion in interest. Its loss ratio as a percentage of disbursements stands at 2.91%.

How does that compare to your project finance desk?

Sadly, no matter how high the quality of underwriting at the department, it is unlikely to stop climate change deniers from weaponizing the Crescent Dunes restructuring.

"Even though this loan fund has done better than most commercial funds to date, the anti-clean-energy folks will have a field day," notes tech entrepreneur and venture capitalist **Bill Nussey**. ■

PFR Power Finance & Risk

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Do you have questions, comments or criticisms about a story that appeared in ***PFR***? Should we be covering more or less of a given area? The staff of ***PFR*** is committed as ever to evolving with the markets and we welcome your feedback.

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

GENERATION AUCTION & SALE CALENDAR

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

Generation Sale DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Apex Clean Energy	Angelo (195 MW Solar)	Texas	Fifth Third	Auction launched in June (PFR, 6/22).
	Rivanna (12.5 MW Solar)	Virginia		Investors contacted in March (PFR, 6/22).
● Ares Management Corp	Aviator (525 MW Wind)	Texas		CMS is buying a 51% stake and Kansai Electric Power Co is taking 48.5% (see case study, page 10).
Avangrid	Tatanka Ridge (155 MW Wind, 85%)	South Dakota		WEC Energy is the buyer (PFR, 8/3).
Blackstone Group	Onyx Renewable Partners	US	BNP Paribas	Platform sale launched (PFR, 8/3).
Blue Light Energy	Portfolio (200 MW Solar)	Chile		Marketing process has not launched (PFR, 7/27).
● Brookfield Infrastructure	Enwave Energy (District energy)	US, Canada	Scotia, TD	Auction to be launched this year (see story, page 1).
Brookfield, PSP	WETT (Transmission)	Texas	Barclays	Axium and Nuveen bought the assets (PFR, 8/3).
Calpine	Freeport (260 MW CHP)	Freeport, Texas	BofA, Guggenheim	Sale process initiated earlier this year (PFR, 7/27).
Constellation	C&I Solar platform	US	BofA Securities	Auction launched in June (PFR, 7/6)
Community Energy	St Martin (100 MW Solar)	St Martin Parish, Louisiana		The sponsor put out marketing materials in June (PFR, 7/6).
Copenhagen Infrastructure Partners	Greasewood (255 MW Solar)	Pecos County, Texas	CohnReznick	Auction relaunched in June (PFR, 6/15).
Cypress Creek Renewables	Portfolio (35 MW Solar)	North Carolina		The sale was launched in June (PFR, 6/29).
● DIF Capital Partners	Lone Valley (30 MW Solar, 49%)	San Bernardino County, CA	Fifth Third	Sale process initiated by end July (see story, page 6).
● East Texas Electric Cooperative	Hardin County (146 MW Gas)	Hardin County, Texas		Entergy will buy the plant as part of a Texas PUC settlement (see story, online).
Ecoplexus	Sage (150 MW Solar)	North Carolina	CCA Group	Second round bids due late July (PFR, 6/22).
● Energy Capital Partners	Alpine Portfolio (507 MW Cogen)	Canada	Credit Suisse	CIM sent to bidders in mid-July (see story, page 7).
● First Solar	US Development Platform	US	BofA, CohnReznick	Bids are due in August (see story, page 6).
GenOn	Heritage (2.4 GW Gas)	PJM Interconnection	Jefferies	Auction launched in June (PFR, 6/15).
Grasshopper Solar	Green Light (150 MW [DC] Solar)	Canada, US	Onpeak	Auction launched in May (PFR, 6/8).
Hecate Energy	Hecate Energy	US	Guggenheim	Teasers were circulated in June (PFR, 7/20).
	Aktina (514 MW Solar)	Wharton County, Texas	Cantor	Tokyo Gas is the buyer (PFR, 8/3).
HPS Investment Partners	Spruce Finance (Solar)	US	Onpeak	Auction launched in May (PFR, 6/1).
Invenergy	Titan 1 (800 MW Solar)	Texas	Marathon Capital	Bids due July/August (PFR, 6/22).
Johnson Development Associates	Pinson (20 MW Solar)	South Carolina	EOS Capital Advisors	Marketing materials distributed in June (PFR, 6/29).
Macquarie Capital	Candela Renewables	US	Nomura Greentech	The sponsor has launched the sale process (PFR, 7/20).
NextEra Energy Resources	Project Gila (115 MW Solar)	Texas	Marathon Capital	The sale processes were launched in June (PFR, 7/13).
	Project Rocket City (150 MW Solar)	Alabama		
PNE USE	Chilocco (167 MW Wind)	Kay County, Oklahoma	Marathon Capital	Auction launched in May (PFR, 6/8).
● PSEG	PSEG Fossil (6,750 MW Thermal)	NJ, CT, NY, MD	Goldman Sachs	PSEG has begun a strategic review of the portfolio (see story, page 5).
	PSEG Solar Source (467 MW Solar)	US		
RWE Renewables	Portfolio (861 MW Wind)	US	Marathon Capital	Auction in second round (PFR, 6/8).
● SolAmerica Energy	Portfolio (43 MW Solar)	Georgia		Safari Energy has acquired the assets (see story, online).
SunEast Renewables	Portfolio (275 MW Solar)	New York	Nomura Greentech	The developer has launched the sale (PFR, 7/6).
Vision Ridge Partners	Key Capture Energy (Storage)	US	Onpeak	Auction penciled for August (PFR, 7/27).

● **New or updated listing**

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.
To report updates or provide additional information on the status of financings, please call Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@powerfinancerisk.com

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Arroyo Energy	El Arrayán (115 MW Wind)	Chile	SMBC, Crédit Agricole	Debt	$140M	7-yr	Closing delayed until August (PFR, 6/8).
	Pemcorp (131 MW Gas)	Chile	SMBC, Natixis	Refinancing	$170M	7-yr	Close expected in August (PFR, 8/3).
Atlas Renewable Energy	Pimienta (400 MW (DC) Solar)	Campeche, Mexico	DNB, IDB Invest, Bancomext	Private Placement	$200M		Closing was expected by early June (PFR, 5/18).
	Juazeiro (187 MW Solar)	Brazil	IDB Invest	Debt	$90M		Negotiations are underway (PFR, 5/26).
Casa dos Ventos	Ventos Santa Martina 14 (63 MW Wind)	Brazil	BNDES, BNB	Term loan	$38.3M		BNDES has approved the loan (PFR, 7/13).
Competitive Power Ventures	Three Rivers (1,250 MW Gas)	Grundy County, Illinois	MUFG, BNP Paribas	Construction debt	$750M	7-yr	Deal relaunched on June 16 (PFR, 6/22).
				Ancillary Facilities	$50M		
EDF Renewables	Gunaa Sicarú (252 MW Wind)	Oaxaca, Mexico		Term loan			Term sheets received from banks (PFR, 7/13).
Enel Green Power	Lily (146 MW Solar, storage)	Texas	CCA Group (adviser)	Tax equity			Project under construction (PFR, 7/27).
EnfraGen	Portfolio (200 MW Distributed Solar)	Chile					Financing expected to close by end of summer (PFR, 4/13).
Fisterra Energy	Tierra Mojada (875 MW Gas)	Jalisco, Mexico		Bond refinancing			Morgan Stanley understood to be pursuing mandate (PFR, 5/4).
Generate Capital	Portfolio (11 MW Solar)	New York	Advantage Capital	Tax equity			Deal has closed (PFR, 8/3).
GenOn Energy	Portfolio (1,570 MW Gas)	California		Refinancing			Sponsor has approached the market (PFR, 7/6).
GoodFinch	GoodFinch Fund 1 (Solar)	US	Barclays, Goldman	Securitization	$252M		Deal closed July 22 (PFR, 8/3).
Grupo Ibereólica, GPG	Cabo Leones 2 (204 MW Wind)	Chile	Crédit Agricole	Construction Debt			Cred Ag has won the mandate (PFR, 5/26).
Hull Street Energy	Central Rivers Power NE (87 MW Hydro)	New England	BNP Paribas	Private Placement	$66M		The deal closed in July (see story, page 8).
IEnova, Saavi Energia	Sierra Juárez II (108 MW Wind)	Baja California, Mexico	NADB	Term loan	$170M	21.5-yr	Sponsors were nearing financial close in June (PFR, 6/29).
			SMBC, Mizuho	Term loan		18-yr	
Korea Electric Power Co, Sprott Korea	Portfolio (199 MW Solar)	Mexico	SMBC	Term loan	$140M		Deal expected to close in September (PFR, 7/20).
Key Capture Energy	Portfolio (1.5 GW Storage)	US		Capital Raise	$400M-$600M		The sponsor is in talks with investment banks (PFR, 5/4).
Kineticor Resource	Cascade (900 MW Gas)	Yellowhead County, Alberta	ATB, Crédit Agricole, NBC, Nomura	Capital Raise	$915M		The sponsor has reached out to banks for financing (PFR, 7/20).
Lodestar Energy	Community Solar Portfolio (13 MW)	New York	PeoplesBank	Term loan			Deal announced on August 4 (see story, page 8).
Northern Indiana Public Service Co	Rosewater (102 MW Wind)	White County, IN	Wells Fargo	Tax equity			Deal signed in July (see story, page 8).
OPDEnergy	Portfolio (150 MW Wind, Solar)	Chile	SMBC	Debt			Close was expected in June (PFR, 6/8).
Recurrent Energy	Pflugerville (144 MW Solar)	Travis County, Texas		Debt, Tax Equity			Deal expected to close end July/early August (PFR, 7/27).
Sempra (IEnova)	Portfolio (376 MW Solar)	Mexico	NADB, IFC, DFC, JICA	Debt	$541M	15-yr	Deal closed June 10 (PFR, 7/27).
Soltage, Basalt Infrastructure	Portfolio (28 MW Solar)	South Carolina, Illinois, New Jersey	Fifth Third	Debt			Financing has closed (PFR, 8/3).
			US Bank	Tax Equity			
Sunenergy1	Portfolio (100 MW Solar)	US	CIT, ING Capital	Construction Debt			Financial close is months away (PFR, 5/26).
Sunrun	Portfolio (Resi Solar)	US	Investec, Silicon Valley Bank	Term loan	$270M	7-yr	Deal set to close early August (PFR, 8/3).
WhiteWater Midstream	Whistler (Gas pipeline)	Texas	Investec	Holdco debt	$133M	C+5-yr	Deal launched July 26 (PFR, 8/3).

New or updated listing

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NORTH AMERICA MERGERS & ACQUISITIONS

PSEG aims to offload nearly 7 GW fossil fuel portfolio

Public Service Enterprise Group (PSEG) is exploring strategic alternatives for its 6,750 MW fossil fuel generation fleet in New Jersey, Connecticut, New York and Maryland as it seeks to focus on growing its regulated utility business, improving its credit profile and enhancing its ESG position.

The potential sale also includes PSEG's 467 MW Solar Source portfolio, comprising 25 utility-scale solar projects located in 14 states. PSEG will retain ownership of **PSEG Power**'s nuclear fleet.

"Our intent is to accelerate the transformation of PSEG into a primarily regulated electric and gas utility – a plan we have been executing successfully for more than a decade," said PSEG's chairman, president and CEO **Ralph Izzo**.

The publicly-traded company will launch a marketing process for the non-nuclear assets in the fourth quarter of 2020 with the aim of closing a deal in 2021.

The company has appointed the following advisers on the process:

- **Goldman Sachs** - financial
- **Wachtell, Lipton, Rosen & Katz** - legal

Goldman recently pulled the plug on an auction it was running for PSEG's merchant 893 MW Bethlehem Energy Center combined-cycle gas-fired plant in New York (PFR, 3/2).

"We recognize the shift in investor preference toward owning regulated utility businesses without commodity exposure to merchant generation and related earnings volatility," said Izzo.

Meanwhile, PSEG will continue to evaluate potential investments in offshore wind and expects to make a decision regarding the opportunity to invest in **Ørsted**'s Ocean Wind project later this year.

The company is also considering participating in upcoming offshore wind solicitations in New Jersey and other Mid-Atlantic states. ■

PSEG Fossil Power Portfolio

Project	Size*	Type	Location	State
Bethlehem	893 MW	Combined-cycle	Bethlehem	New York
Bergen	1229 MW	Combined-cycle	Ridgefield	New Jersey
Bridgeport Harbor Station	884 MW	Combined-cycle	Bridgeport Harbor	Connecticut
Burlington	168 MW	Simple-cycle	Burlington	New Jersey
Essex	81 MW	Simple-cycle	Newark	New Jersey
Kalaeloa	208 MW	Cogeneration	Oahu	Hawaii
Kearny	456 MW	Dual-fuel	Kearny	New Jersey
Linden	1636 MW	Combined-cycle	Linden	New Jersey
New Haven Harbor	578 MW	Steam, combustion	New Haven	Connecticut
Keys Energy Center	761 MW	Combined-cycle	Brandywine	Maryland
Sewaren	538 MW	Combined-cycle	Woodbridge	New Jersey
Yards Creek	210 MW	Hydro	Warren County	New Jersey

Represents net ownership of PSEG in the case of Yards Creek

Source: PSEG

PSEG Solar Source Portfolio

Project	Capacity*	State	Offtaker
Five Forks	26 MW	North Carolina	VEPCO
North Halifax	26.9 MW	North Carolina	VEPCO
Halifax	7 MW	North Carolina	VEPCO
West Babylon	10.6 MW	New York	LIPA
Cork Oak	26.2 MW	North Carolina	VEPCO
Sunflower	21 MW	North Carolina	VEPCO
Turkey Creek	16.8 MW	North Carolina	VEPCO
Hemlock	6.6 MW	North Carolina	VEPCO
Lake County	10.5 MW	Oregon	PacificCorp
San Isabel	37.9 MW	Colorado	Tri-State G&T Assoc
Pavant II	62.7 MW	Utah	PacifiCorp
Rawhide Flats	36.3 MW	Colorado	Platte River Power Auth
Meadows	25.9 MW	North Carolina	VEPCO
Lawrence Livermore	3.9 MW	California	WAPA
Pittsburg	25.4 MW	California	PG&E
Waldorf	13.1 MW	Maryland	SMECO
El Paso	13 MW	Texas	El Paso
Essex	3.6 MW	Vermont	VEPP
Shasta A & B	4.4 MW	California	PG&E
Badger 1	19.4 MW	Arizona	APS
Milford	15 MW	Delaware	Delaware Municipal Electric Corp
Queen Creek	25.3 MW	Arizona	SRP
Jacksonville	15 MW	Florida	JEA
Wyandot	12 MW	Ohio	Ohio Power
Mars Hackettstown	2.2 MW	New Jersey	Mars

*DC

Source: PSEG

NORTH AMERICA MERGERS & ACQUISITIONS

Infra fund eyes California solar sale

Dutch infrastructure fund manager **DIF Capital Partners** has appointed **Fifth Third Securities** to market its 49% stake in the 30 MW Lone Valley project in San Bernardino County , California. The process is codenamed Project McQueen, sources tell *PFR*.

EDP Renewables owns the other 51% of the project, which was developed in two phases.

Lone Valley was EDPR's first North American solar project when construction began in February 2014. It was brought online in the fourth quarter of that year with tax equity financing provided by **US Bank** (PFR, 6/30/14).

Southern California Edison buys the project's output through a 20-year power purchase agreement.

DIF acquired its stake in 2015 through its DIF Infrastructure III fund, implying an enterprise value for the entire project of $93 million, according to EDPR. It was DIF's first US acquisition.

The decision to divest is driven by the 10-year fund approaching the end of its life-cycle, says a deal watcher.

DIF Infrastructure III was launched in 2012 and reached a final close of €800 million ($863.26 million) in March 2013. It has already begun winding down its North American power holdings – it sold its stakes in a Canadian solar portfolio to **Ullico** in 2018 (PFR, 9/4/18).

Bids due in August in First Solar sale

First Solar has set a deadline for bids in the sale of its US project development business.

The auction is in the middle of the first round stage, with **BofA Securities** and **CohnReznick Capital** acting as auctioneers.

First round bids are due toward the end of August, with a view to closing a deal by the end of the year, *PFR* has learned.

There has been a good amount of interest in the market from both strategics as well as some of the larger financial institutions, says a source close to the situation.

First Solar revealed that it was weighing a sale of its project development business in its annual earnings report on February 20 (PFR, 2/21, 6/5).

Brookfield district energy biz up for grabs

« FROM PAGE 1

dictable, inflation-linked cash flows."

Enwave's revenues are generated through 10- to 20-year inflation indexed contracts.

About six to eight banks pitched Brookfield for the advisory mandate, says a banker close to the process, noting that the auction will launch later this year.

Enwave was one of four bidders that made it to the second round of the privatization tender for the Nashville District Energy System in 2019. The system ultimately went to **Engie** for $60 million (PFR, 4/23/19).

Enwave was also floated as a likely bidder for **Veolia Energy North America**'s district energy assets, which were acquired by **Antin Infrastructure Partners** for $1.25 billion (PFR, 8/1/19).

Brookfield acquired Enwave in 2012 from the **City of Toronto** and **Borealis Infrastructure**, the infrastructure investment arm of the **Ontario Municipal Employees Retirement System** pension plan, via an auction run by Scotia (PFR, 5/24/12).

Strategics such as **Veolia** or **NRG Thermal** were touted as potentially being interested in Enwave at that time. The business was much smaller then, consisting only of Toronto's district energy network.

The Toronto system provides heating and cooling to a substantial portion of the city's downtown, in part via a deep lake water cooling (DWLC) system. Toronto's DWLC system is one of the largest in the world, drawing cold water from the bottom of Lake Ontario and transporting it through nine miles of high-density polyethylene pipes.

Among Enwave's customers in Toronto are several real estate properties owned by Brookfield, including Bay Adelaide Centre, Brookfield Place Toronto and Exchange Tower.

In the years after 2012, Enwave grew its presence across North America and Australia, acquiring networks in 11 additional cities, predominantly in the US and Canada. Enwave sold its Australian assets last year to domestic infrastructure investor **Infrastructure Capital Group** for $420 million including debt.

Enwave also uses so-called "ice battery" storage technology in its district energy networks in Houston, Chicago and New Orleans, where ice is made and stored during off-peak hours at night and melted to cool buildings during the day. Among Enwave's ice battery customers are:

- Houston's Minute Maid Park, home of the **Houston Astros**
- The Roosevelt New Orleans, a **Waldorf Astoria** hotel
- several buildings in downtown Chicago

Enwave claims to have the world's largest ice battery and chilled water system, which is located in Chicago.

Enwave Energy Corp owns district energy networks in the following cities:

- Chicago
- Los Angeles
- Houston
- New Orleans
- Seattle
- Las Vegas,
- Portland, Oregon
- Toronto
- Windsor, Ontario
- London, Ontario
- Charlottetown, Prince Edward Island

FAST FACT

$1.25 billion

The price **Antin Infrastructure Partners** paid for **Veolia**'s **District Energy Networks** business in 2019, on forecasted annual Ebitda of $90 million.

NORTH AMERICA MERGERS & ACQUISITIONS

Sale underway for Canadian cogen portfolio

A private equity fund manager has put a portfolio of cogeneration assets in Canada up for sale in an auction being run by a bulge-bracket investment bank.

The four cogeneration plants for sale are part of **Energy Capital Partners**' (ECP) Heartland Generation portfolio, which is spread across four provinces.

ECP has hired **Credit Suisse** as financial adviser on the sale, which is codenamed Project Alpine.

The investment bank circulated confidential information memoranda to bidders in mid-July. A date has not yet been set for first round bids.

The assets on the block are:

- The 202 MW gas-fired Muskeg River project in Alberta
- The 195 MW gas-fired Scotford project in Alberta
- The 120 MW gas-fired McMahon project in British Columbia
- The 100 MW gas-fired Primrose project in Alberta

ECP owns 100% stakes in Muskeg and Scotford and a 50% stake in McMahon and Primrose.

The co-owner of Primrose is **Canadian Natural Resources Ltd** (CNRL), while **Brookfield Infrastructure Partners** co-owns McMahon.

The assets have a range of offtakers, including CNRL, **Chevron Corp**, **Royal Dutch Shell** and **BC Hydro**.

"The transaction value is less than half a billion US dollars," says a banker at a Canadian investment bank. "The two larger assets have contracts through the 2040s time frame and the two smaller ones have contracts shorter in tenor, about 8 to 10 years."

ECP acquired the 1.25 GW, 11-project Heartland Generation portfolio for C$835 million last year from **ATCO** subsidiary **Canadian Utilities Ltd** (PFR, 5/28). Together, they previously made up the bulk of ATCO's 2.1 GW fossil-fired generation fleet.

ECP financed the acquisition with a C$323 million term loan and $145 million in ancillary facilities arranged by **MUFG**. The deal was oversubscribed, with tickets being taken not only by Canadian banks like **ATB Financial**, **CIBC**, **National Bank of Canada** and **Canadian Western Bank**, but also South Korea's **Kookmin Bank** as well as **Siemens**.

The deal closed on September 30 and has been shortlisted for *PFR*'s Canadian Deal of the Year 2019 (PFR, 7/6). A portion of the project debt could travel to the new buyer, says the banker. ■

PPA PULSE

Sunrun signs capacity contract with CCAs

Residential solar company Sunrun has signed a novel contract for distributed solar-plus-storage capacity with a trio of California community choice aggregators.

East Bay Community Energy (EBCE), **Silicon Valley Clean Energy** (SVCE), and **Peninsula Clean Energy** (PCE) awarded Sunrun the roughly 20 MW contract, which covers 6,000 households in areas vulnerable to emergency power shutoffs during wildfire season over the next three years.

The capacity contracts are the result of a request for proposals launched by the three CCAs last November. They had initially planned to jointly procure some 32.7 MW.

Sunrun will install **Tesla** Powerwall batteries in homes served by EBCE. In 2019, more than 30,000 of the CCA's customers throughout Alameda County experienced power disruption due to preemptive public safety power shutoffs imposed by **Pacific Gas & Electric**.

"Historically, reliability is provided by centralized gas plants," said SVCE CEO **Girish Balachandran** on July 30. "We are at a pivotal moment where it has tipped toward battery storage systems and local resources."

Meanwhile, PCE and **San José Clean Energy** launched a new joint request for offers for renewables-plus-storage on July 15.

The two CCAs are looking to procure 1,000 GWh through long-term power purchase agreements. The minimum project size is 10 MW and the resources must be online by December 2024 to be eligible.

Here is a round-up of the rest of the past week's PPA news:

AEP TENDER

American Electric Power's retail energy subsidiary **AEP Energy Partners** has launched a request for proposals for wind and solar generation in PJM Interconnection.

The company is seeking to procure generation from new solar and new or repowered wind projects that will commence operations between 2021 and 2023. The company has set its sights on power purchase agreements of 10, 12 or 15 years, though alternative bids will be accepted.

AEP will use the contracted generation to support growing retail and wholesale loads in PJM, including long-term supply agreements with **Google** and the **Columbus Regional Airport Authority**.

Interested bidders must provide notices of intention to participate by August 13 and final bids will be due by August 28.

AEP expects to execute PPAs totaling between 300 MW and 500 MW by the fourth quarter of this year.

Meanwhile, the company has completed negotiations with suppliers that had bid into its last RFP in November 2019 (PFR, 11/19/19). Losing bidders from that RFP will need to re-submit if they are interested in participating in the latest procurement.

KENTUCKY CONTRACT

Community Energy has secured a power purchase agreement with **Henderson Municipal Power & Light** for a 50 MW solar plant it is developing in western Kentucky.

The municipal electric utility will buy the output of the unnamed project in Henderson County for 20 years.

The project will start generation in 2023 and is expected to provide 20% of HMP&L's load. The municipal utility is located within MISO and has an annual peak demand of 106 MW. ■

NORTH AMERICA PROJECT FINANCE

Hull Street closes $66m hydro debt deal

Hull Street Energy has secured a $66 million debt package supporting its 87 MW New England hydro portfolio.

BNP Paribas served as sole placement agent on the dual-tranche deal, which was split into fixed- and floating-rate portions. The French bank also provided ancillary credit facilities and interest-rate swaps.

Vantage Infrastructure was the sole term debt provider.

Advisers on the deal were:

- **Baker Botts** – borrower's counsel
- **Milbank** – lenders' counsel

The deal refinances 14 hydro projects held under Hull Street's **Central Rivers Power NE** portfolio company. Hull Street acquired the assets in 2017.

At the start of this year, BNP Paribas was also sole placement agent on a $124 million 16-year private placement financing Hull Street's acquisition of a separate 255 MW hydro portfolio from **Enel Green Power North America** and **GE Energy Financial Services** (PFR, 1/31). The final coupon was below 4%. ■

True Green inks revolver with Investec

True Green Capital Management has signed a revolving credit facility with **Investec** to support the build-out of its more than 550 MW distributed power generation portfolio.

Investec was sole bookrunner and lead arranger on the $22 million three-year senior secured line of credit, which is backed by True Green Capital Fund III.

"The liquidity and flexibility that this facility provides represents significant value to TGC as we wrap up deployment of our $350 million third fund" said **Chris Kirkman**, head of project finance at True Green. "Once again, Investec's constructive approach was instrumental to our ability to optimize the fund's capital stack."

The debt will be used to support various equity obligations, including equity funding on the projects and the provision of letters of credit. The fund contains a mixture of operating and under-construction solar projects spread across 13 US states.

"We are proud to continue supporting TGC and their very important work in the distributed energy generation space with this innovative fund facility, Investec's third financing with the company" said **Ralph Cho**, co-head of power and infrastructure finance at Investec.

True Green recently amended a separate $53 million seven-year loan package, provided by **KeyBank**, to accommodate the addition of two projects totaling 20.8 MW to the collateral package (PFR, 4/2).

At the start of the year, the company secured back leverage and tax equity for New York community solar projects funded by the **New York State Energy Research and Development Authority** scheme. Lenders to such projects include **CIT Bank**, **NY Green Bank** and **US Bank** (PFR, 1/29). ■

Indiana utility closes tax equity deal

Northern Indiana Public Service Co (NIPSCo) has sealed tax equity financing for the 102 MW Rosewater wind farm in White County, Indiana.

The utility closed the agreement with investor **Wells Fargo** in July, according to NIPSCo parent company **NiSource**'s second quarter earnings report, which was released on August 5.

The Rosewater project is under construction and is due to be online by the end of the year. NIPSCo will buy the plant from developer **EDP Renewables North America** at completion through a build-transfer agreement (PFR, 5/8).

NIPSCo is also in the process of sourcing tax equity for another White County wind farm it is buying from EDPR – the 302 MW Indiana Crossroads facility.

Tax equity financing for projects that will be owned by utility companies has to be structured differently to deals for projects with power purchase agreements.

NISPCo's structuring solution is laid out in paperwork filed with the **Indiana Utility Regulatory Commission** in October 2019.

In the case of Indiana Crossroads, the utility will form a joint venture with EPDR and the tax equity investor (or investors), and this JV will acquire the plant from EDPR when commercial operations begin in December 2021.

NIPSCo will initially own a roughly 1% share in the JV and will begin buying generation from the project under a 15-year power purchase agreement. EDPR is expected to sell its position in the financing vehicle to NIPSCo in 2023.

If NISPCo is unable to close the build-transfer, for regulatory or other reasons, a higher-priced "backstop" PPA comes into effect and EDPR continues to own the asset. ■

FAST FACT

1 percent

The share of Indiana Crossroads that NIPSCo will own immediately upon completion, as it provides a 15-year PPA to avail of third-party tax equity.

Lodestar seals solar financing

Lodestar Energy has sealed debt financing for a trio of community solar projects in New York state.

PeoplesBank provided the construction and term debt for the three ground-mounted solar facilities, which total 13 MW. Two of them, 4 MW each in size, are located in Nichols, while the 5 MW third project is in Tioga.

The debt package included a loan to bridge to NY-Sun incentives administered by the **New York State Energy Research & Development Authority** (Nyserda) and a tax equity bridge loan.

The tax equity investor has not yet been finalized. The projects are due to be online later this year.

Sherin and Lodgen was lenders' counsel.

Based in Avon, Connecticut, Lodestar is a developer of commercial and public sector distributed generation and small-scale utility solar projects. The company has developed and financed more than 40 projects worth over $200 million. ■

RESTRUCTURING

Longview emerges from Chapter 11

Longview Power – the owner of a 700 MW coal-fired plant in Virginia – emerged from its most recent prepackaged Chapter 11 restructuring on July 31.

The company had filed for bankruptcy in April after reaching the deal with its creditors (PFR, 4/14), and Judge **Brendan Shannon** of the **US Bankruptcy Court for the District of Delaware** issued an order confirming the restructuring on May 22 (PFR, 5/28).

As a result of the reorganization, $350 million of secured and subordinated debt has been extinguished, existing equity has been cancelled, and Longview's senior secured debt holders have become its new equity owners.

The new owners have provided a $40 million five-year term loan to support working capital needs.

Advisers on the deal included:

- **Houlihan Lokey** – financial adviser and investment bank to Longview
- **Kirkland & Ellis** – legal adviser to Longview
- **Richards, Layton & Finger** – co-counsel to Longview
- **Faegre Drinker Biddle & Reath** – legal adviser to the creditors
- **Donlin**, **Recano & Co** – bankruptcy claims administrator

It is the second restructuring the Longview project has been through since it was brought online in 2011. The first process was much more drawn out – the company filed for Chapter 11 protection in August 2013 (PFR, 9/3/13) and did not exit bankruptcy until 2015 (PFR, 3/31/15).

"We have state of the art technology and a world class plant staff able to attain and sustain the highest performance from the plant," said Longview CEO **Jeffery Keffer** in a July 31 announcement. "Moreover, we are at the late stages of developing a cutting edge technology combined-cycle gas-fired turbine generation plant and solar facility next to the coal plant."

"We have state of the art technology and a world class plant staff able to attain and sustain the highest performance from the plant"

The 1,200 MW CCGT and 70 MW solar facility have received their final siting certificate from the **West Virginia Public Service Commission** and the CCGT is in the final stages of obtaining an air permit and interconnection agreement from PJM Interconnection, according to the announcement. ■

Crescent Dunes restructuring deal reached with DOE

« FROM PAGE 1

project following the restructuring.

SolarReserve originally financed the construction of the project in September 2011 through a $737 million DOE loan guarantee backing debt provided by the **Federal Financing Bank**. The DOE loan was priced at 2.9% and was scheduled to mature in December 2036.

The plant was brought online in 2015 under a 25-year power purchase agreement with **NV Energy** that was priced at an initial rate of $135/MWh, escalating over time.

However, the project faced several operational difficulties in the subsequent years, including leaks at its hot salt tank, most recently in March 2019.

NV Energy "capitalized on the operational difficulties" to serve a notice of default under the PPA on January 1, 2019, according to a declaration by **Justin Pugh**, managing director at **FTI Consulting**, who is acting as Tonopah's treasurer.

Pugh attributed NV's course of action to the fact that the utility was "eager to free itself" from the terms of a PPA whose price "it no longer viewed as economic."

Tonopah ceased producing power in April 2019 – by which time the price of the PPA had increased to $139/MWh. It has remained idle since then, though the project's management has sought an alternative PPA.

Santander had filed for **Federal Energy Regulatory Commission** approval to sell its shares in the project to co-owner Cobra in February 2019, but the transfer did not take place (PFR, 2/14/19).

The idled plant received a DOE default notice in September 2019 and the PPA was terminated a month later. Cobra, the DOE and the project company began discussing a restructuring earlier this year.

The parties reached an agreement on July 29, whereby the DOE would receive $200 million in cash and a $100 million contingent note that Cobra would guarantee. Tonopah's outstanding project debt totals $432 million as of the bankruptcy court filing.

In return for its liquidity injection, in addition to becoming the sole owner of the project, Cobra has asked that the operations and maintenance contract be reassigned to its affiliate **Cobra Industrial Services**. The existing O&M contract is held by **Marubeni Group** subsidiary **PIC Group**.

The restructuring plan, if approved, would also resolve a long-running dispute between the project and its EPC contractor, **CPI**, which is also an affiliate of Cobra.

Advisers on the restructuring include:

- **Houlihan Lokey** – restructuring adviser
- **Epiq Corporate Restructuring** – restructuring adviser
- **Willkie Farr** – legal counsel
- **Young Conaway** – legal counsel ■

FAST FACT

$139/MWh

The price Crescent Dunes' PPA had escalated to by the time operations were halted due to technical issues in April 2019.

CASE STUDY

Caught in a crosswind: **Aviator, Texas**

Ares Management Corp's 525 MW Aviator wind farm in Texas had to navigate some Covid-related turbulence, but the private equity firm was ultimately able to bring aboard a pair of very different buyers and land the deal safely last month.

Ares demonstrated its full suite of skills by acquiring the super-sized wind farm, putting the finishing touches to the offtake arrangements, procuring turbines, and financing the project in 2019 before selling it on to Michigan-based utility holding company **CMS Energy** and Japan's **Kansai Electric Power Co** in the middle of a global pandemic.

TAKE OFF

Apex Clean Energy originally developed the Aviator project in Coke County under the name Grape Creek Wind before welcoming Ares into the cockpit.

"The project was in late-stage development when Ares-managed funds got involved, with permits mostly secured but the commercial structure not yet in place," says **Keith Derman**, co-head of Ares Infrastructure & Power.

The commercial structure began to take shape in September 2019, when a 200 MW power purchase agreement with **Facebook** was announced (PFR, 9/3/19).

The same month, *PFR* exclusively revealed that **McDonald's USA** would be buying a further 220 MW portion of the project's output (PFR, 9/26/19).

The Facebook PPA places more demands on the project than the McDonald's contract, say deal watchers, who attribute this to Facebook's greater experience with renewable energy procurement. For McDonald's, the Aviator deal was its first PPA in the US.

While Ares and Apex worked together on the negotiation of the PPAs and EPC contract, Ares took the lead on the procurement of turbines – including long-term O&M service – and the financing.

CRUISING ALTITUDE

By the third quarter of last year, **Berkshire Hathaway Energy** had signed a more-than-$400 million tax equity commitment, while **Santander** had agreed to provide construction debt priced at just 87.5 bp over Libor (PFR, 9/17/19).

"It was a large tax equity investment and this is where Berkshire can distinguish itself, because there's a limited audience of people that can put that type of money into a single Ercot project," says a source.

Besides its appetite for whopping deals, Berkshire is also said to be a more nimble tax equity investor than the bulge-bracket investment banks, because its affiliate, **MidAmerican Energy**, owns and operates a massive wind fleet of its own. It is also less worried about concentrated regional or single-site exposure than financial investors have traditionally been, the source adds.

Established relationships between the various financing parties helped the debt and tax equity close without much difficulty. For instance, Berkshire is said to have had a very positive experience with the Ares team on the 430 MW Phoenix wind repowering in Texas in 2018, which was a more complex transaction (PFR, 1/3/19).

Santander, too, had worked before on tax equity take-outs with Berkshire, which gave the underwriter added comfort.

The $456 million Aviator financing package closed on August 30, 2019. It has been shortlisted for *PFR*'s Renewable Energy Deal of the Year.

CCA Group was Ares' financial adviser on the financing, while counsel came from **Latham & Watkins** (Ares), **Winston & Strawn** (lenders), **Husch Blackwell** (local) and **Gibson Dunn** (tax equity). **Sargent and Lundy** was independent engineer.

With the debt financing in place, Ares went in search of buyers for the equity. At a breakfast meeting in late fall of last year, Ares principal **Steve Porto** met **Rajesh Swaminathan**, vice president of business development at CMS Energy's competitive renewables arm, **CMS Enterprises**, and before long CMS was sizing up the project, guided by law firm **Pillsbury** and technical adviser **Black & Veatch**.

TURBULENCE

With CMS interested in the majority equity share, Ares reached out to an investor it had previously brought into its St Joseph combined-cycle gas-fired plant – Japanese regional utility Kansai. It would be Kansai's debut US renewables investment.

Everything was lining up nicely. Then came Covid-19.

"We started doing our diligence and then Covid hit and no one was really sure about what would happen, since it was a cross-border deal and there were tight timelines on the tax equity," says **Mona Dajani**, co-head of Pillsbury's energy and infrastructure projects team.

Things were looking difficult in April and the would-be sponsors had to press pause, talk to their management teams internally and take stock.

"From supply chain to labor issues to financial market turmoil – certain issues that one considers 'run of the mill' suddenly became major risks," says Swaminathan. "I give Ares credit because they worked with us and it wasn't easy."

FINAL DESCENT

The project was well positioned to withstand the chaos, Ares having already accelerated turbine delivery in anticipation of expected supply chain constraints in 2020 – tipped to be one of the biggest ever years for wind deployment in the US.

Another boost came in late May 2020, when the **Internal Revenue Service** extended the safe harbor deadline for wind developers looking to capture the production tax credit (PFR, 5/28).

Working with a 13-hour time difference, the parties shepherded Kansai toward its debut US renewables deal. **Norton Rose Fulbright** served as Kansai's legal counsel. "In the end, there were lots of last-minute changes and we found creative ways of keeping everyone happy," says Pillsbury's Dajani.

"One of the nice things was that Steve [Porto] and I – as well as our teams – had met in person several times in the interim before travel got shut down and so it wasn't difficult to put a face to a name," Swaminathan adds. "We had also visited the site and started diligence before the travel restrictions came in."

The final ownership structure was 51% CMS, 48.5% Kansai and 0.5% Ares Energy Investors Fund V (PFR, 7/10, 7/30).

When its 191 **General Electric** turbines comes online later this month, Aviator will be the largest single-phase, single-site wind project in the US. ■

AES eyes bond to consolidate Panamanian opco debt

AES Corp is preparing a bond issue that will consolidate the debt of its Panamanian operating subsidiaries into one special purpose vehicle.

The issuing vehicle, rated Baa3/BBB- and known as **AES Panama Generation Holdings**, has hired **Citi**, **JP Morgan** and **Scotiabank** as global coordinators on the proposed $1.381 billion senior secured dual tranche 144A/Reg S bond.

Investor calls began on August 3. **Credit Suisse** and **Banco General**, Panama's largest bank, are joint bookrunners.

AES intends to sell $830 million of 10-year and $553 million of seven-year bonds, according to rating agency reports. These will rank *pari passu* with a $104.5 million three-year amortizing loan.

The proceeds will be distributed to AES generation and LNG subsidiaries **AES Panama**, **AES Changuinola**, **Gas Natural Atlántico** and the Costa Norte LNG Terminal through intercompany loans and used to refinance outstanding debt owed by them.

AES Corp's shares in the opcos will be held in a trust as collateral for the bonds.

The issuer is also taking out a $50 million committed credit facility with several banks that would make payments on the new bonds should there be a default on the intercompany loans.

In this case, "the issuer would repay the credit facility with dividends drawn from AES Corp's shares in the trust and no dividends could be [paid] to AES Corp until the credit facility is fully repaid," explained **Fitch Ratings** analysts on August 3.

Fitch expects AES Panama Generation Holdings' gross leverage to fall from 6.5 times in 2019 to 3.6 times in 2023 due to debt amortizations, price step-ups on power purchase agreements, and increased storage fees at the Costa Norte LNG terminal.

"The company's portfolio diversification — which includes hydro, LNG and renewables — and its strong market position, with approximately 37% of Panama's electricity generation, add stability to its expected robust cash flows," said the rating agency.

AES Panama, one of the operating subsidiaries, sold $300 million of seven-year bonds at 6% in June 2015 via **Deutsche Bank** and Banco General and then tapped the notes for $75 million in September 2016. These bonds are being called at 101.50, according to *MarketAxess*. ■

New Fortress Energy plans term loan refi

« FROM PAGE 1

Fortress Investment Group – on August 3.

The ratings agencies also assigned B+/B1 ratings to New Fortress's existing $800 million three-year senior secured term loan.

The existing loan – priced at 625 bp over Libor with a 1.5% Libor floor and annual step-ups – was provided by funds managed by **Apollo Global Management** in January.

New Fortress plans to refinance those notes with a new five-year deal, the firm's CFO **Christopher Guinta** announced on the company's second quarter earnings call.

The **Nasdaq**-listed company expects the refinancing to save it $25 million a year in interest payments.

New Fortress has around $980 million in debt, on which it is paying around 8.4%, said the company's CEO **Wesley Edens**.

New Fortress will be hoping the deal fares better than the company's first attempted foray into the leveraged loan market in 2019.

The firm tapped bookrunner **Morgan Stanley** in early 2019 to put together the $850 million term loan B (PFR, 2/22/19). The bulge-bracket bank had also been one of the bookrunners on New Fortress's IPO in January 2019.

The term loan B would have refinanced a $500 million loan that was due to mature that year, although two six-month extension options could have been used to push the due date out to 2020.

"We estimate NFE to generate at least 40% of its operating margin in 2021 from emerging countries with credit quality in the speculative grade categories"

Moody's and S&P had initially assigned B2/B ratings to the 2019 offering, but by early March, the $850 million deal had been downsized to $500 million.

"We are concerned that such a reduction in the size of the loan will significantly weaken the company's liquidity position in 2019 and will put immediate pressure on the company's credit profile," Moody's analysts noted on March 12.

In the end, the deal never materialized and New Fortress announced that it would postpone the deal, since it could not secure favorable terms.

The price talk on the abortive deal had been 500 bp with a 0% index floor and an original issue discount of 98 – well inside the 625 bp margin New Fortress would pay on the loan it secured from Apollo the following year.

EMERGING MARKETS

Alongside its downstream LNG operations in Jamaica, Puerto Rico and in the continental US, New Fortress is also forging ahead with greenfield LNG-to-power plants in Nicaragua and Mexico. Construction on the 300 MW Puerto Sandino facility in Nicaragua is expected to finish by December (PFR, 2/18).

Meanwhile, New Fortress expects to ship three gas turbines to its La Paz LNG regasification terminal in Baja California Sur, Mexico, where the company is developing an up-to 135 MW mobile power plant, on October 1.

"We estimate NFE to generate at least 40% of its operating margin in 2021 from emerging countries with credit quality in the speculative grade categories," noted S&P analysts on August 3. ■

LATIN AMERICA MERGERS & ACQUISITIONS

Investors eye wave of M&A in Mexico in the fall

« FROM PAGE 1 outbreak hit the country, with several financial closes delayed by months.

Meanwhile, a raft of government policies perceived as hostile to renewables have put further pressure on Mexico's renewable energy industry since May. Although two of the key planks of the government's policy have been temporarily suspended, its attitude toward renewable energy and private investment has left many investors worried.

Some are now reviewing whether to move forward with previously planned processes, such as **Bravos Energia**'s private power auction (PFR, 7/23), and developers are said to be considering whether to sell their assets in the country, which could lead to a wave of distressed assets hitting the market at low prices, starting in September.

One deal watcher in Mexico City says that as long as President **Andrés Manuel López Obrador**'s administration remains in power, private foreign investment will be under threat.

In late June, Spain's **Iberdrola** canceled the development of a combined-cycle gas-fired project in Tuxpan, Veracruz, because of disagreements with the state-owned **Comisión Federal de Electricidad** (CFE). The 1,204 MW facility was expected to require an investment of $1.2 billion. The decision came after months of remarks aimed at private developers by President López Obrador, who claims they charge unfair prices.

The sponsor could not agree with CFE on the terms of gas supply contracts, says the deal watcher.

Not all investors will rush to sell their projects, says a second market participant, though some may be forced to if the country loses its investment grade sovereign credit rating, which many expect to occur in 2021.

"By this fall, institutional investors will have to make decisions regarding their portfolio," adds the second source.

A third observer, in New York, agrees that investors will try to sell their projects, but is skeptical about deals getting done, saying that there won't be many interested buyers. ■

Omega buys wind farms from Eletrobras

Brazilian renewable energy company **Omega Geração** has signed a binding offer to acquire a portfolio of wind farms totaling 582.8 MW from state-controlled **Eletrobras**.

The assets are a 78% stake in the 402 MW Santa Vitória do Palmar project and 99.99% stakes in the following projects:

- ◆ Hermenegildo I – 57.3 MW
- ◆ Hermenegildo II – 57.3 MW
- ◆ Hermenegildo III – 48.3 MW
- ◆ Chuí IX – 17.9 MW

The transaction, which follows an auction launched by Eletrobras in July 2019 (PFR, 7/31/19), values the assets at R$1.524 billion ($294.77 million), including debt.

Omega is paying R$1.011 billion for the 78% stake in Santa Vitória do Palmar, including the assumption of R$577.2 million in debt, subject to adjustments.

The enterprise value of the other four assets is R$512.7 million, of which R$378.7 million is debt.

Omega has also signed an agreement with **Brave Winds**, which owns the remaining 22% of Santa Vitória do Palmar, to buy the remaining stake in that project for 3.2 million of its own shares.

Located in the state of Rio Grande do Sul, all of the projects have been operational since 2015 and have bilateral PPAs in the so-called free market.

With the acquisition, Omega will reach 1,777.7 MW of operational capacity. ■

Atlantica invests in Chile solar asset

Algonquin Power and Utilities' yield company **Atlantica Yield** has acquired an operational solar asset in Chile.

The yieldco's stake in the 55 MW project is 36%, according to its second quarter earnings report, which was released on August 3.

The company brought local Chilean financial partners into the deal as co-investors through a newly established renewable energy growth platform.

The acquisition closed in April. Spokespeople for Atlantica in Madrid declined to provide further details.

The project is listed on Atlantica's website as San Pedro PV I. **Rijn Capital** developed the San Pedro complex in Antofagasta and financed it with a $75.63 million 18-year term loan from **Corpbanca** in 2015.

It is Altantica's only solar investment in Chile, though the yieldco does own several transmission lines in the country. ■

LATIN AMERICA PROJECT FINANCE

EPM to develop hydro asset in Colombia

Colombia's **Empresas Públicas de Medellín** (EPM) has begun the permitting process for a 100 MW hydro project in the department of Antioquía.

Located in the municipality of Urrao, the El Sireno project will require an investment of Ps1,279 billion ($342.16 million), according to filings with Colombia's **National Authority of Environmental Licenses** (ANLA).

EPM submitted the environmental paperwork to ANLA on July 28.

EPM owns other hydro assets in the country, such as a 32.99% stake in the 19 MW Rio Aures plant in Antioquía.

The company had tried to sell its interest in this asset in October, in the wake of the natural disaster that halted the construction of the 2.4 GW Ituango project (PFR, 10/30/19). However, EPM received no offers during the first stage of its public offering of shares in the project, which ended in January.

Meanwhile, the firm is in the process of taking control of utility **CaribeMar**, a portion of power distributor **Electricaribe**. EPM is expected to start operating the company by the end of September (PFR, 7/14). ■

Mexico's CFE plans solar entrance

Mexico's state-owned **Comisión Federal de Electricidad** (CFE) has begun the permitting process to develop a 350 MW solar plant, after months of reforms to limit renewable energy asset development.

The Cerro Prieto project will be located on the same site as CFE's 820 MW Cerro Prieto geothermal asset near Mexicali, in the state of Baja California. The facility will be built in two phases:

- 150 MW – Cerro Prieto II
- 200 MW – Cerro Prieto III

CFE submitted environmental paperwork for the solar facility with Mexico's **Secretariat of Environment and Natural Resources** on July 16.

Construction for each phase is expected to take 12 months, with the first portion coming online in May of 2023. The second phase's COD is penciled for May 2029, according to the paperwork.

If the project is built, CFE will be entering the solar market for the first time. However, a deal watcher in Mexico City remains skeptical. "I don't think they will build those plants. It's all media noise."

The filing comes only two months after the administration released several reforms that paused the development of wind and solar assets. The government claimed that the measures would protect the grid's stability, which was at risk because of the intermittency of renewable projects and the lower power demands due to Covid-19 (PFR, 5/21).

Although the policies are now temporarily suspended, the administration has a track record of choosing gas- and coal-fired assets over renewable energy projects. But even those gas-fired projects were put on pause when CFE canceled four greenfield power plant tenders due to Mexico's policy of non-indebtedness (PFR, 7/16).

A week later, CFE announced it would acquire plants to increase its generation capacity (PFR, 7/27). ■

Offshore wind a step closer in Brazil

Brazilian-Italian company **BI Energia** is edging closer to building one of the first offshore wind farms in Brazil.

Despite being the fifth-largest country in the world by territory – meaning plenty of land and a fairly clean energy mix – Brazil does not have any operational offshore wind farms.

However, environmental paperwork for seven offshore wind parks filed with the **National Institute of Environment and Renewable Natural Resources** (Ibama) is making its way through the permitting process. Two of these applications are from BI Energia.

The company is developing the 1.2 GW Camocim project and the more advanced-stage 576 MW Caucaia facility. Its request for the first step to get the environmental license was filed in early July.

Lúcio Bomfim, who co-founded BI Energia with Italy's **Imprese e Sviluppo**, said that Caucaia was already granted the pre-licensing. Now, the company will develop the executive project over the next 12 months to determine the exact number of turbines and their location, and will detail the plans for the offshore substations too.

BI Energia is about to close an agreement with an engineering, procurement and construction contractor, which will build the almost 600 MW farm. The parties have inked an MoU and should sign the contract within a few weeks. The contractor, which has experience with offshore wind in Europe, will also have equity in the project.

Expectations are that Caucaia will be built by 2024 and become operational the following year. Total costs are expected to be around €1.2 billion ($1.41 billion). Caucaia is projected to comprise 48 offshore turbines and 11 semi-offshore turbines.

The 1.2 GW Camocim project, meanwhile, followed conversations with investors who wanted large-scale assets. It will also be co-developed by an EPC contractor, which has yet to be chosen.

Camocim's costs will total around €2 billion ($2.35 billion).

Both Caucaia and Camocim are located in the state of Ceará. BI Energia aims at contracting part of the electricity generated in the regulated market, through power auctions and the so-called free-market, with bilateral power purchase agreements. These expectations, however, still depend on a government decision as to how to include offshore wind in its pipeline, since no such project in the country has ever participated in an auction.

"Our business model is not just to develop the project and sell it, but we do not have the financial capacity to build it ourselves. Hence, we aim at having equity partners, but keeping some share of the projects, if possible," Bomfim said.

"This is the start of an industry, it is a unique moment for the sector," he added. ■

MORE ONLINE

Chile to accelerate decarbonization plans

Chile's **Chamber of Deputies** is moving forward with a bill to prohibit the development and operation of coal-fired plants by 2025, accelerating President **Sebastián Piñera's** decarbonization plan.

Tierra del Fuego wind farm nears completion

Chile's **National Oil Company** (ENAP) and **Pecket Energy**, a subsidiary of **Ingeniería Civil Vicente**, are aiming to bring a 10.35 MW wind farm online in the country's southernmost region in August.

GreenYellow invests in Colombian solar

GreenYellow, a subsidiary of French supermarket chain **Casino**, is developing a 12 MW (DC) solar project in Colombia called Pétalo de Córdoba I – one of 11 assets the company expects to develop by 2021.

LATIN AMERICA PROJECT FINANCE

Argentina pushes back deadline for RenovAr contracts

Argentina's **Secretariat of Energy** has pushed back the deadline to sign the last power purchase agreements awarded during the third round of its renewable procurement program, RenovAr.

The auction – known as "MiniRen" because it was focused on small-scale renewable projects – took place in July 2019. At the time, 38 renewable projects totaling 259 MW were awarded PPAs, and most signed their contracts with wholesale power administrator **Cammesa** by the January 24, 2020 deadline (PFR, 1/27).

For those that didn't, the administration provided an extension until June 30.

However, the Secretariat has now pushed the deadline back again, this time to November 30, citing the pandemic. If developers do not sign contracts by the new date, they will lose the PPAs.

Lack of financing and guarantees for the projects have previously been cited as reasons for postponing the PPA deadlines.

With the latest measure – adopted on August 3 – developers will avoid further fees.

The delay came as Argentina managed to strike a deal with its creditors to restructure $65 billion in sovereign bonds, which could bring more stability to the country and open up the market for the financing of power projects.

Although private sector project finance lenders have mostly been unwilling to lend against assets in Argentina in recent months, several projects have reached financial close with funds from development finance institutions and loans wrapped by export credit agencies (PFR, 1/24). ■

Enel secures hydro PPA in Guatemala

Enel Green Power has inked a 10-year power purchase agreement with Guatemala's power distributor **Comercializadora de Energia para el Desarrollo** (CED), which is owned by food and energy conglomerate **Grupo Magdalena**.

The sponsor will supply 1.26 TWh to CED's customers in the agricultural, steel and textile industries.

The power will come from Enel's 164 MW hydro portfolio in the country, which comprises five assets:

- 12 MW – Matanzas
- 4 MW – San Isidro
- 47 MW – El Canadá
- 13 MW – Montecristo
- 87 MW – Palo Viejo

The Matanzas and San Isidro units, located in the department of Baja Verapaz, are fulfilling another PPA, inked in April, with distribution company **Empresa Eléctrica de Guatemala** (EEGSA) for 42 GWh per year (PFR, 4/22).

The Matanzas facility was brought online in 2002 and previously had a 17-year PPA with state-owned utility **Instituto Nacional de Electricidad** (INDE).

The El Canadá and Montecristo assets are located in the department of Quetzaltenango, while the Palo Viejo asset is in the Quiche department.

CED also receives power from its parent company Grupo Magdalena, the country's third-largest energy generator. The Enel and Magdalena power plants will complement each other, said the Italian developer in a statement on July 31.

While Magdalena will mainly supply CED's customers with power from biomass sources between late November and mid-April – the harvest season in Guatemala – Enel's hydro plants will generate more electricity in the rainy season between May and November. ■

FUND NEWS

Kayne launches renewables-focused mutual fund

Kayne Anderson Capital Advisors has launched Kayne Anderson Renewable Infrastructure Fund (KARIX), an open-ended mutual fund that will target companies that own, operate, and develop renewable energy assets.

KARIX will invest at least 80% of its net assets in companies involved in business activities related to renewable energy production, storage, and transmission. Target companies may also be working on energy conservation, water infrastructure, conventional power generation, and the sale, distribution, transmission, and marketing of electricity, according to the announcement.

> *"These are not companies that manufacture or develop renewable technologies, these are the hard assets in the renewable sector"*

"These are not companies that manufacture or develop renewable technologies, these are the hard assets in the renewable sector, with steady cash flows that we believe are well positioned to benefit from the unprecedented growth and secular tail winds driving the growth of renewable infrastructure," said **JC Frey**, co-head of Kayne's renewable platform in an August 3 announcement.

It is Kayne's first mutual fund, though the Los Angeles-based investment manager has been investing in listed renewable infrastructure companies for the past seven years.

The company also recently renamed its master limited partnership from **Kayne Anderson MPL/Midstream Investment Co** to **Kayne Anderson Energy Infrastructure Fund** as it seeks to branch out from midstream energy into renewables and utilities.

Kayne made its debut renewable energy investments last year, making plays across the capital stack in solar (PFR, 7/7, PFR, 7/9). ■

Leadership reshuffle at Capital Power

Canadian independent power producer Capital Power has appointed a new CFO as it rejiggers its senior management team.

The new CFO, **Sandra Haskins**, was the company's vice president of finance and treasury for the last three years, during which time the company raised $1.2 billion in debt and equity. She has been with the Alberta-based firm for 11 years.

She takes the reins from the previous CFO of five years, **Bryan DeNeve**, who is switching roles to take up the post of senior vice president for business development and commercial services. **Mark Zimmerman**, who previously occupied this position, stepped down effective July 30.

OFFTAKERS WANTED

Meanwhile, the company is proceeding with the development of its first Canadian solar project – the 40.5 MW Strathmore plant in Alberta – for which it is courting potential offtakers. Strathmore is expected to cost between C$50 million and C$55 million ($37 million and $41 million).

The IPP is also searching for customers for the second and third phases of its Whitla wind farm in Alberta. The 202 MW first phase came online in County of Forty Mile under a 20-year contract with **AESO** in December 2019 (PFR, 12/14/17).

"We continued to make progress on our annual $500 million committed capital for growth target by announcing in June that we are proceeding with phase 3 of the Whitla Wind facility," said **Brian Vaasjo**, the company's president and CEO in a July 30 earnings announcement. "Once all three phases of the facility are completed at the end of 2021, it will be Alberta's largest wind facility with 353 MW of generation capacity."

Vestas is supplying the turbines for the Whitla complex. The 97 MW second phase is expected to cost C$165 million ($123 million) and come online in the fourth quarter of 2021. ■

Dominion picks successor to long-time CEO Farrell

Dominion Energy has reshuffled its top leadership team as long-serving CEO **Thomas Farrell** is appointed executive chairman.

Farrell, who has been with the company since 1995, became its president and CEO in 2006, and added the role of chairman in 2007, takes up his new title on October 1.

"One of my goals as CEO was to build a strong leadership team and a long-term succession plan," said Farrell. "Today's announcement is the next step in that process."

Taking the mantle as president and CEO will be **Robert Blue**, whose present title is executive vice president and co-chief operations officer alongside **Diane Leopold**, who will become the company's sole COO.

Blue joined Dominion in 2005 and has held several executive roles, including president of **Dominion Virginia Power**.

Edward Baine, senior vice president of power delivery, will also be promoted to president of **Dominion Energy Virginia**, reporting to Leopold. Succeeding him in the power delivery seat is **Charlene Whitfield**, the current vice president of distribution operations.

Baine joined the company around the same time as Farrell in 1995 and has served in numerous engineering, operational and management positions. He assumed his current role as senior vice president of power delivery for Dominion Energy Virginia in 2019.

Whitfield, who joined Dominion in 1982, will oversee Dominion Energy Virginia's electric transmission, distribution and customer solutions business. ■

JERA appoints Americas CEO

Steven Winn has been named CEO of power and fuel company **JERA Americas** after JERA's board approved the promotion on July 28. The appointment was effective August 1.

Winn had been chief development officer at JERA Americas since 2017. He started his career as a manager at **General Electric**, later joining **Salomon Brothers** as a vice president and then **Lehman Brothers** as a director. He has also served as an executive vice president at **NRG Energy**.

Among JERA's power project investments in the US is the 1,100 MW Cricket Valley Energy Center combined-cycle gas-fired project in Dover, New York, which began commercial operations on April 17.

JERA is the project's largest shareholder, having invested in January 2017.

Two of the other owners of the project, **Nuveen** and **BlackRock Financial Management**, attempted to sell their combined 28.8% stake last year, but to no avail (PFR, 2/21).

A refinancing of the project was expected to take place once the project reached commercial operations. ■

Finance official seconded to Innergex from Hydro-Québec

Hydro-Québec's **Isabelle Bedard** has been seconded to **Innergex Renewable Energy** as a finance and M&A director as part of strategic alliance between the two companies.

Bedard had been working at Hydro-Québec for two decades before the secondment, which took effect in July. She now reports to **Nikolaos Nikolaidis**, senior director of finance and M&A at Innergex.

For the past five years, she had been working in business development and acquisition-related roles, most recently as senior adviser on commercial projects.

Her experience also includes an eight-year spell at **TransÉnergie**, Hydro-Québec's transmission subsidiary.

Under a three-year joint venture contract, Hydro-Québec and Innergex have agreed to present co-investment opportunities to each another across various renewable energy technologies outside of Québec (PFR, 2/6). ■

PEOPLE & FIRMS

Credit Suisse merges infra and power, oil and gas groups

Credit Suisse has combined its infrastructure, utilities and renewables group (GIUR) with its oil and gas group to form a new global investment banking team covering energy and infrastructure.

The merged team will be led jointly by **Jonathan Kaufman** – from the GIUR side and based in New York – and **Tom Greenberg** – a senior oil and gas banker based in Toronto.

They will report to **Malcom Price**, the Swiss investment bank's head of coverage and advisory.

The reorganization of the two groups was announced in an internal memo, a copy of which was obtained by *PFR*. A spokesperson for the firm in New York confirmed the authenticity of the memo.

Reporting to the new co-heads of the energy and infrastructure group are:

- **Brian McCabe,** a Houston-based oil and gas banker, who is being appointed as global head of energy
- **Craig Edgar**, who remains in his post as vice chairman of power, utilities and infrastructure in New York.
- **Jim Peterkin**, regional head of oil and gas investment banking for EMEA in London
- **Luke Gorton**, a managing director covering infrastructure in EMEA out of London
- **Niccolo Avanzo**, a London-based director

The three London-based bankers will also continue to report to their regional supervisors, according to the memo.

Credit Suisse's global oil and gas business was previously led jointly by Greenberg, McCabe and **Tim Perry**. As part of the reorganization, Perry has been elevated to co-chairman of global energy alongside **Osmar Abib**. Perry and Abib report directly to Price.

Credit Suisse's power and infrastructure team was rebranded in January to place more emphasis on non-energy infrastructure (PFR, 1/8). The push into these sectors was being led by Gorton in EMEA and Toronto-based managing director **Michael Comisarow** in the Americas. ■

Plastina surfaces at CIC

Senior project finance banker **Ren Plastina** has emerged in a new role at **Crédit Industriel et Commercial** in New York.

Plastina started at the French firm on August 3 as a managing director, reporting to **Mark Palin**, who leads the structured finance group as first vice president.

In his new role, Plastina will cover infrastructure and power project finance across the Americas, from Canada to South America, with the aim of steadily growing CIC's existing portfolio, says a source.

Deals in which CIC has taken tickets in recent years include:

- **Boralex**'s C$617.5 million refinancing of two contracted wind farms in Québec in 2016 (PFR, 5/5/16)
- **Avenue Capital Group**'s $246.5 million acquisition financing for a 524 MW portfolio of gas-fired projects in California in November 2018 (PFR, 11/14/18)
- **Diamond Generating Corp**'s $600 million refinancing of its 800 MW Sentinel Energy Center gas-fired project in California in September 2019 (PFR, 10/9/19)
- **Antin Infrasturcture Partners**' $770 million acquisition financing for **Veolia**'s **District Energy Networks**, now known as **Vicinity Energy**, at the end of 2019 (PFR, 6/4)

Plastina left his previous position in **Investec**'s North American power and infrastructure finance team in June (PFR, 6/15). He had been with the South African bank since late 2017, focusing on distributed energy and clean tech.

He has also worked at **CIT Bank**, **BNP Paribas** and **AIG**-backed asset manager **Varagon Capital Partners** (PFR, 6/13/14, 12/18/17). ■

NEWS IN BRIEF

SAFARI BAGS GEORGIA SOLAR ASSETS

PPL Corp's distributed generation subsidiary, **Safari Energy**, has acquired a 43 MW portfolio of 13 solar projects in Georgia from developer **SolAmerica Energy**. The projects have long-term power purchase agreements with **Georgia Power**.

ENTERGY REACHES DEAL OVER TEXAS CCGT

Entergy Texas has struck a deal to buy the 146 MW Hardin County Peaking Facility from the **East Texas Electric Cooperative** and sell the co-op an interest in the 993 MW Montgomery County combined-cycle project it is developing in Willis.

ENERGY EFFICIENCY FIRM ROPES IN ARES

Ares Management Corp has provided a financing commitment to Boston-based energy efficiency and on-site clean power company **RENEW Energy Partners** and the two firms have formed a joint acquisition vehicle that has begun to initiate projects.

MAINE OFFSHORE WIND PILOT ON HORIZON

Mitsubishi Corp subsidiary **Diamond Offshore Wind** has formed a joint venture with **RWE Renewables** to build the 12 MW New England Aqua Ventus I floating offshore wind project off coastal Maine at a cost of $100 million.

CHEVRON, ALGONQUIN IN SOLAR ALLIANCE

Chevron USA and **Algonquin Power & Utilities Corp** have agreed to co-develop 500 MW of solar projects to power Chevron's operations around the world. The two companies aim to begin construction in 2021 at Permian Basin sites in Texas.

For in-depth coverage of all this and more, visit www.powerfinancerisk.com. ■

QUOTE OF THE WEEK

"From supply chain to labor issues to financial market turmoil – certain issues that one considers 'run of the mill' suddenly became major risks"

Rajesh Swaminathan, vice president of business development at **CMS Enterprises**, on closing the Aviator wind acquisition during the height of the Covid pandemic (see story, page 10).

