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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

MERGERS & ACQUISITIONS

NRG Seeks to Buy SunEd Utility Assets

NRG Energy and **Crius Solar** are seeking to acquire a number of SunEdison utility and residential facilities. Page 2

PROJECT FINANCE

SolarCity Faces Project Finance Slump

Rooftop solar sponsor is facing project finance delays due to **Tesla Motors**' planned $2.6 billion acquisition. Page 6

STRATEGIES

Rocky Mountain Institute Issues RFP

The non-profit has partnered with a community group to issue a request for proposals for at least 16 MW of solar. Page 7

Macquarie Moves to Sell Down Lordstown Stake

Olivia Feld

Macquarie Infrastructure Partners III has hired a financial adviser and is contemplating bids to sell down its 73% interest in the Lordstown project.

MIP III is considering selling part of its stake in the project after receiving a number of inquiries from potential partners, a deal watcher tells *PFR*. **Whitehall and Co.** is advising Macquarie on the sale.

An equity sale could be announced before the Labor Day holiday, adds a second deal watcher.

Siemens Financial Services holds the remaining 27% interest in the 940 MW Lordstown combined-cycle gas-fired project in Lordstown, Ohio.

MIP III does not have to sell down its stake but will do so if it receives an PAGE 5 »

Rotor stacking from a Siemens gas turbine, two of which will be installed in the Lordstown project. *Source: Siemens*

Duke LatAm Auction Enters Second Round

Fotios Tsarouhis

Duke Energy is moving closer towards selling its 4.4 GW Latin American portfolio, which consists of all of the company's generating assets in the region.

The Charlotte, N.C.-based company has entered a second round of bidding for the projects which span Brazil, Argentina, Chile, Ecuador, El Salvador, Guatemala and Peru.

Duke is likely to sell the entire portfolio to one buyer, say deal watchers.

The company announced it was considering selling the assets earlier this year (PFR, 2/4).

Duke expects to announce a deal before the end of the year, said **Lynn Good**, ceo of Duke, on the company's second quarter earnings call with investors last week.

"We've received strong interest from a variety of parties," said Good. "We have since invited a select group of bidders to participate in detailed due diligence, including PAGE 7 »

NRG Subsid. Considers Ch. 11 Filing

Olivia Feld

GenOn Energy, a wholly-owned subsidiary of **NRG Energy**, has retained restructuring advisers and is considering its options including filing for protection under Chapter 11 of the U.S. Bankruptcy Code.

GenOn does not expect to have sufficient liquidity to repay $691 million of 7.875% senior unsecured notes due in June 2017, according to NRG's second quarter financial earnings filed with the U.S. **Securities and Exchange Commission** on Aug. 9.

GenOn has a total of $1.8 billion in outstanding senior unsecured notes. In addition to the notes due next year, the company has $649 million of 9.5% notes due 2018 and $489 million of 9.875% notes due 2020.

"Deteriorating market fundamentals are adversely impacting the GenOn portfolio," said **Mauricio Gutierrez**, president and ceo of NRG, on a call with investors on Aug. 9.

GenOn has appointed two independent directors to its board, retained restructuring advisers and sold sev- PAGE 8 »

POWER UP: CHECK OUT A SELECTION OF THE WEEK'S POWER AND UTILITY NEWS ON TWITTER PAGE 6

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MERGERS & ACQUISITIONS

NRG and Resi Shop Move to Acquire SunEdison Assets

NRG Energy and **Crius Solar** have proposed acquiring a number of SunEdison assets being auctioned as part of the sponsor's bankruptcy proceedings.

NRG Energy is seeking to pay SunEdison $144 million for a portfolio of utility-scale development projects in Utah, California, Maine, Hawaii, Texas and Washington, according to a filing made by counsel for SunEdison's debtors to the **U.S. Bankruptcy Court Southern District of New York** on Aug. 9..

The projects include the Utah portfolio, which **D. E. Shaw** sought to acquire from SunEdison in February before the company filed for Chapter 11 protection (PFR, 2/26). A spokesperson for D. E. Shaw in New York declined to comment.

"The company has been marketing the projects for several months, and given the various bids received to date, I believe that the sale transaction set forth in the purchase and sale agreement represents the highest or otherwise best bid received for the projects to date," writes **John Dubel**, ceo and chief restructuring officer, in the filing.

"Given the extensive marketing processes already completed, I believe the limited period for the exclusivity will not chill the receipt of higher or better offers in the context of the bidding process", writes **Simon Pratt**, director, power and utilities at **Rothschild** which is running the auction on behalf of SunEdison's debtors.

The final purchase price offered by NRG could rise by an additional $43.8 million in post-closing earnout payments.

Other potential bidders have until Sept. 6., to submit written offers. If the sellers receive one or more qualified bids, the debtors are authorized to conduct an auction of the projects. Should one be required, an auction has been slated for Sept. 9.

Crius Solar, a subsidiary of **Crius Energy Trust**, is seeking to acquire SunEdison's residential platform for $1.5 million, the Toronto-based company said in an announcement on Monday.

The residential solar shop is proposing to buy SunEdison's "proprietary residential solar lead-generation platform, customer lead databases, marketing materials and human capital", according to the statement.

Crius has a strategic partnership with Oakland, Calif.-based residential solar provider **Sungevity**.

Michael Fallquist, president and ceo of Crius Energy, was not available for comment by press time. A spokesperson for SunEdison did not respond to inquires. ■

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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	Advisor	Status/Comment
Alcoa	Portfolio (328.38 MW Hydro)	Stanly County, N.C.		The portfolio of hydro assets, known collectively as the "Yadkin Project", is being sold to Cube Hydro, I Squared Capital's hydro platform (PFR, 7/18).
Atlantic Power	Piedmont (55 MW Biomass)	Barnesville, Ga.		John Hancock is considering buying the asset (PFR, 8/1).
Brookfield Renewable Partners	Price (189 MW Wind)	Sault Ste. Marie, Ontario	Scotiabank, TD Securities (Seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
	Comber (166 MW Wind)	Lakeshore, Ontario		
	Gosfield (51 MW Wind)	Kingsville, Ontario		
● Cogentrix Energy Power Management	Portsmouth Genco (114.8 MW Coal)	Portsmouth, Va.		Cogentrix Energy Power Management and Quantum Utility Generation have sold the project to Georgia Renewable Power (PFR, 2/22).
● Quantum Utility Generation				
● Duke Energy	Latin America portfolio (4.4 GW Hydro, Gas, Oil)	Brazil, Argentina, Chile, Ecuador, El Salvador, Guatemala, Peru	Credit Suisse, JP Morgan	Duke has entered a second round of bidding (see story, page 1).
● Dynegy	Elwood (1,320 MW Gas)	Elwood, Ill.	JP Morgan (Seller)	Dynegy is selling a 50% interest in the project to J-POWER to help finance its acquisition of a U.S. portfolio from Engie (see story, page 5).
El Paso Electric	Four Corners (1,540 MW, 7% stake)	Fruitland, N.M./Navajo Nation		El Paso Electric is selling its 7% stake, totaling 108 MW, to Pinnacle West Capital Corp. (PFR, 7/25).
● Enel Green Power North America	Odell (200 MW Wind)	Cottonwood, Jackson, Martin, and Watonwan counties, Minn.		Algonquin Power & Utilities has closed its acquisition of Enel's 50% stake (PFR, 8/1).
● Energy Capital Partners	Broad River (850.5 MW Dual-Fuel)	Gaffney, S.C.		ECP is selling the project to a fund managed by Arroyo Energy Investors (see story, page 5).
First Energy	Bay Shore Unit 1 (136 MW Coal)	Lucas County, Ohio		FirstEnergy is soliciting offers for the plant (PFR, 8/1).
First Solar	Rancho Seco (11 MW Solar)	Sacramento County, Calif.		D.E. Shaw has acquired the construction-stage asset, which has an offtake agreement with the Sacramento Municipal Utility District (PFR, 8/8).
Greenleaf-TNX	Portfolio (140 MW Solar)	California		A U.S. subsidiary of Hong Kong-based Sky Solar is planning to purchase the portfolio, most of which is in California, this year (PFR, 8/8).
● Macquarie Infrastructure Partners III	Lordstown (940 MW Gas)	Lordstown, Ohio	Whitehall & Co.	The fund has hired a financial adviser and is considering bids for its 73% stake in the project (see story, page 1).
NextEra Energy Resources	Marcus Hook (790 MW Gas)	Marcus Hook, Pa.	Barclays	Starwood Energy Group Global is acquiring the projects from a NextEra subsidiary (PFR, 8/8).
	Marcus Hook 50 (50 MW Gas)			
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	Panda Power Funds is selling a 2.5 GW portfolio of assets in PJM (PFR, 5/16).
Petrobras	Nova Transportadora do Sudeste (1,150 mile Pipeline)	São Paulo, Rio de Janeiro, and Minas Gerais states, Brazil		A Brookfield-led consortium that includes China Investment Corp., GIC and First Reserve is close to acquiring the pipeline network, say Brookfield officials (PFR, 8/8).
Quantum Utility Generation	Quantum Pasco Power (123 MW Gas)	Dade City, Fla.	Merit Capital Partners (Seller)	Quantum is selling two peakers in Florida and Nevada (PFR, 6/6).
	Nevada Cogeneration Associates 2 (85 MW Gas)	Las Vegas		
Santander	Cubico Sustainable Investments (1,689 MW Wind, Solar, Hydro)	Latin America, Europe		Two Canadian pension funds, PSP Investments and the Ontario Teachers' Pension Plan, have taken equal shares of Santander's one-third stake in the renewables platform, which owns 1,464 MW of wind assets in Latin America (PFR, 8/1).
● SunEdison	Utility Portfolio	California, Hawaii, Maine, Texas, Utah, Washington	Rothschild	NRG Energy has moved to acquire the portfolio for a proposed purchase price of $144 million; Crius Solar is seeking to acquire its residential platform for $1.5 million (see story, page 2).
	Residential Platform	U.S.		
SunEdison	TerraForm Global (917 MW Solar, Wind)	Latin America, Africa, Asia		SunEdison is preparing to market its emerging markets yieldco to prospective buyers (PFR, 7/25).
SunEdison	King Pine (600 MW Wind)	Aroostook County, Maine	Rothschild	Pattern Energy has agreed to acquire the project (PFR, 6/27).
	Mount Signal 2 (201 MW Solar)	Imperial County, Calif.		Mount Signal 2 and Mount Signal 3 are being acquired by affiliates of 8minutenergy and D. E. Shaw (PFR, 7/11).
	Mount Signal 3 (245 MW Solar)			
TransCanada	Portfolio (4,510 MW Gas, Dual-Fuel, Wind, Hydro)	U.S.	JP Morgan	TransCanada is selling the assets to partly finance its $13B acquisition of Columbia Pipeline Group (PFR, 3/28).
● Wayzata Investment Partners	West Valley (189 MW Gas)	Salt Lake County, Utah		The investment manager has closed the sale of the project to the Utah Municipal Power Agency (PFR, 5/9).
Unknown	Portfolio (8 MW Solar)	California, Colorado, Delaware, New Jersey, North Carolina, Oregon		John Hancock provided CleanCapital with acquisition financing for an 8 MW portfolio of C&I projects (PFR, 8/8).

● **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 Fotios Tsarouhis at (212) 224 3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
8minutenergy Renewables	Redwood 4 (28 MW Solar)	Kern County, Calif.	TBA	Debt, Tax Equity	$45M	TBA	8minutenergy Renewables is planning to finance a number of projects in the coming months (PFR, 8/8).
	SpringBok 3 (100 MW+ Solar)			TBA	TBA	TBA	
Ares-EIF, Oaktree Capital	Linden (943 MW Gas)	Linden, N.J.	Morgan Stanley, MUFG, Barclays, Investec, GE Energy Financial Services, ICBC	Debt	$1.125B	7-yr	The financing package consists of a $1 billion senior secured loan and a $125 million senior secured loan (PFR, 6/20).
Advanced Power	Cricket Valley (1 GW Gas)	Dover, N.Y.	GE Energy Financial Services, BNP Paribas, Crédit Agricole, ICBC, Bank of America Merrill Lynch	Debt	TBA	TBA	Arrangers of the debt financing are meeting with other financial institutions about backing the deal (PFR, 6/20).
Avenue Capital Partners	Desert Power (830 MW Gas)	Victorville, Calif.	Goldman Sachs	Term Loan B	$310M	6-yr	Avenue Capital is refinancing the portfolio, which it acquired from Tenaska earlier this year (PFR, 8/8).
	Big Sandy (300 MW Gas)	Kenova, W.Va.					
	Wolf Hills (250 MW Gas)	Bristol, Va.		Revolver	$30M	5-yr	
Enel Green Power	Parque Solar Villanueva (427 MW Solar)	Coahuila, Mexico	TBA	TBA	TBA	TBA	Enel has approached banks to request proposals for project finance backing the projects (PFR, 8/8).
	Parque Solar Villanueva III (327 MW Solar)						
	Parque Solar Don José (238 MW Solar)	Guanajuato, Mexico					
Invenergy	Lackawanna (1.5 GW Gas)	Jessup, Pa.		Equity, Debt			Invenergy has hired Lazard to raise equity for the project (PFR, 6/13).
Mainstream Renewable Power	Sarco (170 MW Wind), Aurora (129 MW Wind)	Atacama region, Chile; Los Lagos region, Chile	SMBC, MUFG	Debt	$450M	17-yr	The sponsor is in the late stages of negotiations (PFR, 6/20).
NextDecade	Rio Grande (27 mtpa LNG), Rio Bravo (137 mile Pipeline)	Brownsville, Texas	Sumitomo Mitsui Banking Corp.	Debt	TBA		NextDecade has requested permission to build the $20 billion project (PFR, 5/16).
			TBA	Equity	TBA		
Northern Star Generation	Vandolah (680 MW Dual-Fuel)	Hardee County, Fla.	MUFG	Term Loan	$200M	9-yr	Northern Star Generation is refinancing the projects with a term loan (PFR, 8/8).
	Orlando (125 MW Gas, 50%)	Orlando, Fla.					
	Mullberry (115 MW Dual-Fuel)	Bartow, Fla.					
	Orange (104 MW Gas)	Bartow, Fla.					
	NCA 1 (90 MW Gas)	Las Vegas					
NRG Energy	Portfolio (100 MW Community Solar)	U.S.	Deutsche Bank	Debt	$80M		Deutsche Bank arranged a roughly $80 million loan for a 100 MW portfolio of development projects (PFR, 6/20).
	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	Debt	$650-$850M	TBA	Banks are competing to arrange financing for the Princeton, N.J.-based energy company (PFR, 4/18).
NTE Energy	Killingly Energy Center (500 MW Gas), Reidsville Energy Center (500 MW Gas), Pickaway Energy Center (1 GW Gas)	Killingly, Conn.; Rockingham County, N.C.; Pickaway County, Ohio	TBA	Debt	$2B		NTE is planning to raise $2 billion to finance the three projects (PFR, 4/25).
Quantum Utility Generation	Moundsville (549 MW Gas)	Marshall County, W. Va.	TBA	Debt	$500M	TBA	Quantum, which has approached prospective arrangers to finance the project, has mandated BNP Paribas to sell a stake in the project (PFR, 6/6).
● sPower	Antelope Big Sky Ranch (20 MW AC Solar)	Los Angeles County, Calif.	JPM Capital Corp.	Tax Equity			The JP Morgan vehicle has closed its purchase of tax equity in the project, part of a $70M to $100M tax equity investment in a 60-project portfolio (PFR, 7/25).
Transmisora Eléctrica del Norte	TEN (379 mile Transmission)	Chile	KfW-IPEX Bank, MUFG, Mizuho, Sumitomo-Mitsui Trust Group	Term Loan	$739M	18-yr	Debt financing could close as soon as this month (PFR, 8/8).
			Santander, Banco de Chile, Banco Estado de Chile, Banco BCI	Term Loan (Chilean Peso)			
Valhalla	Cielos de Tarapacá (600 MW Solar)	Tarapacá Region, Chile	Not officially mandated	Equity			Valhalla is in talks with Marathon Capital to arrange financing for the project (PFR, 6/27).
	Espejo de Tarapacá (300 MW Hydro)						

● **New or updated listing**

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To report updates or provide additional information on the status of financings, please call Managing Editor Olivia Feld at (212) 224-3260 or e-mail olivia.feld@powerfinancerisk.com

MERGERS & ACQUISITIONS

Dynegy Divests Stake in Gas-Fired Project

Dynegy is selling a 50% interest in the Elwood Energy gas-fired project in Illinois to a subsidiary of **J-POWER**, which owns the remaining interest in the project.

J-POWER USA Development Co., the U.S.-based subsidiary of the Japanese utility company, has signed an agreement to buy the stake in the 1,320 MW project for $172.5 million, Dynegy announced on Aug 3.

At closing approximately $35 million in previously posted collateral will be returned to Dynegy and non-recourse asset level financing will be transferred to J-POWER.

JP Morgan is financial adviser and **Skadden Arps** is legal counsel to Dynegy on the sale.

The J-POWER subsidiary owns approximately 2.7 GW of capacity from gas-fired, dual-fuel and coal-fired assets in California, New Jersey, New York, Oklahoma, Texas and Virginia.

Dynegy says it plans to use the proceeds of the sale, which is slated to close before the end of the year, to partially finance its buyout of **Energy Capital Partners**' 35% stake in joint venture **Atlas Power**.

The JV was formed by ECP and Dynegy to acquire a 8.7 GW portfolio from **Engie**. In addition to the divestment in the Elwood project, Dynegy has launched a term loan B and a public offering of tangible equity units to finance the purchase of the portfolio (PFR, 2/25, PFR, 6/16).

The simple-cycle peaker, located in Elwood, Ill., approximately 50 miles southwest of Chicago, is comprised of nine units, each with an approximate capacity of 156.5 MW. Units 1, 2, 3 and 4 have been online since 1999, while the remaining five units have been operational since 2001.

The Houston-based independent power producer acquired its stake in Elwood as part of its acquisition of a portfolio company **EquiPower Resource Holdings** from Energy Capital Partners in 2014 (PFR, 8/22/14). ECP bought EquiPower from **Dominion** in 2013 (PFR, 5/1/13, PFR, 5/9/2013).

J-POWER acquired its stake in the project from **Peoples Energy Corp.**, in 2007 (PFR, 1/19/07).

A spokesperson for Dynegy in Houston declined to comment. Officials at J-POWER in Schaumburg, Ill., and JP Morgan, in New York, did not immediately respond to requests for comment. ■

FAST FACT

2.7 GW

Capacity of J-POWER's U.S. portfolio, which includes gas-fired, coal-fired and dual-fuel assets in seven states.

Macquarie Moves to Sell Down Lordstown Stake

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attractive offer, says the first deal watcher, adding that the fund intends to remain the controlling investor in the project.

The project's location in northeastern Ohio, favorable market fundamentals in western **PJM Interconnection**, the involvement of Siemens and the low build cost of the project all make the it attractive to investors, says the first deal watcher.

Construction began in April shortly after **Bank of America Merrill Lynch**, **Crédit Agricole**, **ICBC** and **Investec** closed a $519 million debt financing for the project. The loan was downsized from an initial $600 million, to produce final debt to equity ratio of 50/50 (PFR, 4/6).

Clean Energy Future developed the project and retains an interest in it. Siemens is the engineering procurement construction contractor and is providing the project's gas turbines, steam turbine and generators.

MIP III is a 10-year closed-end private fund that invests in infrastructure assets in the U.S. and Canada. The fund is run by **Macquarie Infrastructure and Real Assets** which manages more than $100 billion of assets.

Spokespeople for Macquarie, Siemens Financial Services and Whitehall declined to comment. ■

FAST FACT

$100B+

Worth of assets managed by Macquarie Infrastructure and Real Assets.

ECP to Sell South Carolina Gas-Fired Project

Energy Capital Partners is selling an 850.5 MW dual-fuel project near Gaffney, S.C., to an investment fund managed by **Arroyo Energy Investors**, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Arroyo Energy Investors Fund II plans to acquire the Broad River project in Cherokee County from Energy Capital Partners II, ECP's second fund, which closed in 2010.

Duke Energy subsidiary **Progress Energy** has two long-term power purchase agreements for the entirety of the project's output.

The PPA for Units 1, 2 and 3 expires in 2021, and the PPA for Units 4 and 5 expires in 2022. The project's primary fuel is gas and it uses fuel oil as a back-up.

ECP initially purchased the project from **Calpine** in 2012 (PFR, 6/6/12). Calpine sought to sell Broad River in 2011, before deciding to shelve the auction because first round bids were too low (PFR, 8/3/11).

Broad River and an additional Calpine gas-fired asset, the 520 MW South Point project in Bullhead City, Ariz., were refinanced in a $290 million deal arranged by **Barclays Capital** in 2009 (PFR, 6/3/09, PFR, 6/25/09).

Arroyo Energy Investors, which is based in The Woodlands, Texas, was established as an investment unit for **JP Morgan** and **Bear Stearns** in 2003, but is no longer affiliated with its former sponsors.

The purchase price and whether either party has mandated a financial adviser could not be immediately established. Officials at Energy Capital Partners in Short Hills, N.J., did not immediately respond to requests for comment. ■

PROJECT FINANCE

SolarCity Project Financings Stall in Advance of Tesla Deal

SolarCity has seen a slump in project finance deals in the second quarter, due to the planned $2.6 billion acquisition by **Tesla Motors**.

"Because of the Tesla Motors acquisition proposal, we experienced greater than usual delays closing new project financing commitments," SolarCity said in a letter to shareholders on Aug. 9, shortly before the release of its second quarter earnings.

A tax equity fund which the company had expected to close in the second quarter did not close until the third quarter leading to a delay in the corresponding increase in SolarCity's $110 million aggregation facility (PFR, 6/18). The company said that the facility, which ultimately closed at the end of June, was not drawn down upon until July.

San Carlos, Calif.-based Tesla made an offer to acquire SolarCity on June 21. San Mateo, Calif.-based SolarCity accepted the offer on Aug. 1. The deal still requires the approval of both companies' shareholders.

SolarCity reported that installations in the second quarter increased 6.3% from 189 MW to 201 MW compared to the second quarter of the previous year.

Although the number of installations is a 6.07% decrease from the 214 MW capacity installed in the first quarter of 2016, the company has reduced its forecast for the full year to a total of between 900 and 1,000 MW of capacity installed.

The company expects 170 MW of solar facilities to be installed in the third quarter of 2016, with between 315 and 415 MW of mostly commercial and industrial installations projected in total by the end of the fourth quarter.

A slowdown in project financing is more or less to be expected with the planned Tesla merger, **Michael Morosi**, analyst at **Avondale Partners**, tells *PFR* from Nashville, Tenn.

"Anytime you have uncertainty around ultimate ownership and changing control provisions, that's just enough to delay a lot of deals," says Morosi.

"It shouldn't be too surprising that the company is experiencing delays in closing project finance right now, but it does place increased importance on consummating the transaction with Tesla... I think their ability to access capital markets will be significantly improved as part of a larger organization," he adds.

The second quarter earnings reaffirmed the merits of the acquisition and emphasized SolarCity's "declining liquidity and need for a strong financial partner through the downturn", wrote **Julien Dumoulin-Smith**, analyst at **UBS Securities**, in a note issued on Aug. 10.

While calling the fourth quarter guidance of installing between 315 and 415 MW by year end optimistic, Dumoulin-Smith noted SolarCity's assurance that many of the projects set to come online were already in late stages of negotiation or beginning construction.

The major variable of SolarCity's percentage of cash and loan sales for solar installations versus leases was flagged by analysts.

Cash and loan sales revenue is recognized upfront, as opposed to leases, where profits are received over twenty or more years, notes Dumoulin-Smith. While cash and loan systems made up 20% of SolarCity deals in the second quarter, these are expected to increase by the fourth.

"It has significant implications for both working capital, but also cost," says Morosi.

"The time it takes, the uncertainty that's involved in trying to paper these lease deals, it's just so much more complicated than a loan. Loans help with the two most difficult aspects of their business model – one being access to capital and two being cost."

Elon Musk, chairman and ceo of Tesla and chairman of SolarCity, expressed optimism at the projected increase in cash and loan deals on a second quarter earnings call with investors.

"If you look a little bit beyond that [the fourth quarter], it is going to be a lot more towards cash and loan. It's actually economically more efficient for the end customer to do that," said Musk.

A move towards a more cash and loan-based model would also mean decreased dependence on the tax equity and securitization markets, noted Musk. SolarCity closed its sixth and most recent securitization in March (PFR, 3/2).

Tesla's share price dropped the day after it announced it planned to acquire SolarCity, falling from $219.61 to $196.66. SolarCity's share price saw a modest rise the day after the announcement, increasing from $21.19 to $21.88. SolarCity and Tesla's share prices has both since risen, closing at $24.38 and $225.65, respectively, on Aug. 10.

Representatives of SolarCity did not immediately respond to inquiries. ■

POWER TWEETS

American Wind Energy @AWEA
Massachusetts just gave a big boost to the burgeoning US #offshore wind industry http://bit.ly/2blLZrW #windworks

TransCanada @TransCanada
Did you know? We were the first private company to construct and operate #naturalgas pipelines in Mexico. Learn more http://ow.ly/CX9h302XtW4

Olivia Feld @oliviafeld
#Exelon has agreed to purchase the 850 MW James A. #Fitzpatrick #nuclear project in New York from #Entergy.

Gina Raimondo @GinaRaimondo
2 down, 3 to go! Two of five total wind turbines are installed for the #BlockIslandWindFarm @DeepwaterWind

California ISO @California_ISO
#ISO set a new historical solar peak of 8352 MW at 12:17pm on Sunday, August 7th, 2016. #CleanEnergy #RenewableEnergy

World Economic Forum @wef
Scientists can now create liquid fuel from solar #energy http://wef.ch/2afCx7q

MERGERS & ACQUISITIONS

Duke LatAm Auction Enters Second Round

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management presentations and site visits for the purpose of providing final bids."

The book value of the assets in Latin America is between approximately $2.4 billion to $2.5 billion, added **Steven Young**, cfo of Duke, on the call.

Credit Suisse and **JP Morgan** are advising Duke on the sale of the portfolio, which comprises:

- **Duke Energy International** subsidiaries **Duke Energy Egenor** and **Aguaytia Energy**, which own four gas-fired project and two hydro projects in Peru totaling 549 MW, as well as two transmission lines.
- the 479 MW Cerros Colorados hydro project in Neuquén, Argentina,
- the 324 MW Acajutla and Soyapango dual-fuel projects in Acajutla and San Salvador, El Salvador,
- the 222 MW Yungay oil-fired project in Yungay, Chile,
- the 192 MW Electroquil oil-fired project in Guayaquil, Ecuador,
- the 140 MW Duqueco hydro project in Peuchen and Mampil, Chile,
- the 97 MW Alto Valle gas-fired project, also in Neuquén, Argentina,
- the **Duke Energy Guatemala** oil and coal-fired assets totaling 360 MW in Escuintla, Amatitlán, and Puerto Quetzal in Guatemala,
- eight **Duke Energy Brazil** hydro projects totaling 2.06 GW, on the border of Sao Paulo and Parana states, and two hydro projects each with a capacity of 16.5 MW on the Sapucai Mirim River, Sao Paulo State, Brazil.

Most of the projects in the portfolio are contracted under power purchase agreements or receive capacity payments.

The Latin America assets represent all but one of Duke's assets outside of the U.S.

Duke Energy International is retaining ownership of the Saudi Arabia-based **National Methanol Company**, a methanol and methyl tertiary-butyl ether producer in the city of Jubail.

Spokespeople for Duke Energy, in Charlotte, N.C., and JP Morgan, in New York, did not immediately respond to inquiries. A spokesperson for Credit Suisse in New York declined to comment. ■

STRATEGIES

Colorado-based Institute Issues RFP for Upstate New York

The **Rocky Mountain Institute** (RMI) has partnered with a local community organization in upstate New York to issue a request for proposals for at least 16 MW from community solar projects in and around Rochester, N.Y.

The Basalt, Colo.-based research institute, which focuses on environmental sustainability, and the **Rochester Solar Power Organizational Team** (ROCSPOT) have together identified 9 sites in and around Rochester which have expressed an interest in hosting a total of approximately 16 MW of community solar projects.

Bidders are responsible for proposing pricing. However, unlike most other RFPs, they are also expected to propose the duration and the type of offtaker for a power purchase agreement. The **City of Rochester**, a potential offtaker, says it will consider purchasing as much as 7 MW of generation from the projects.

"The 16 MW that we consider to be part of this RFP, that's just an assessment based on the amount of land that we've initially secured through letters of intent from local landholders," says **Kieran Coleman**, an associate in RMI's electricity practice, tells *PFR* from Boulder, Colo., who adds that the capacity size of the portfolio could grow beyond 16 MW.

RMI expects the projects to be between 1 to 2 MW ground-mounted facilities which will service residential and commercial and industrial customers in the Rochester area. The RFP stipulates that projects must be online by March 2018. RMI says it anticipates around 10 bidders to submit plans.

RMI and ROCSPOT have also issued a separate request for qualifications from potential financing counterparties.

"One of the things that we did here to try and encourage the process and bring a little more innovation is, in conjunction with the RFP for developers, we've also issued an RFQ," **Jeff Waller**, a principal at RMI in New York, tells *PFR*.

RMI is not arranging project financing. "That's up to the developers," says Waller, who defines RMI's role as "trying to help the market a bit in terms of bringing some of these folks together."

"Part of the opportunity-slash-challenge for community solar is finding a financing angle that works and a financing model that works for this kind of in-between utility-scale and residential", adds Waller.

As part of the RFP, the **New York Green Bank** has expressed an interest in providing a senior secured credit facility of up to $15 million towards the project costs, which have a total estimated cost of approximately $35 million.

Bidding developers and financiers are under no obligation to integrate the NYGB's terms into their bids. Once bids have been shortlisted, the RFP states that bidders will be given time to negotiate financing terms with the NYGB.

Potential financiers have until Aug. 12. to declare an interest to participate, then qualified capital providers will then be introduced to RFP bidders.

Commitments of intent to participate in the RFP are due by Aug. 12. All bids are due by Sept. 19.

Separately, RMI has partnered with **St. Lucia Electricity Services** on a request for proposals for a 3 MW AC ground-mounted project in Saint Lucia and has also issued an RFP for a project in Aruba. The Caribbean venture is part of RMI's Smart Island Economies project, a partnership between RMI and the **Clinton Foundation**'s Clinton Climate Initiative. ■

PROJECT FINANCE

Group Head Shake Up at Goldman Sachs

Alastair Maxwell, co-head of global energy in the global natural resources group at Goldman Sachs, has retired.

Sean Rice, who was the co-head of the group and is based in Houston, will be sole head of the global energy sector for the time being, according to a source.

Rice reports to **Gonzalo Garcia** and **Suhail Sikhtian**, co-heads of the global natural resources group within the investment banking division at Goldman. Garcia is based in London, whereas Sikhtian works in the Houston office.

Maxwell, who was based in London, joined Goldman as a partner in 2010. Previously, he was head of energy investment banking in EMEA at **Morgan Stanley**.

A spokesperson for Goldman Sachs in New York declined to comment. ■

Alastair Maxwell

STRATEGIES

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eral assets over the past several quarters to help provide additional financial flexibility, added Gutierrez.

Moody's Investors Service downgraded GenOn from B3 to Caa2 with a negative outlook in March (PFR, 3/23). "There is a clear potential for a default or a distressed exchange to keep the company out of bankruptcy", said the Moody's report issued in March.

S&P Global Ratings downgraded GenOn from CCC+ to CCC with a negative outlook in May.

Sustained low gas prices and GenOn's leverage are to blame for the company's financial woes, says **Swami Venkataraman**, vp and senior credit officer at Moody's.

"The single most important thing is gas prices. It's also true that it is highly leveraged, they have something like $3.6 billion in debt, as Moody's calculates it, and $450 million or so in EBITDA. That's almost 8 to 9 times debt to EBITDA," Venkataraman tells *PFR*.

"If you were to characterize it, a lot of GenOn's fleet consists of old, inefficient peaking units, which can collect capacity revenues but don't have any energy margins because they are almost never called to dispatch," adds Venkataraman.

GenOn owns and operates 16.7 GW of net merchant projects in the U.S. The company has closed a number of asset sales this year.

Robindale Energy Services acquired the 525 MW Seward waste coal-fired facility in New Florence, Penn., and a company managed by **Rockland Capital** bought the 352 MW Shelby County gas-fired project in Neoga, Ill., from GenOn (PFR, 12/3, PFR, 11/13).

LS Power recently closed its acquisition of two peakers in Illinois from GenOn, the 878 MW Aurora gas-fired project and the 450 MW Rockford gas-fired project (PFR, 5/19).

GenOn was formed when two independent power producers, **RRI Energy** and **Mirant**, merged in the spring of 2010 (PI ,4/23/10).

Under the tenure of its previous ceo, **David Crane**, NRG acquired GenOn in 2012 in a stock for stock deal totaling approximately $1.7 billion. **Credit Suisse** and **Morgan Stanley** advised NRG on the deal. At the time, NRG said it planned to reduce the GenOn's indebtedness by about $1 billion (PFR, 7/23/12).

GenOn Mid Atlantic and **GenOn REMA**, two GenOn ring-fenced subsidiaries, are not distressed, according to Moody's, who rated both B2 in the same report which downgraded parent company GenOn in March.

"The ring-fenced entities currently generate about 70% of consolidated cash flow but only hold around 25% of the debt, whereas the rest of the company generates about 30% of the consolidated cash flow but account for 75% of the consolidated debt," wrote **Toby Shea**, vp and senior credit officer at Moody's, in the report.

"GenOn Mid Atlantic and GenOn REMA have secured debt in place, lenders and covenants that prevent them from making any cash distributions to the parent company GenOn," says Venkataraman. "Those two entities may be able to survive on a standalone basis, even if GenOn went bankrupt."

A spokesperson for NRG declined to comment. ■

ONE YEAR AGO

Energy Future Holdings accepted a bid from a consortium led by **Hunt Consolidated** to acquire its regulated transmission and distribution company **Oncor**, as part of EFH's plan to emerge from bankruptcy (PFR, 8/17/15). The planned $18 million acquisition won approval from the **U.S. Bankruptcy Court for the District of Delaware** and the **Public Utility Commission of Texas** – with caveats. The conditions set by the PUC proved unacceptable to the Hunt family and the sale was abandoned. [NextEra announced its intention to acquire Oncor earlier this month (PFR, 8/8).]

QUOTE OF THE WEEK

"Part of the opportunity-slash-challenge for community solar is finding a financing angle that works and a financing model that works for this kind of in-between utility-scale and residential."

Jeff Waller, principal at the **Rocky Mountain Institute**, on financing community solar projects (see story, page 7).