

Power Finance & Risk

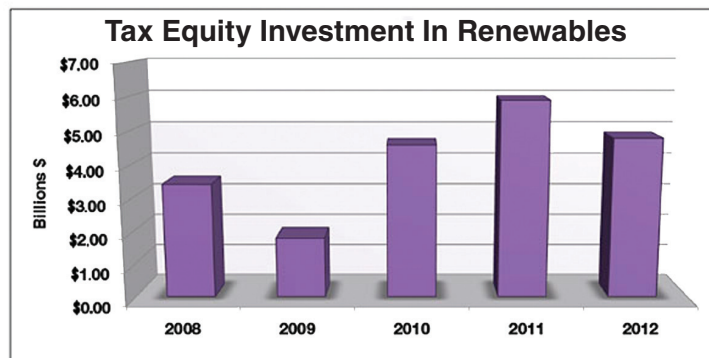
The weekly issue from **Power Intelligence**

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State Street Plots Tax Equity Plays

State Street Global Advisors is looking to make tax equity investments in renewable projects. The Boston-based financial services behemoth, which manages more than \$1.9 trillion in assets globally, is looking to come in on deals with **JPMorgan**.

The firm is working with JPMorgan's energy investment team headed by **John Eber**. Under Eber's direction, JPMorgan—and predecessor **Bank One**—has been the most active tax equity investor in renewable generation for several years. **Bloomberg**, Virginia-based rail transportation company **Norfolk Southern**, **Detroit Edison** and **Liberty Media** are also on the verge of closing tax equity deals, according to one deal watcher. In addition, representatives of **Google**, **Facebook**, **John Deere**, **Chevron**, **Intel** and others attended a meeting at the White House in March



Source: Power Intelligence via JPMorgan

(continued on page 11)

THE BUZZ

Generation M&A continues to be largely driven by companies that need to sell, be it power purchase agreement maturities, distressed situations or funds moving to return money to shareholders. Pure play opportunistic auctions that follow the maxim “buy low and sell high” are few and far between as the murky conditions that have beset the market over the last few years persist.

Rockland Capital, **John Hancock Life Insurance** and **Atlantic Power Co.** are looking to sell the 400 MW Gregory gas-fired cogeneration facility in Texas in the run-up to the maturity of its five-year PPAs. Selling now allows buyers to decide whether to make a merchant ERCOT play or to seek another PPA, rather than be locked into a decision made by the current owners.

For PFR's take on the rest of the market, see page 2.

Panda Readies Second Texas Financing

Panda Power Funds is targeting another gas-fired project debt financing in Texas this year, after wrapping a deal last month. It has mandated **Credit Suisse** and **Goldman Sachs** to lead financing for its \$520 million, 758 MW Sherman combined cycle project in Sherman.

That Panda is angling to wrap two gas-fired financings in a six months span is partially due to appetite in the institutional market for power projects and a broader market interest in the future demand in ERCOT.

Panda will be scouting for roughly the same amount it lined up, \$340.16 million, for its 758 MW Temple project, says a deal watcher. The amount of debt sought could be a little lower than Temple given the structure of the loan and the expected

(continued on page 11)

Editor's Podcast

Tune in for our monthly podcast and listen to the *PI* team highlight the big stories in July.



Visit the community section of www.powerintelligence.com.

New Project Finance Loans

We've added updates to our weekly round-up of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

Generation Sale ■ DATABASE

Get the rundown on the latest asset trades in *PI*'s weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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THE BUZZ

Public Service Company of Colorado is buying three gas-fired facilities from bankruptcy-protected **Bicent Power** in Colorado for \$75 million, thus sustaining a trend of regulated companies putting assets into ratebase. Utilities or cooperatives from the Southeast to Texas and the Midwest have been active buyers in the last the last year: **CPS Energy** bought Rio Nogales in Texas, **Wisconsin Power & Light** bought Riverside and **Arkansas Electric Cooperative Corp.** is buying Hot Spring. It's a comparatively inexpensive way to plan for future power demand.

In project finance, solar securitization is one of the new funding options industry officials have been scoping out for power and transmission projects since the bank market began to contract starting in 2008. Sterling sponsors with large pools of relationship lenders have managed to make some novel structures come to fruition, even if they are only one-offs. **GE Energy Financial Services**, **Caithness Energy**, **LS Power**, **Terra-Gen Power** and **Hunt Consolidated** have been among the shops that have successfully tapped the private placement market, arranged real estate investment trusts or sold pass-through certificates to fund project development. The securitization of solar assets, a potential alternative that has been on the table for a few years ([PI, 10/29/2010](#)), continues to elude the market, however.

A lack of standardization in paperwork and historical data are just a few of the hurdles faced by developers and financiers looking to pool dozens or hundreds of residential and commercial installations into securities, according to officials that gathered at a roundtable in New York last week (see story, page 9). Although the deal has been a long time coming, a continually strained, and shrinking, bank market and expiring federal subsidies are causing developers, financiers and their attorneys to persevere in their search for the next funding resource.

TELL US WHAT YOU THINK!

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 **Sara Rosner**, managing editor, at (212) 224-3165 or srosner@iintelligence.com.

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GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comments
▶ Bicent Power	BIV Generation (147 MW CCGT) Colorado Power Partners (90 MW CCGT)	Brush, Colo. Brush, Colo.		A unit of Xcel is buying the facilities (see story, page 6).
Duke Energy	Various (7.5 GW Coal, Gas, Oil)	Ill., Ohio, Pa.	Citigroup, Morgan Stanley	Recently retained two banks to run the sale (PI, 7/27).
EQT Infrastructure Fund, Fortistar	Midland (1.56 GW Gas Cogen)	Midland, Mich.	Credit Suisse, Royal Bank of Canada	Teasers went out this month (PI, 7/23).
Edison Mission Group	Beaver Valley (Stake, Nuclear)	Shippingport, Pa.	TBA	FirstEnergy is buying out EME's stake as a lessor (PI, 7/23).
Edison Mission Group	Homer City (1.884 GW Coal)	Homer City, Pa.	Barclays	Looking to exit the facility as its lessee (PI, 3/12).
Energy Investors Funds	Rathdrum (275 MW Gas-fired) Plains End 1 & 2 (228.6 MW Gas-fired) Stakes (245 MW Cottage Grove Gas-fired) Stakes (249 MW Whitewater Gas-fired)	Rathdrum, Idaho Arvada, Colo. Cottage Grove, Minn. Whitewater, Wis.	Scotiabank	Teasers went out late in the week of 7/31 (PI, 8/6).
Exelon	Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal)	Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md.	Citigroup, Goldman Sachs	Second round set for July 19 (PI, 7/3).
Finavera Wind Energy	Wildmare (77 MW Wind development project)	British Columbia	None	Innergex is buying the project (PI, 8/6).
GDF Suez Energy North America	Hot Spring (746 MW CCGT)	Malvern, Ark.	UBS	Arkansas Electric Co-Op has reached an agreement with the state over the fuel agreement; on track to finalize purchase (PI, 8/6).
GSO Capital, Starwood Energy, Tyr Energy	Vaca Dixon (49 MW Peaker) Panoche (49 MW Peaker) Border (49 MW) Enterprise (49 MW)	Vacaville, Calif. Firebaugh, Calif. San Diego, Calif. Escondido	Scotiabank	The portfolio sale will launch soon (PI, 5/28).
GSO Capital, Strategic Value Partners	San Joaquin (48 MW)	Lathrop, Calif.		San Joaquin, from Bicent, is part of the Cal Peak sale (PI, 7/3).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) Senate (150 MW Wind) Minonk (200 MW Wind)	Pocahontas County, Iowa Blair County, Pa. Texas Illinois	JPMorgan	Algonquin Power & Utilities a controlling interest in the four projects
Harbert Power	Hanford (95 MW Gas-fired) Henrietta (97 MW Gas-fired) Tracy (314 MW Gas-fired)	Kings County, Calif. Kings County, Calif. Stockton, Calif.	Morgan Stanley, Merit rs Capital Adviso	July 13 pegged for first round bids (PI, 7/3).
Hydromega Group of Companies	Various (Hydro)	Ontario, Quebec	None	Innergex is buying a majority stake in one and has the intent to buy six more (PI, 8/6).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	CIBC	GDF has tagged CIBC on the sale (PI, 6/25).
Iberdrola Renewables	Various (wind, solar)	Various	JPMorgan, Blackstone	The Spain-based parent is driving the sale of 700 MW of spinning wind plus wind, solar development assets (PI, 7/16).
Iberdrola Renewables	Klamath (636 MW CoGen)	Klamath Falls, Ore.	Royal Bank of Canada	First round bids are in (PI, 6/4).
LS Power	Blythe (507 MW CCGT)	Blythe, Calif.	Credit Suisse	LS is looking to flip the plant it bought in a portfolio in the fall (PI, 4/16).
LS Power	Bluegrass (495 MW Gas Simple Cycle)	LaGrange, Ken.	TBA	Kentucky Utilities, LG&E cease the process to buy (PI, 7/3).
Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Bidders are in due diligence (PI, 6/18).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	The facility has drawn utility eyes (PI, 7/16)).
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (PI, 3/5).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas-fired)	Brooklyn, N.Y.	Credit Suisse	High competition for the facility as management presentations get underway (PI, 7/27).
RES Americas	Various (Wind development assets)	North Dakota	None	Has had informal talks with a prospective buyer (PI, 7/16).
▶ Rockland Capital, John Hancock Life Insurance and Atlantic Power Corp.	Gregory Power Partners (400 MW CCGT Cogen)	Gregory, Texas	TBA	Rockland has been listening to pitches from prospective advisors (see story, page 6).
Starwood Energy	Neptune (65-mile Transmission)	Sayreville, N.J. to Long Island, N.Y.	Barclays	Recently hired Barclays to run the sale (PI, 6/11).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial County, Calif	Royal Bank of Canada	Tenaska is looking to bring in a minority owner that has tax appetite (PI, 6/4).
Western Wind Energy Corp.	Windstar (120 MW Wind)		TBA	The company taking ibank pitches as it looks to sell itself as investors want to exit (PI, 8/6)
	Windridge (4.5 MW Wind) Mesa (30 MW Wind) Kingman (10.5 MW Wind, Solar) Yabucoa (30 MW Solar)	California California Arizona Puerto Rico		
Wind Capital Group	Various (1.3 GW Wind development)	Various	Energy Advisory Partners	Put the pipeline on the block as a way to raise capital (PI, 5/7).

▶ 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 Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@iintelligence.com.

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Gener	Cochrane (532 MW Coal)	Chile	TBA	TBA	\$1B	TBA	Sponsor taps HSBC as financial advisor ahead of deal and eyes equity (PI, 6/11).
	Alta Maipo (531 MW Hydro)	Chile	TBA	TBA	TBA	TBA	IFC, IDB and OPIC are participating in multilateral tranche. Sponsor also talking to commercial lenders (PI, 7/2).
AES Solar, 8minutenergy Renewables	Mount Signal (200 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	\$700M	TBA	Mandates expected soon (PI, 5/21).
BP, Sempra	Flat Ridge 2 (419 MW Wind)	Wichita, Kan.	Banco Santander, BTM, Prudential Financial	TBA	\$500-600M	TBA	The deal will hit the market next month. Structure will include bonds (See story, page 5).
	Mehoopany (141 MW Wind)	Wyoming County, Penn.	BTMU, CoBank, Mizuho	TBA	\$200M	18-yr	Project wraps in Q2.
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound,	Barclays	TBA	TBA	TBA	Financing to be re-ignited (PI, 4/16).
Cogentrix	Portsmouth (110 MW Coal)	Portsmouth, Va.	RBC, Scotia	Refi	\$120M	5-yr	Sponsor tags RBC to lead refi, with Scotia as co-lead (PI, 5/7).
Competitive Power Ventures	St. Charles (650 MW Gas)	Charles County, Md.	TBA	TBA	\$500M		Sponsor talking with banks for a club deal (PI, 7/9).
Dalkia Canada, Fengate Capital	Ft. St. James (33 MW Biomass)	Ft. St. James, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
	Merritt (33 MW Biomass)	Merritt, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
Diamond Generating Corp.	Mariposa (200 MW Gas)	Alameda County, Calif.	SMBC, DZ, CoBank, Sumitomo Trust	TBA	\$150M	10-yr	Sponsor mandates four lenders (PI, 5/14).
Duke Energy Renewables	Los Vientos (402 MW Wind)	Willacy County, Texas	TBA	TBA	TBA	TBA	Sponsor circles \$220 million NADB tranche (PI, 5/28).
Energy Investors Funds	Pio Pico (300MW Gas)	San Diego County, Calif.	TBA	TBA	\$300M	TBA	Sponsor has a favorable reputation with lenders (PI, 7/23)
Finavera Wind Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (PI, 4/2).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	Deal to wrap this week (PI, 5/28).
Inkia Energy	Unidentified (500 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC	TBA	\$600M	12-yr	A dozen lenders expected to make commitments (PI, 4/30).
InterGen	Unidentified (Gas Pipeline)	Zacatecas, Mexico	TBA	TBA	\$200M	TBA	Sponsor considering club deal (PI, 6/11).
LS Power	Unidentified (100 MW Solar)	California	TBA	TBA	\$100M	TBA	Sponsor seeking funding (PI 7/23).
Odebrecht	Chaglia (406 MW Hydro)	Peru	BNP Paribas	Term	\$650M	17.5-yr, 20-yr	Pricing set at roughly 350 over LIBOR (PI, 7/9).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	Mini-Perm	\$400M	C+ 7-yr	Sponsor targets \$400 million financing; 10 lenders eye deal (PI, 5/14).
Ridgeline Energy	Meadow Creek (120 MW Wind)	Bonneville County, Idaho	TBA	TBA	\$180-200M	TBA	Sponsor discusses financing with lenders, equity with Diamond Generating Corp. (PI, 5/28).
Rockland Capital, Broadway Electric Co.	Mass Solar (Solar PV)	Massachusetts	TBA	TBA	\$200M	TBA	Sponsors talking to four lenders about financing (PI, 5/14).
Sempra U.S. Gas & Power	Copper Mountain 2 (92 MW PV)	Boulder City, Nev.	TBA	TBA	\$130M	18-yr	Deal wraps, priced at LIBOR + 250 bps (PI, 7/2).
Solarpack	Various (22 MW Solar PV)	Tacna and Moquega, Peru	TBA	TBA	\$120M	20-yr	Sponsor is talking to lenders for funds for two projects (PI, 4/30).
Standardkessel, Green Energy Team	Unidentified (6.7 MW Biomass)	Koloa, Hawaii	TBA	TBA	TBA	TBA	WestLB exits deal; sponsor tap another bank as lead (PI, 5/21).

New or updated listing

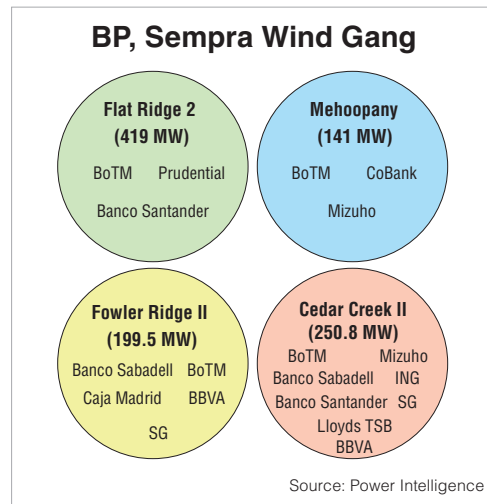
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PROJECT FINANCE

BP, Semptra Tap Banks For Wind

BP Energy and **Semptra U.S. Gas & Power** have mandated **Banco Santander** as left lead on a \$500-600 million financing backing their 419 MW Flat Ridge 2 wind project near Wichita, Kan. **Bank of Tokyo-Mitsubishi** and **Prudential Financial** are also leading the deal, which is set to hit the market late next month.

Prudential will likely lead a bond component for the deal, says a banker, adding that the structure would be similar to Santander and Prudential's work on a \$400 million deal backing **LS Power's** 127 MW Arlington Valley Solar Energy II ([PI, 2/10](#)). Prudential oversaw the bond and



Santander led the bank tranche for Arlington. Lenders submitted financing proposals for Flat Ridge 2 in May ([PI, 5/31](#)). Bank officials either declined to comment or did not return calls. Spokespeople for Semptra in San Diego and BP in Houston did not respond to calls by press time.

Associated Electric Cooperative, Southwestern Electric Power Co. and a third unidentified utility are offtakers of Flat Ridge 2, which will comprise 262 **General Electric** 1.6 MW turbines. Details regarding the terms of the deal could not be learned.

IFM Sub Wraps 1.7 GW Refi

Industry Funds Management subsidiary **Essential Power** wrapped its \$665 million refinancing of a 1,721 MW portfolio last week after being one-and-a-half times oversubscribed. Pricing on the \$565 million B loan portion of the package was ratcheted down to 425 basis points over LIBOR from 450 bps over LIBOR ([PI, 7/24](#)). Commitments were due on Aug. 3.

Barclays is left lead on the loan package, which also includes a \$100 million revolver, and **Credit Suisse, Union Bank** and **Royal Bank of Canada** are arrangers. The B loan and revolver have a seven and five-year tenors, respectively. The B Loan has a LIBOR floor of 125 bps and an original issue discount of 98.5. Bank officials declined to comment or did not return calls and why the B loan pricing was decreased could not be learned.

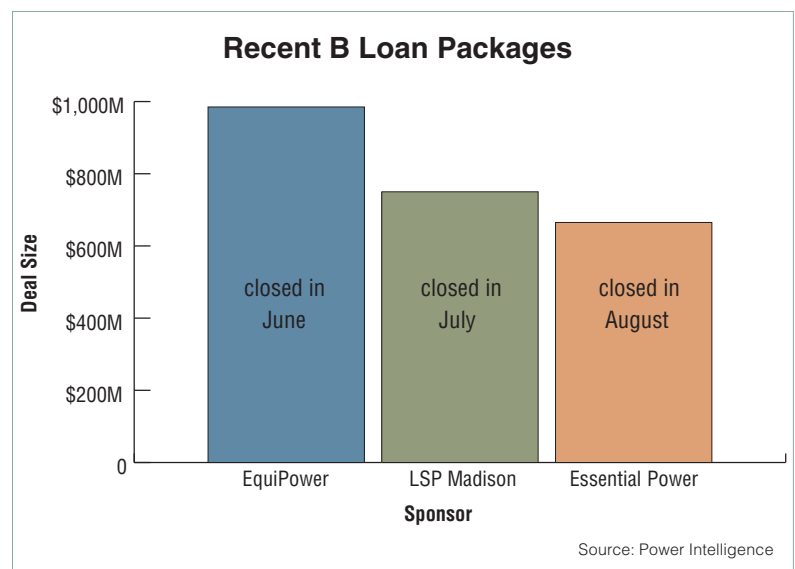
A tender offer for \$205 million in 10.875% second lien notes due in 2016 is also set to be finalized after manager Barclays received more than 50% of the outstanding notes for the offer. The tender offer, which expires on Aug. 15 and gives bondholders \$1,126.25 per note, required a majority of the outstanding notes in order to be completed.

A portion of the proceeds from the deal will be used to refinance debt issued in 2008 to back Essential Power's then **North American Energy Alliance**—purchase of the plants in PJM and ISO New England from **Consolidated Edison** ([PI, 3/28/2008](#)). The package being refinanced includes a roughly \$300 million first-lien term loan—an \$85 million first lien term loan, an \$80 million letter of credit and a \$40 million working capital revolver. The LC and revolver expire next year. Remaining proceeds will support the tender offer.

Plants in Essential Power's portfolio include:

- an 80% interest in the 246 MW cogeneration Lakeside Energy in Lakewood, N.J.
- the 351 MW Ocean Peaking Power plant, also in Lakewood, N.J.
- a 350 MW stake in the Rock Springs peaker plant in Rising Sun, Md.
- 281 MW of hydro, oil and gas-fired and steam generation under its **EP Energy Massachusetts** subsidiary.
- and the 540 MW combined-cycle Newington Energy plant in Newington, N.H.

An official at Essential Power in Iselin, N.J., could not be reached. IFM officials in New York and Sydney did not return calls by press time.



MERGERS & ACQUISITIONS

Xcel Unit Scoops Three Contracted Bicent Plants

Public Service Company of Colorado has agreed to buy three gas-fired assets from **Bicent Power** for \$75 million. The plants, totaling 237 MW, near Brush, Colo., each have a long-term power purchase agreement with Public Service Co., a unit of **Xcel Energy**.

The acquisition will be financed with a combination of debt and equity, says a Public Service Co. spokesman in Denver, adding that the ratio will be determined during the approval proceedings at the Colorado **Public Utilities Commission**.

The plants are the 147 MW Brush 4 combined cycle facility that is contracted until September 2022 and Brush units 1 and 3—a 90 MW CCGT and a 30 MW simple cycle—that are contracted until April 2017. The PPAs will be terminated upon acquisition, which is

expected to be complete in December.

The facilities are not part of the package that entered Chapter 11 protection earlier this year and are being sold in a broader effort to pay down debt, says a deal watcher. Two generation facilities in bankruptcy are part of a pre-pack deal that puts one California gas-fired plant on the market and has lenders taking over a coal-fired plant in Hardin, Mont. ([PI, 6/28](#)).

Moelis & Co. has been advising Bicent on its bankruptcy and restructuring process ([PI, 7/26/11](#)). The plants were acquired as part of a \$636 million portfolio from **MDU Resources' Centennial Power** in 2007.

A Bicent official didn't return a call.

Rockland Targets Texas Plant Sale

Rockland Capital is gearing up to sell a combined cycle cogeneration facility in Gregory, Texas. The shop has been taking pitches from prospective advisors over the last month and is expected to move forward soon, industry officials say. Rockland is co-owner of the 400 MW Gregory plant alongside **John Hancock Life Insurance** and **Atlantic Power Corp.**

The facility has a five-year power purchase agreement maturing in 2013 with **Fortis Energy** for about 345 MW. **Sherwin Alumina** takes the facility's steam and also buys up to 33 MW under an agreement that extends until 2020, according to the

Atlantic Power Web site.

The last time **Gregory Power Partners** was on the market was in the fall of 2008 in the midst of the financial crisis and the process was shelved ([PI, 1/23/09](#)). Rockland bought into the facility last year when **Arroyo Energy Partners**, an affiliate of **JPMorgan**, sold its stake ([PI, 6/15/11](#)).

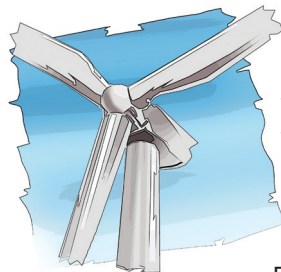
When Rockland expects to retain a bank could not be immediately learned. Neither **Scott Harlan**, managing director for Rockland in Houston, nor spokespeople for John Hancock and Atlantic Power in Boston were available for comment.

Enel, GE Land Minn. Wind Farm

Enel Green Power North America has bought **Geronimo Wind Energy's** 200 MW Prairie Rose wind farm and brought **GE Energy Financial Services** in as a majority investor in the project. GE is investing \$156 million in common equity, giving it a 51% stake, while Enel is investing \$149 million for a 49% stake.

GE and Enel have also raised approximately \$190 million in tax equity from a syndicate led by **JPMorgan**, which includes **Wells Fargo Wind Holdings** and the **Metropolitan Life Insurance Company**. The tax equity will be funded at project completion at year-end. Enel also has an option to purchase an additional 26% ownership stake in the project from GE after it goes online. Bank officials and spokespeople did not return calls by press time.

"This is not an unusual deal for what it is," says **Kevin Walsh**, managing director of power and renewable Energy at GE EFS in Stamford, Conn. "It will be built before the production tax credits expire and so it is a deadline appropriate deal. The whole industry is tracking the incentives right now."



Walsh expects GE to continue to work with Enel, which has an agreement with first rights to purchase projects developed by Geronimo. A spokesperson from the Edina, Minn.-based Geronimo says it will have another five or six projects completed in the next year, including the 100 MW Apple Blossom in Huron County, Mich., and the 95 MW Paynesville in Stearns County, Minn., which it will offer to Enel.

The two co-own the 235 MW Chisholm View wind project near Hunter, Okla., the 101 MW Smoky Hills wind farm west of Salina, Kan., and the 63 MW Snyder wind farm in Hermleigh, Texas. Enel spokespeople in Boston and at the company's parent in Rome did not respond to e-mails by press time.

Prairie Rose wind farm is located in northern Rock County and southern Pipestone County, Minn., and uses GE turbines. It is Minnesota's largest wind farm and it will supply all of its power to **Northern States Power Company**, a subsidiary of **Xcel Energy**, under a 20-year power purchase agreement.

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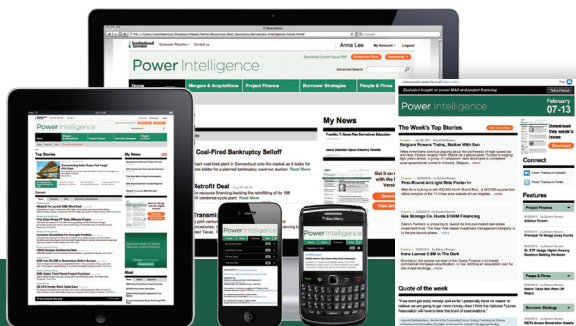
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EverPower Tees Up Bonds For Alta Purchase

EverPower is preparing to issue a \$250 million private placement backing its purchase of **Terra-Gen Power's** 150 MW Alta VI wind project in Tehachapi, Calif. **JPMorgan**, **Royal Bank of Scotland** and **Key Bank** are working on the deal, known as Mustang Hills.

The tenor of the notes will likely come close to the 24-year length of project's power purchase agreement with **Southern California Edison**, says another banker, adding that the deal will mark the first private placement backing a wind purchase in recent memory. **Fitch Ratings** is reportedly in the midst of assigning a rating to the notes, the first banker says.

Officials at JPM, RBS and Key Bank either declined to comment or did not return calls by press time. A spokesperson for New York-based EverPower did not return calls. A Fitch spokeswoman did not respond to inquiries by press time.

Alta Wind Phrases: Where are they now?

150 MW I	Sale leaseback	with GE Energy Financial Services and Union Bank
150 MW II	Sale leaseback	with Citigroup and Google*
150 MW III	Sale leaseback	with Citigroup and Google*
102 MW IV	Sale leaseback	with Citigroup and Google*
168 MW V	Sale leaseback	with Google and ING Capital
150 MW VI	Sold	to EverPower
150 MW VII	In financing	N/A
150 MW VIII	Sold	to Brookfield Americas Infrastructure Fund
150 MW IX	In financing	N/A

Source: Power Intelligence

*Citi and Google have sold down some of these states.

STRATEGIES

Sunny Mac Floated As Solar Securitization Booster

Bankers and attorneys are discussing a federally backed enterprise, dubbed Sunny Mac, that would essentially support the nascent solar securitization industry vis-à-vis the way **Fannie Mae** and **Freddie Mac** anchor mortgage-backed securities.

Alfred Griffin, a director at **Citigroup**, mentioned the concept at a roundtable hosted by **Agrion** in New York last week. While legislators have generally expressed aversion to such a move due to Fannie and Freddie's troubles during the financial crisis, the concept reflects fresh ideas being floated to promote solar securitization, Griffin says. Political uncertainty stemming from the presidential election would likely put Sunny Mac on the back burner in Capitol Hill, a banker adds.

Fannie Mae and Freddie Mac, government sponsored enterprises, helped to ensure the flow of MBS by buying up mortgages and securitizing them out to investors. This expands the secondary market for mortgages and increases the available funds for mortgage lending. How exactly this would work in solar securitizations could not be learned.

While solar securitizations have been on the radar for over a year ([PI, 9/26](#)), myriad hurdles have held them back. **Jeong-A Kim**, an analyst at **Standard & Poor's**, said major issues include the nascent nature of residential solar, which means a paucity of data on critical factors needed for the development of securities, like numbers on defaulters. There are also few developers that have the geographic reach to service a diverse securitized pool. The declining price of panels could also lead PPA rates and lease agreements to fall as well, further increasing uncertainty. Banks, developers and credit rating agencies are also still devising a framework for rating the pools of solar assets.

SolarCity, **Sunrun**, **Sungevity** and **SunEdison** are nearing

solar securitizations, deal watchers said. Panelists said if solar securities do emerge, it would probably be by year-end or at by the end of the first quarter next year. Their newness, however, would be reflected in the pricing premiums.

"Yes, I think it is the right time," Griffin said of bringing solar securitizations to market. "We think we can get there, but we have to be conservative." The primary drivers that will push the industry towards securitization may be demand from insurance companies. Companies with expertise in project finance and CLOs are potential investors in solar securitizations. The model for solar securitization, which could involve pools of residential panels, would also benefit from experience in consumer credit, Griffin added.

Securitization markets usually open up with guarantees from the government, noted **Howard Altarescu**, a partner at **Orrick, Herrington & Sutcliffe** in New York, pointing to the role of Freddie Mac and Fannie Mae. These securitization markets have opened up when there is a need for alternative financing, Altarescu said, adding that expiring tax credits will push the industry toward new financing options.

PEOPLE & FIRMS

Citi To Land CA's Romano

Georges Romano, former head of project finance in Latin America at **Crédit Agricole**, is expected to join **Citigroup** as part of its export and credit finance team.

A role at Citi similar to the one Romano held at **Crédit Agricole** could be in the works, a banker says, adding that Citi has covered LatAm in various ways before. Details regarding Romano's position, including his responsibilities and start date, could not be learned by press time.

Danielle Baron has replaced Romano at **Crédit Agricole** in New York after shifting her focus from Europe, the Middle East and Asia from the bank's office in London to the Americas ([PI, 7/20](#)).

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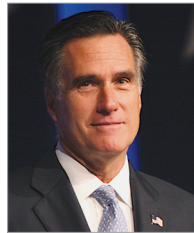
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NEWS IN BRIEF

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.

- A **Duke Energy** shareholder has filed a lawsuit on behalf of the company against former CEO **Bill Johnson**. The \$44.5 million in compensation paid to Johnson after his brief stay at the helm following the company's merger with Johnson's former company **Progress Energy** is "excessive and unwarranted" according to court documents filed by shareholder **Joel Kreiger** (*The Charlotte Business Journey*, 8/8).
- The U.S.' largest natural gas distributor **Kinder Morgan Energy Partners** has sold \$1.25 billion of bonds to back its acquisition of **Tennessee Gas Pipeline Co.** and a 50% stake in **El Paso Natural Gas Co.** It is buying the companies from its parent **Kinder Morgan Inc.** for \$6.2 billion (*Businessweek*, 8/8).
- **Mitt Romney** avoided talking about his stance on wind tax credits in a visit to Iowa, one of the U.S.' biggest generators of wind power. Republicans in Iowa have been outspoken about their support for extending the credits, which Romney is keen to terminate (*The Los Angeles Times*, 8/8).
- **Energy Future Holdings**, struggling with a heavy debt load, has told some workers that it plans to freeze their pensions effective Sept. 25 and terminate the pensions by year-end. The move would affect less than a third of its workforce, according to the former **TXU Corp.** company (*Star Telegram*, 8/7).
- Developers of hydro, biofuel and solar projects are concerned that a plan to reduce pricing in wind power purchase agreements proposed by Idaho utilities will broadly impact renewables in the state. Wind developers and utilities are presenting in a three-day hearing over the plan at the Idaho **Public Utilities Commission** that started Wednesday (*Idaho Statesman*, 8/8).
- The U.S. **Nuclear Regulatory Commission** will not issue new licenses and license renewals for nuclear power facilities with waste fuel questions until it decides how to handle spent nuclear fuel. The move comes after the U.S. **Court of Appeals for the District of Columbia Circuit** ruled in June that the NRC violated the National Environmental Policy Act when it issued temporary storage directives in 2010 (*Reuters*, 8/8).
- **Invenergy** is planning a 502 MW wind project in Morrow County, Ore., although there are questions about whether the project will go forward if production tax credits are allowed to expire at the end of the year. Construction could start on the Heppner project in 2014 (*The Oregonian*, 8/5).
- A committee at the **California Energy Commission** has recommended that the \$300 million, 300 MW simple cycle project in San Diego County, Calif., planned by **Energy Investors Funds** be approved. The project will undergo 30 days of public



Mitt Romney

comment before coming back to the commission (*California Energy Commission*, 8/6).

- **Footprint Power** has closed its acquisition of the 745 MW coal-fired plant in Salem, Mass., from **Dominion**. The New Jersey-based company is planning to raze the plant in 2014 when it is retired and will likely look to build a gas-fired plant on the site (*The Salem News*, 8/7).

- The fifth annual **Clean Energy Summit** in Las Vegas got under way Aug. 7 with forums and talks organized by U.S. Sen. **Harry Reid** to explore the potential uses of green energy across the country. The lineup for the first day includes **Ken Salazar**, secretary of the U.S. **Department of the Interior**, **Elon Musk**, co-founder of **Tesla Motors**, U.S. **Federal Energy Regulatory Commission** Chairman **Jon Wellinghoff** and former President **Bill Clinton** (*Las Vegas Journal*, 8/7).

- President **Barack Obama** has expedited construction on seven renewable energy projects in order to bring them online faster as part of his "We Can't Wait" initiative. The projects include the 500 MW Mojave wind project and the 100 MW Quartzsite solar project, both in Arizona. Five other projects across California, Nevada and Wyoming will get similar treatment (*The Tucson Citizen*, 8/6).



Barack Obama

- The [U.S. Department of Defense](#) will encourage companies to build solar and wind projects on 16 million acres of land surrounding military bases. The plan, announced Aug. 6, aims to cut the military's \$4 billion annual energy budget and prevent blackouts. About 13 million of the acres up for development lie primarily in California, Arizona and Nevada (*The San Francisco Chronicle*, 8/6).

- Executives in the coal, natural gas and electricity industries raised the idea of a national energy policy that specifically includes the use of fossil fuels and creates a stable regulatory environment at a gathering on Monday. Republican U.S. Rep. **David McKinley**, one of two professional engineers in Congress, co-hosted a forum on the nation's evolving energy picture at **West Virginia University's National Research Center for Coal and Energy** Sunday to develop plans for the energy industry (*The Register Herald*, 8/6).



David McKinley

- U.S. natural gas producer **Chesapeake Energy**, buffeted by concerns over its indebtedness and governance, has reported underlying post-tax earnings of \$3 million in the three months that ended in June, down from \$528 million in the commensurate period last year. Weaker gas prices are being blamed for the fall (*The Financial Times*, 8/6).

Panda Readies *(Continued from page 1)*

amount of equity, says a deal watcher. Prospective lenders could see initial price guidance as soon as early September, says one official.

The shop is on the hunt for a plain vanilla package, likely an institutional term loan and letters of credit, says the deal watcher. How the financing will be structured and whether there will be an additional equity or mezzanine component is still in play, says the observer, who expects details to be more settled in the next week. **Ares Management**, which was a co-lead on the Temple package, may be involved in the financing if there is a place for mezz debt, say officials, with one noting it's too early to tell.

Why Panda opted to hire new leads for the package couldn't be immediately learned.

The Temple package that closed about three weeks ago consisted of an \$85 million term loan A and a \$225 million term loan B as well as letters of credit. **Morgan Stanley** and Ares were leads on the deal that was revamped after it launched—making the bank slice much smaller than the institutional piece ([PI, 7/23](#)). Pricing settled at LIBOR plus 700 basis points on the A tranche and L+ 1,000 bps on the B tranche, on construction risk.

Panda had told bankers as early as 2011 that it intended to launch and wrap the financing of both Temple and Sherman in the next calendar year, officials say.

Whether the company is seeking to put a hedge on the plant's power or line up an offtake agreement couldn't be learned. A Credit Suisse spokesman and Goldman spokeswoman declined to comment, while a Panda spokesman in Dallas declined to comment on the financing or PPA status.

—**Holly Fletcher**

State Street *(Continued from page 1)*

that was organized to promote tax equity investment in renewables.

Eber directed inquiries to a spokeswoman, who confirmed State Street and JPM are working together, declining to give further details. Spokespeople at State Street did not return calls and officials could not be reached. Officials and spokespeople at the other companies declined to comment or did not return calls. Details of the White House meeting or the companies' plans for tax equity investment could not be learned.

One banker says State Street may have already closed its first deal last week, but further details could not be determined. State Street's entrance into tax equity could swell capacity in what has traditionally been a small pool of investors, bankers say. While developers and financiers have been looking for new tax equity investors for some time ([PI 12/24/2008](#), [9/23/2011](#) & [12/16/2011](#)), investors are only now approaching deals after coming to terms with the steep learning curve associated with complex financing

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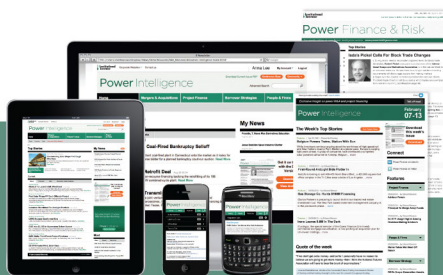
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structures and completely unfamiliar project technology and operations, say attorneys familiar with such deals.

This year's total volume of tax equity investment is set to hit the \$6 billion mark ([PI, 6/21](#)).

—**Nicholas Stone**

CONFERENCE CALENDAR

- **Solar Energy Industry Association** and the **Solar Electric Power Association** will host Solar Power International 2012 Sept. 10-13 at the Orange County Convention Center in Orlando, Fla.
- **Euromoney Seminars** and **Project Finance Magazine** will host the 7th Annual North American Energy and Infrastructure Finance Conference Sept. 11-12 at The Westin New York at Times Square in New York.
- **Platts** will host the 14th Annual Financing U.S. Power Conference Oct. 18-19 at the Marriott Marquis in New York.
- **Euromoney Seminars** and **Project Finance Magazine** will host the 5th annual Brazilian Energy and Infrastructure Finance Forum Nov. 6-7 at the Tivoli São Paulo in Mofarrej, São Paulo, Brazil.
- **The Edison Electric Institute** will host the 47th EEI Financial Conference Nov. 11-14 at the JW Marriott Desert Ridge Resort and Spa in Phoenix.

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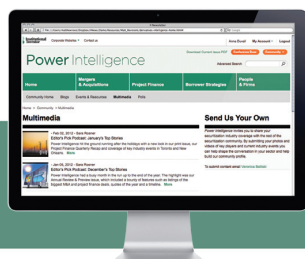
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ALTERNATING CURRENT

Crocodile Rock

Hatchling Season Brings FPL Cooling Canals To Life



There's an invasion of crocs at **Florida Power & Light's** Turkey Point nuclear facility in Homestead, Fla., and it's not a deluge of the rubber yard shoes. About 200 baby American crocodiles, or *crocodylus acutus*, have hatched in the cooling canals in recent weeks, meaning the 165 miles of canals are brimming with the baby crocs.

Male hatchlings start life at 8.7 inches long and weigh about 2 ounces—or about the size of a TV remote—and grow to, on average, about 13 feet long and 840 pounds, roughly the length of a kayak.

Female crocodiles like to use the berms, or small island-like masses in the canals, as nests, says a spokeswoman for the facility about 15 miles south of Miami. A crocodile expert has been busy weighing and tagging the babies with a chip



Source: Florida Power & Light

akin to those implanted in domestic pets as a way to track and monitor what happens to the crocodiles as they swim through the swamps that have an environment like the Everglades, she says. Many of the hatchlings will be eaten and won't survive into adulthood.

An FPL worker initially found a nest not long after the two nuclear units opened in 1972 and 1973. The company decided to launch the monitoring program that was eventually credited by the **United States Fish and Wildlife Service** as instrumental in moving the species down a level in 2007 from endangered to threatened in Florida where about 2,000 crocodiles are thought to live, the spokeswoman says.

—**Holly Fletcher**

QUOTE OF THE WEEK

"Yes, I think it is the right time. We think we can get there, but we have to be conservative."—**Alfred Griffin**, director at **Citigroup** at a roundtable in New York on securitizing solar assets (see story, page 8).

ONE YEAR AGO

EQT Infrastructure Fund and **Fortistar** kicked off a \$660 million refinancing of debt on their 1.56 GW Midland cogeneration facility in Midland, Mich., with **Credit Suisse** leading a \$560 million bond component. [The co-owners circled back with CS and **Royal Bank of Canada** to put the facility on the market in July ([PI, 7/16](#)).]