

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

CPV Prepares To Launch Debt Deal For Towantic

Competitive Power Ventures is discussing a debt deal with potential lenders for its 805 MW gas-fired Towantic facility in Oxford, Conn. Page 5.

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EFH Picks Hunt Plan To Exit Bankruptcy

Energy Future Holdings accepts Hunt's bid for Oncor as part of its emergence from bankruptcy. Page 9.

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Guggenheim Hires For Power Group

Guggenheim Securities has made a string of hires for its energy and power group. Page 12.

First Reserve Mulls Petrobras Pipeline Deal

Nischinta Amarnath

First Reserve is considering bidding for an interest in **Petróleo Brasileiro S.A.'s** gas pipeline operating subsidiary **Transportadora Associada de Gás**, according to two sources close to the situation.

Petrobras is set to invite bids for TAG, which owns a 4,038-mile pipeline network in Brazil, in a few weeks, one of the sources says, adding that he expects

the company to be split into two pipeline units, one located in the north and the other in the south of Brazil, which could be sold to different investors.

The 64% state-owned energy company is in private talks with investors including First Reserve regarding the potential sale, according to the sources.

First Reserve is likely to face rival bids from French multinational utility **Engie**, formerly known as **GDF**- PAGE 7 »



Petrobras' headquarters in Rio de Janeiro

TerraForm Warehouse Loan Lands At Wide End

Richard Metcalf

A loan for **TerraForm Private Warehouse**, a warehouse financing facility for SunEdison's yield-co **TerraForm Power**, was priced at the wide end of initial guidance.

The \$280 million seven-year term loan B was priced at 400 basis points over Libor, with a 100 bps Libor floor. Initial price talk was Libor plus 375 bps to 400 bps.

SunEdison said the loan was oversubscribed and placed with "a diverse group of leading institutional investors".

Citigroup, **Goldman Sachs** and **Morgan Stanley** were the bookrunners.

The proceeds of the loan will be used along with equity provided by **Macquarie Capital**, **John Hancock**, and SunEdison, to fund the acquisition of a 521 MW portfolio of wind assets from **Atlantic Power**. The total aggregate size of the warehouse is \$525 million.

The projects, in Idaho and Oklahoma, are ultimately PAGE 9 »

Term Loan B For Invenergy Gas-fired Portfolio Falter

Nischinta Amarnath

Invenergy is struggling to clinch a \$607 term loan B package backing a 2 GW gas-fired portfolio in the U.S. and Canada, according to people close to the situation, who blame the difficulties on overly aggressive terms.

Morgan Stanley and the **Industrial and Commer-**

cial Bank of China launched the deal, which consists of a \$537 million seven-year senior secured term loan and a \$70 million five-year revolving credit facility, in July.

The term loan is priced at between 525 and 550 basis points over Libor with a 1% floor rate, a banker tells *PFR*.

Invenergy was originally planning to launch a PAGE 5 »

● AT PRESS TIME

Brazilian Utility Plots Large Solar Project

Olivia Feld

Cemig, the Brazilian state-backed utility, will seek debt and equity to finance the construction of a large-scale solar project in the state of Minas Gerais, Brazil.

The Belo Horizon- PAGE 2 »



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● THE BUZZ

Summer In The City: Deals Keep Coming

August has got off to a busy start in project finance, with **Invenergy**, **Pattern Development** and **Boralex** all closing deals backing renewables projects in the last week or so (see stories, pages 6, 7, 5), and the market

shows little sign of cooling down.

"We've been consistently working through the summer this year," a New York-based project finance banker tells *PFR*, adding that the situation isn't too different from what he saw last year. One or two deals his firm is working on could still close before the end of August, he says. ■

● AT PRESS TIME

Brazilian Utility Plots Large Solar Project

◀ FROM PAGE 1

te-based company estimates that the project could cost R\$4 billion (\$1.14 billion) to build. The unnamed project is in the early stages of development and its generation capacity has not been finalized yet, a spokesperson for Cemig tells *PFR*.

Cemig will look to bring in equity partners for the project. "This is something that for sure we wouldn't do alone—not only from the debt perspective but also the equity perspective, so we will also have to look for

a partner or several partners," the spokesperson says.

The Minas Gerais state government recently approved tax incentives to build solar projects, the spokesperson adds. "It is in the interests of the company to develop this kind of power in the state," he says. According to local reports, construction is expected to take up to three years once the financing is in place.

Earlier this summer **SunEdison** purchased a stake in Cemig subsidiary **Renova Energia** for \$250 million. As part of the deal, SunEdison also acquired 830 MW of Renova's operating assets for R\$1.6 billion (\$496 million) (*PFR*, 7/8). ■

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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 **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
Akuo Energy	Florida II (50 MW Wind)	Uruguay		Eurus Energy Group has acquired a minority stake (PFR 8/3).
BayWa r.e.	Beethoven (80 MW Wind)	Trippls, S.D.		NorthWestern Energy is buying the project for \$143M (PFR 8/3).
Blackstone and others	Portfolio (523 MW Rooftop Solar)	U.S.	Morgan Stanley	TerraForm Power will acquire Vivint Solar's assets for \$922 million (PFR, 7/27).
Brookfield U.S. Renewable Power Holdings	Coram (102 MW Wind)	Kern County, Calif.		RET Capital has bought the facility (PFR, 7/13).
Campbell County Wind Farm Holdings	Campbell County Farm (95 MW Wind)	South Dakota		ConEdison is acquiring the project (PFR 7/20)
Cielo Wind Power	Salt Fork (200 MW Wind)	Donley and Gray counties, Texas		EDF Renewable Energy is acquiring the project (PFR, 6/28).
Ecoplexus	Shawboro PV1 (20 MW Solar)	Currituck County, N.C.		Duke Energy Renewables acquired the project (PFR, 7/27).
● Energy Future Holdings	Transmission & Distribution Assets	Texas		Hunt Consolidated is acquiring EIF subsidiary Oncor as part of bankruptcy exit (see story, page 9).
GE Energy Financial Services	Linden (1.6 GW Gas)	New Jersey		GE EFS is due to finalize a buyer for its 50% stake (PFR 8/3).
Gestamp Renewables	Portfolio (2.5 GW Solar)	U.S., Latin America, Europe, Asia, Africa	Bank of America Merrill Lynch	KKR is acquiring an 80% stake in Gestamp Asetym Solar for about \$1B (PFR, 7/27).
Infigen Energy	Portfolio (1.1 GW Wind)	U.S.	UBS	ArcLight Capital is buying the portfolio for \$272.5M (PFR 7/20)
	Portfolio (Roughly 95+ MW Solar)		Greentech Capital Advisors	The pipeline was sold for \$37.9M to an unidentified global solar developer (PFR 7/20)
Invenergy	Portfolio (930 MW Wind)	U.S., Canada		SunEdison and TerraForm Power are buying the portfolio (PFR, 7/13).
● LS Power	Bluegrass (594 MW Gas)	Oldham County, Ky.		East Kentucky Power Cooperative is buying the project (see story, page 8).
MACH Gen creditor group	Athens (1.08 GW Gas)	Greene County, N.Y.		Talen Energy is paying creditors including BAML and Credit Suisse \$1.175B for the portfolio (PFR, 7/27).
	Millenium (360 MW Gas)	Charlton, Mass.		
	Harquahala (1.092 GW Gas)	Maricopa County, Ariz.		
Moxie Energy	Freedom (900 MW Gas)	Luzerne County, Pa.		Caithness is buying an equity stake in the Freedom project (PFR 8/3).
Oak Creek Renewable Energy	Tres Mesas Phase 3 (up to 240 MW,Wind)	Tamaulipas, Mexico		The Marubeni affiliate plans to sell a stake in the project (PFR, 7/6).
Pattern Development, MetLife Capital	Gulf Wind (286 MW Wind)	Kenedy County, Texas		Pattern Energy Group is paying \$85.8M for the 60% stake (PFR, 7/27).
● Petrobras	Pipeline Network (4038-mile)	Brazil		First Reserve is mulling a bid for an interest in the assets (see story, page 1).
	Portfolio (1.5+ GW Thermal)	Brazil		The portfolio could be in the market soon, according to a source (PFR, 6/21).
Pristine Sun	Portfolio (150MW-300MW)	U.S.		The developer will transfer the assets to a JV it has with ReneSolar (PFR, 8/10).
Renova Energia	Portfolio (830 MW Solar, Wind, Hydro)	Brazil		SunEdison is acquiring the assets and a 15.7% stake in Renova's shares (PFR, 7/13).
Rockland Capital	Lakeswind (68 MW Wind)	Rollag, Minn.		TransAlta is buying the projects for \$75.8M. Deal slated to wrap in September (PFR 8/3).
	Mass Solar Portfolio (21 MW Solar)	Massachusetts		
Soligent Holdings	Portfolio (60 MW Solar)	California		Duke Energy subsidiary REC Solar acquired the portfolio (PFR, 7/6).
Suncor Energy	Kent Breeze (20 MW Wind)	Ontario		TransAlta will have a 100% ownership of Kent Breeze (PFR 7/20)
	Wintering Hills (88 MW Wind)	Alberta		TransAlta is purchasing a 51% stake in Wintering Hills (PFR 7/20)
TransAlta Corp.	Poplar Creek (376 MW Gas)	Fort McMurray, Canada		Suncor Energy is buying the plant in exchange for two of its wind farms (PFR 7/20)

● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

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	Ten- or	Notes
Alterra Power, Starwood Energy	Shannon (204 MW Wind)	Clay County, Texas	Citi, Santander, RBC	Construction, Letters of Credit	\$287M	TBA	The loan is backed by \$219M of tax equity from Citi and Berkshire Hathaway (PFR, 7/6).
Boralex	Côte-de-Beaupré (23.5 MW Wind)	Québec	National Bank of Canada	Term Loan	C\$64.4M	19.5-yr	The deal has closed (see story, page 5).
	Frampton (24 MW Wind)	Chaudière-Appalaches, Québec	National Bank of Canada	Construction/ Term Loan Bridge Loan, Letters of Credit	C\$73.5M C\$7.9M	19.5-yr TBA	The construction loan is priced at just under 200bps (PFR, 8/10).
Caithness Energy	Long Island Energy Center (350 MW Gas)	Brookhaven, N.Y.	Investec	Mini-perm, holdco loan	\$208M	7-yr	The loan has closed at LIBOR+450bps (see story, page 5).
Canadian Solar	Aria (9 MW Solar)	Springwater, Ontario	Manulife	Construction, Term	C\$52.8M	TBA	Both projects will be sold to Concord Green Energy once completed (PFR, 7/27).
	Earth Light (10 MW Solar)	Pefferlaw, Ontario	TBA	TBA	TBA	TBA	
Cemig	Unnamed Project (Capacity Unknown)	Minas Gerais, Brazil	TBA	Debt	TBA	TBA	The sponsor intends to seek debt and equity for the project, which is pegged at a cost of \$1.14B (see story, page 1).
Competitive Power Ventures	Towantic (805 MW Gas)	Oxford, Conn.	GE EFS, ING, Natixis, MUFG, NordLB, Mizuho	Debt	TBA	TBA	The sponsor is in the market for debt and is in talks with the lenders listed here (see story, page 6).
	Fairview (980 MW Gas)	Cambria County, Pa.	TBA	TBA	Debt, Equity	TBA	The sponsor will be in the market for debt when the deal launches in Q3'16 (PFR, 6/15).
Fermaca	El Encino-La Laguna (289-mile Pipeline)	Mexico	Citigroup, Goldman Sachs, ING, NordLB, Santander, Banamex, Sabadell	Loan	\$584M	3.5-yr	The loan was priced at 187.5 bps over LIBOR (PFR, 8/3).
Innergex	Mesgi'g Ugju's'n (150 MW Wind)	Avignon, Québec	Manulife, Canada Life Insurance Co, Caisse de Dépôt et Placement du Québec	Construction/ Term	C\$280M	20-yr	The deal is slated to close by end of August (PFR, 8/10).
Invenergy	Clear River (900 MW+ Gas)	Burrillville, R.I.	TBA	TBA	TBA	TBA	The project is slated to cost \$700M to develop (PFR, 8/10).
Invenergy	Portfolio (2 GW Gas)	U.S., Canada	Morgan Stanley, ICBC	Term Loan B, RCF	\$537M, \$70M	7-yr, 5-yr	Invenergy is struggling to close the deal (see story, page 1).
	Prairie Breeze II (73 MW Wind)	Nebraska	Santander	Construction Loan, Tax Equity	TBA	TBA	The deal has wrapped (see story, page 6).
Magnolia LNG	Magnolia LNG (80 mtpa LNG)	Lake Charles District, La.	TBA	Debt	<=\$3B	TBA	Teasers are likely to be sent out in early October (PFR, 8/10).
Moxie Energy	Freedom (900 MW Gas)	Luzerne County, Pa.	BNP Paribas, Citigroup, GE EFS, MUFG Union Bank	Debt	\$600M	TBA	The deal is slated to close by end of October (PFR, 8/3).
NTE Energy	Middletown (525 MW Gas)	Butler County, Ohio	BNP Paribas, Crédit Agricole	Debt	\$414M	TBA	Deal slated to wrap in a month (PFR, 8/3).
Pattern Development	Conejo (122 MW Solar)	Chile	Crédit Agricole, SMBC, Société Générale, Santander	Term Loan, VAT Facility	\$205M	15-yr+	The deal has closed (see story, page 7).
Sky Solar	Portfolio (70 MW Solar)	Uruguay	Inter-American Development Bank, China Co-Financing Fund, Canadian Climate Fund	Debt	\$85M	TBA	The deal has wrapped (PFR, 7/20)
SunEdison	South Plains II (300 MW Wind)	Floyd County, Texas	Citi	Construction Loan	\$360M	TBA	The project is expected to be acquired by TERP on completion in 2016 (PFR, 8/10).
			Berkshire Hathaway, Citi	Tax Equity	\$360M	TBA	
SunEdison	Quilapilun (110 MW Solar)	Chile	CorpBanca, DNB	Debt	\$160M	TBA	The deal has wrapped. The project is on TERP's call right project list (PFR, 8/3).

New or updated listing

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PROJECT FINANCE ●

Term Loan B For Invenergy Gas-fired Portfolio Falters

« FROM PAGE 1

\$700 million deal at 500 basis points over Libor, as previously reported by *PFR*. That plan was shelved when the Chicago-based developer failed to get its desired 'B' credit rating at the time (*PFR*, 7/17).

Bankers and other lenders who are not directly involved in the deal say that Invenergy has been ambitious by pushing to raise more than \$500 million in financing.

The assets in the portfolio are already loaded with holding company debt as well as project-level debt. Invenergy aims to redeem roughly \$380 million of corporate debt and \$225 million of project debt with the proceeds of the package, after which the remaining project level debt will be about \$440 million, according to a report from **Moody's Investors Service**, which accorded the proposed term loan a B1 rating with a stable outlook.

Market observers have suggested different

reasons for the difficulties faced by Invenergy in closing the loan. For a Washington, D.C.-based attorney who has represented lenders in various deals involving gas-fired projects, it is the abundance of deals in this unusually busy August. "There are lots of deals chasing the same money," he says.

Other deal watchers point to volatility in the oil and gas markets, aggressive pricing and terms, and the merchant risk associated with two of the projects.

The term loan B package is intended to back the 584 MW St. Clair project in Ontario, the 584 MW Nelson combined-cycle plant in Illinois, the 330 MW Ector peaking facility in Texas, the 357 MW Cannon Falls project in Minnesota, the 314 MW Spindle Hill plant in Colorado and the 370 MW Hardee facility in Florida.

St. Clair, Cannon Falls, Spindle Hill and Hardee are fully contracted, Ector is merchant, and Nelson is a partially contracted

asset. Whether Invenergy is evaluating a hedge structure to counter the merchant risk associated with Ector and Nelson could not be learned.

Moody's expects unregulated merchant energy and capacity sales to account for 40% to 50% of Invenergy's cash flow available for debt service over the next three years.

Lenders will benefit from a collateral package that includes a first lien on the Nelson and Ector assets as well as on the shares of the indirect owners of the other four projects.

The term loan is to be repaid by a 1% scheduled annual amortization as well as a sweep of 100% of excess cash, which will reduce to 75% once Invenergy's net holdco debt falls below five times the cash available to service the debt.

Spokespeople for Invenergy, Morgan Stanley and ICBC in Chicago and New York either declined to comment or did not respond to inquiries. ■

Borex Closes Second Community Wind Financing

Borex has closed a C\$64.4 million (\$57.7 million) debt financing for a community wind farm in the Capitale-Nationale region of Québec, in a very similar deal to one announced on Aug. 4.

National Bank of Canada was lead arranger and sole bookrunner on a C\$54.8 million (\$49 million) construction loan that will be converted into a 19.5 year term loan when the 23.5 MW Côte-de-Beaupré project goes online. The wind farm is slated to begin operations in December.

The remaining C\$9.6 million (\$8.6 million) of the package comprises bridge financing and a letter of credit facility. The bridge

financing will be used to cover costs which are reimbursable by the offtaker, **Hydro-Québec**.

The project has a 20-year power purchase agreement with Hydro-Québec.

Borex is developing the project in partnership with the **Côte-de-Beaupré Regional County Municipality**, and the profits from the municipality's 49% stake in the project will be channeled into a regional development fund.

Two weeks ago, Borex announced a similar financing deal for the Frampton community wind farm in the Chaudière-Appalaches region of Québec (*PFR* 8/5).

National Bank of Canada arranged that deal, which had the same construction/term loan structure with a tenor of 19.5 years. Like the Côte-de-Beaupré project, the 24 MW Frampton project has a 20-year offtake agreement with Hydro-Québec. ■

Caithness Closes \$208M Debt Package

Caithness Energy closed a \$208 million deal for the 350 MW Long Island Energy Center combined-cycle gas-fired project in Brookhaven, N.Y. on Aug. 11.

Investec was sole lead arranger for a \$200 million term loan and an \$8 million letter of credit.

The seven-year loan was more than 1.5 times oversubscribed, with around 10 to 12 gray market lenders participating, says a deal watcher.

The loan is at holding company rather than project level and was priced at 450 basis points over Libor with a 1% floor, as previously reported by *PFR* (*PFR*, 8/5).

The debt financing was arranged after Caithness pulled

out of plans to sell a 49% equity stake in the project (*PFR* 6/30).

BNP Paribas was advising the New York-based sponsor on the equity sale and had taken first round bids.

The project has a 286 MW power purchase agreement with a remaining life of about 14 years with the **Long Island Power Authority**. The remaining generation is sold spot.

Citigroup arranged the debt financing for the construction of the project, which came online in August 2009 (*PFR*, 6/2).

A spokesperson for Investec in New York declined to comment and a spokesperson for Caithness could not be reached immediately. ■

● PROJECT FINANCE

CPV Stalks Financing For Towantic

Competitive Power Ventures is talking to potential lenders to raise debt for the 805 MW gas-fired Towantic Energy Center in Oxford, Conn., according to a banker in New York.

PFR understands that the Braintree, Mass.-based sponsor is discussing the potential deal with **GE Energy Financial Services, ING Capital, Natixis, MUFG, NordLB, Mizuho and Crédit Agricole.**

The quasi-merchant project has a seven-year capacity contract with **ISO New England**, according to the banker, who adds that the project sponsor is also contemplating a hedge structure based on expected cash flows from its capacity contract.

The clearing capacity price for bidders from Connecticut, Boston, western and central Massachusetts, northeast Massachusetts, Vermont, New Hampshire and Maine in the **Forward Capacity Auction-9** for the 2018/19 delivery year is \$9.55/kW-month. Towantic was among the projects that cleared the FCA-9 in February.

Market observers expect Towantic's capacity price contract to enhance its attractiveness to lenders.

Another lender who is not involved in the deal notes that CPV will likely source equity

investments in Towantic from its new parent, **Global Infrastructure Partners**. GIP's second infrastructure fund, **Global Infrastructure Partners II** recently bought a majority equity stake in a number of CPV's under-development facilities as well as a portfolio of more than 5 GW (*PFR*, 4/7).

A company official in Braintree, Mass., confirmed that CPV was in a preliminary round of discussions to raise financing for Towantic, but declined to provide further details such as the project's development cost. The gas-fired facility is due to go online on June 1, 2018, when the capacity commitment period is scheduled to begin.

"Since PJM has had too much activity over the last three years, banks are getting stuffed with paper [from that region]. So, there's going to be a lot of interest in New England [projects]," says another deal watcher.

CPV has been active in the project finance market in the past year, seeking debt and equity for the 650 MW gas-fired Valley Energy Center, pegged at \$900 million, in Orange County, N.Y. (*PFR*, 2/17). A debt and equity deal for the \$900 million 870 MW combined-cycle Fairview facility in Cambria County, Pa. is set to launch next summer (*PFR*, 6/11). Last November, the sponsor clinched a \$585

million debt deal for its \$775 million 725 MW St. Charles combined cycle plant in Waldorf, Md. (*PFR*, 8/11).

FLOODED WITH LIQUIDITY

Financiers say that the market is awash with liquidity, with lenders hungry to finance a larger number of deals at a faster pace than developers are looking to raising debt. Against this backdrop, newer developers like **Advanced Power, NTE Energy** and **Panda Power Funds** and **Energy Investor Funds** have fared well with lenders.

Advanced Power sealed nearly \$900 million in debt and equity for its 700 MW Carroll County CCGT facility in Oregon, Ohio from two different consortiums of financial investors and commercial banks earlier this year (*PFR*, 4/9) while **NTE Energy** secured \$414 million in debt from **BNP Paribas** and **Crédit Agricole** for its \$525 MW Middletown gas-fired plant in Butler County, Ohio last month (*PFR*, 7/31) as well as upwards of \$400 million from MUFG and ING Capital for its 425 MW Kings Mountain CCGT project in Cleveland County, N.C. (*PFR*, 5/28).

Andy Bazinet, project director for the Towantic facility in Braintree, Mass., did not return calls placed to him. Spokespeople for the potential lenders could not be reached for comment. ■

Invenergy Seals Debt, Tax Equity For Prairie Breeze II

Invenergy has obtained a debt and tax equity package for the Prairie Breeze II wind project in Nebraska, which is part of a 903 MW renewables portfolio the developer is selling to **SunEdison**.

Santander provided a construction loan for the project as sole lead arranger, administrative agent and lender, according to a statement issued by Chicago-based Invenergy on Aug. 11.

The size and terms of the deal and the identity of the financial institution which granted the tax equity commitment were not disclosed, but a spokeswoman for Invenergy confirmed that the tax equity investor was not **Santander**.

GE Energy Financial Services, Bank of America Merrill Lynch and JP Morgan provided the tax equity for the 200.6 MW Prairie Breeze I facility in 2013 (*PFR* 10/3/2013).

The 73 MW Prairie Breeze II wind farm in Antelope and Boone counties is under construction and slated to go online in the fourth quarter of the year.

The wind farm has a 25-year power purchase agreement agreement with **Lincoln Electric System** and an interconnection agreement with **Nebraska Public Power District**.

The final stage of the project, Prairie Breeze III, could begin

generating test power as soon as the fourth quarter of this year and is scheduled to go online in 2016. Prairie Breeze III has a nameplate capacity of 35.8 MW and a 25-year PPA with the **City of Grand Island**.

All three phases of the Prairie Breeze project are in a 903 MW portfolio of wind assets Invenergy is selling to SunEdison for \$2 billion (*PFR* 7/7).

The Belmont, Calif.-based sponsor is acquiring 90% stakes in each of the facilities and will transfer them, along with 90% stakes in the 190 MW Bishop Hill and 196 MW California Ridge projects, both in Illinois, to a \$1 billion

warehouse facility, **TerraForm Private Warehouse Tranche II**.

Ultimately, SunEdison plans to and drop all five projects into its developed markets yieldco, **TerraForm Power**.

The other two assets that SunEdison is acquiring from Invenergy as part of the deal—a 100% stake in the 78 MW Raleigh project in Ontario and a 90% stake in the 187 MW Rattlesnake project in Texas—will be dropped directly into the yieldco when the acquisition closes.

TerraForm intends to acquire the remaining 10% stakes in the U.S. projects from Invenergy over the next three years. ■

Details Emerge On Pattern Chilean Solar Deal

Pattern has faced a number of hurdles on the ground with this project, says the deal watcher. The transmission network in the region is undergoing extensive expansion to meet a surge of generation asset development, he adds.

The project, which is on yield

Pattern says it plans to continue to grow its presence in Chile. The sponsor's first and only other project in the country is the 115 MW El Arrayán wind project, located on the coast approximately 400 km north of Santiago (PFR, 3/16/12). Pattern Energy increased its stake in El Arrayán from 31.5% to 70% by acquiring **AEI's** interest in June 2014. **Antofagasta Minerals** owns the remaining 30% minority stake in the project. ■

FirstReserve Mulls Petrobras Pipeline Deal

The map illustrates the proposed Amazonia Pipeline route across Brazil. The route is highlighted in yellow, connecting various states and regions. Key locations marked include Manaus, Belém, and several other cities in the Amazon basin. The map also shows major rivers and the locations of existing pipelines. The legend indicates that red dots represent junctions, red circles represent receiving points, and yellow lines represent existing pipelines.

Whether Petrobras is working with a financial advisor on the sale of TAG could not be learned. A press official at Petrobras did not return calls seeking comment. ■

● MERGERS & ACQUISITIONS

LS Power Sells Bluegrass To Kentucky Cooperative

LS Power is selling its 594 MW Bluegrass gas-fired facility in Oldham County, Ky., to **East Kentucky Power Cooperative**, according to a statement released last week.

EKPC will finance its purchase initially through funds from an existing \$500 million unsecured credit facility, but has plans to put long-term funding in place in the form of a loan from the **Rural Utilities Service**.

The unsecured credit facility was originally arranged in 2011 by **National Rural Utilities Cooperative Finance Corp**, **KeyBank** and **PNC Capital Markets** and was most recently amended and extended in October 2013 to mature in October 2018, according to EKPC's 2014 annual report.

EKPC plans to repay the funds drawn under that facility with a long-term loan from the **Rural Utilities Service** for up to 100% of Bluegrass' capital cost, under a trust indenture the utility has with **U.S. Bank National Association**. The Rural Utilities Service is an agency of the U.S. **Department of Agriculture**.

The exact purchase price of the deal has not been publicly disclosed, but the funds

currently available to EKPC under its \$500 million credit facility exceed the price of the transaction, according to a recent filing with the **Kentucky Public Service Commission**.

The funds available under the facility totaled \$425 million as of Dec. 31, 2014.

EKPC's interest in Bluegrass stems from the impending retirement of two remaining units totaling 149 MW at its Dale coal-fired station in Clark County, Ky. in the wake of the mercury air and toxic standards (MATS) rule, which came into force in April this year, a company spokesman says. Both of those units are due to deactivate in April 2016, having obtained one year compliance extensions. Two other Dale units totaling 50 MW were retired in April this year.

EKPC, which has 3 GW of generation, faced peak demand of 3.5 GW of power last winter, a record for the utility. As a result, it faces a current shortfall of roughly 647 MW.

"We're looking at this potential purchase as a hedge to the peak power situation," the company spokesman says.

Bluegrass comprises three simple-cycle gas-fired units with a capacity of 198 MW

each, one of which has an offtake contract with **PPL Corp.** affiliates **Kentucky Utilities** and **Louisville Gas & Electric**. The power purchase agreement is due to expire in April 2019.

EKPC has requested that the Kentucky Public Service Commission approve the deal by December 2015 and expects the acquisition to close before the end of the year.

Once the deal wraps, two units from the Bluegrass plant will bid their output in the PJM market, providing EKPC a physical hedge on energy prices during the coldest portion of the upcoming winter. Bluegrass' third unit will be ready to enter PJM once the PPA with KU and LG&E expires.

LS Power Equity Advisors originally acquired Bluegrass from **Dynegy** in 2009 as part of a \$1.5 billion deal involving a portfolio of nine assets totaling 4.17 GW across the U.S. (PFR, 8/10/09).

PFR understands that EKPC did not work with a financial advisor on the deal. However, a trio of consulting firms—**ACES**, **Navigant** and **the Brattle Group**—conducted an independent analysis of the Bluegrass project. Whether LS Power worked with an advisor was not revealed.

An official from LS Power in East Brunswick, N.J., did not return calls. ■

PFR #PowerTweets

For more news and coverage, follow @PowerFinRisk on Twitter, as well as @RichMetcalf, @NishAmarnath and @OliviaFeld.

@techreview

Register for #EmTechMIT Nov. 2-4 and hear from the innovators working to further expand our #renewable energy sources <http://ow.ly/QDg6w>

@WaterMgmt

@ThirstyLandFilm: Just a line to let you know that #ProjectFinance is now part of our portfolio. Best! @WaterMgmt

@bchydro

Site C job opportunities in #FortStJohn are now open for application #YXJ <http://ow.ly/QJyxp>

@Viguerie

Effects of Petrobras Scandal Leave Brazilians Lamenting a Lost Dream #energy #LatAm <http://buff.ly/1ISbAES>

@California_ISO

New #ISO #solar generation all-time peak of 6330 MW reached at 12:49 Wednesday, 8/12. Previous peak of 6329 set 7/15.

@Alectris

Market 'Saturated' by #Yieldcos After 15 IPOs, Says NRG Yield CEO via @business @Bloomberg <http://ow.ly/QME11>

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@AkGovBillWalker is pushing #natgas development to reduce emissions in his state - <http://ow.ly/QS7qM>



MERGERS & ACQUISITIONS ●

EFH Picks Hunt Plan To Exit Bankruptcy

Energy Future Holdings has 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.

The Hunt-led group, comprising existing creditors and new investors, will make a \$12.6 billion investment, including a \$7 billion equity injection into Oncor, as part of the deal, according to documents filed on Aug. 10.

Morgan Stanley has arranged \$5.5 billion of debt financing to support the acquisition.

Hunt's proposal involves the conversion of Oncor into a real estate investment trust under the umbrella of **InfraREIT**, the infrastructure REIT in which Hunt has a majority stake.

The deal requires the approval of the **Public Utility Commission of Texas** and other regulators, the U.S. **Bankruptcy Court for the District of Delaware**, and the **Internal Revenue Service** to go ahead. Confirmation hearings at the bankruptcy court are scheduled for October 5 to 8.

Hunt is expected to file a notification of change of control, along with a proposal for

conversion of Oncor into a REIT, with the **Public Utility Commission of Texas** in September. The PUCT must then rule on the proposal within 180 days.

The investor group headed by Dallas-based Hunt also includes **Anchorage Capital**, **Arrowgrass Capital Partners**, **Avenue Capital**, **BlackRock**, **Centerbridge Partners**, **GSO** and the **Teacher Retirement System of Texas**, according to a statement issued by Hunt.

Another key part of the restructuring plan is the tax free spin-off of EFH's merchant subsidiary **Texas Competitive Electric Holdings** to its first lien creditors, a transaction that will satisfy some \$25 billion in claims against that firm, which filed for bankruptcy last year alongside EFH and several of its other subsidiaries.

A further \$10 billion of debts owed by EFH will be paid off, in full, in cash.

CREDIT NEGATIVE

A report published by **Moody's Investor Service** on July 30 said the restructuring plan was credit negative for Oncor, which the ratings agency has given a Baal rating with a

positive outlook.

The plan to convert Oncor into a REIT, which would reduce the corporation's tax burden, could lead to increased political and regulatory pressure on the company, according to **Jairo Chung**, an analyst, and **Jim Hempstead**, an associate managing director, at Moody's.

For example, the PUCT might seek to impose restrictions on upstream dividend payments or reduce Oncor's authorized return on equity to reflect the tax efficiencies of the proposed structure. Oncor's authorized return on equity is currently 10.25%, according to Moody's.

The restructuring plan also sets out the possibility that the acquirers of the company could buy out Oncor's minority owners, including **Borealis Infrastructure**. The analysts note that the Canadian pension fund's involvement with Oncor helped to insulate the company from its parent's bankruptcy.

But Borealis could be difficult to dislodge. "We see Borealis as a formidable minority investor that will vigorously defend its rights," note the analysts in their report.

EFH filed for Chapter 11 protection on April 29, 2014, when it became clear that the more than \$40 billion debt it had assumed during the course of a 2007 private equity buy-out was unsustainable. ■

STRATEGIES ●

TerraForm Warehouse Loan Lands At Wide End

◀ FROM PAGE 1

expected to be dropped into TerraForm Power, SunEdison's developed markets yieldco.

YIELDCO SELL-OFF

Yieldco equities, along with independent power producer and energy stocks generally, have suffered in the last couple of weeks, in the wake of large-scale issuance and a drop in the price of oil.

A month ago, TerraForm Power's shares were trading at up to \$39.85 a share, and on Thursday they closed at \$25.96, SunEdi-

son's developing markets yieldco, **TerraForm Global**, missed its price target when it launched its initial public offering on July 31. (PFR 8/3).

Of all the shares issued by yieldcos to date, 55% has been issued this year, and 41% since May, according to a report by **Shelby Tucker**, equity analyst at **RBC Capital Markets** in New York.

The sell-off deepened last Thursday when SunEdison and TerraForm Power announced disappointing results. "Investors continued to question not only

the acquisition assumptions, but also the viability of the yieldco business model at current valuations," Tucker wrote.

And there are signs that yieldco debt is also suffering. An \$810 million green bond which TerraForm Global issued in a private placement at the same time as its IPO was also priced wider than expected, to yield 9.75%. (PFR 8/3)

'PERPETUAL GROWTH'

There have long been questions about the sustainability of the yieldco business model. "In many ways it's the worst-kept secret in the industry," says one deal watcher. "They're based on perpetual growth and what a lot

of people are starting to realize is, where's that growth coming from? There's not enough projects out there to support perpetual growth."

Faced with a finite pool of renewables assets in North America, yieldcos have been diversifying their portfolios and branching out into other asset classes, such as transmission, or other geographies.

"The risk profile is changing fairly dramatically," notes the deal watcher, "because people are realizing that you can't have, for example, a North American renewables-focused platform, because there's just not enough projects out there." ■

PFR

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By the publisher of GlobalCapital

PEOPLE & FIRMS ●

Former Panda Exec Joins Budding Renewables Sponsor

« FROM PAGE 12

wider strategy to build up its project development business.

The group is already sponsoring a number of solar projects and is looking to expand into utility-scale solar, storage and distributed generation, a deal watcher tells *PFR*, adding that Lendlease is eyeing development in PJM, California and Hawaii.

Carson, who heads the energy division, was president and ceo of **Infigen Energy US** from 2010 to 2014. Sydney-based **Infigen Energy** recently pulled out of the

U.S. wind market with the sale of its portfolio to an affiliate of New York-based **ArcLight Capital Partners** for roughly \$272.5 million (*PFR*, 7/16).

Metersky left Houston-based Panda Power Funds in March, after nearly three years' service. In his role at Panda he led acquisition, development and financial closing teams for gas-fired projects including the 829 MW Liberty project in Towanda, Penn., the 800 MW Patriot project near Williamsport, Penn., and the 778 MW Stonewall project in Loud-

oun County, Va., (*PFR*, 12/18/13), (*PFR*, 8/26/13), (*PFR*, 11/17). Those three financings totaled more than \$2.8 billion.

Prior to working at Panda, Metersky was a director in business development at **BP** where he led the development of a \$200 million co-generation project at BP's refinery in Carson, Calif. He has also head business development posts at **Nationwide Energy Partners** and **American Electric Power**.

Metersky declined to comment when contacted by *PFR*.



Ross Matersky

WindSail Pulls The Plug On Skystream

WindSail Capital is selling its majority stake in New York-based renewables trading firm **Skystream Markets**. The private equity firm's sudden withdrawal comes less than a year after the announcement of its investment in Skystream.

Boston, Mass.-based WindSail is seeking bids on an 'as-is, where-is basis', through a closed process, according to a confidential sales memorandum that *PFR* obtained on Aug. 13.

The document states that potential buyers are expected to perform their own due diligence to determine the value of Skystream, whose assets include its core renewables trading platform architecture and technologies, trademarks, copyrights, patents and domain names.

The memo, which was circulated to potential buyers in mid-May after several Skystream employees were laid off, contains material false representations, according to sources close to the situation.

According to one of the sources, the decision to sell Skystream follows a series of negotiations between WindSail Capital's management and Skystream co-founders **Kapil Mohindra** and **Naeem Hukkawala**, who are unhappy with WindSail's alleged refusal to make contractual payments to employees and

independent contractors.

The joint announcement of the deal, in September 2014, did not describe the details of the financing, but **Ian Bowles**, managing director at WindSail Capital, said that WindSail was a secured lender to its affiliate, and that Skystream had defaulted on the loan in December 2014.

"We spent five months working with Skystream to come up with an alternative to liquidate or recapitalize the company," he told *PFR* in an interview from an undisclosed vacation spot. "We are a creditor and we're working to collect our assets. We've worked to give them every chance to succeed."

An official at Skystream claimed that Windsail had instructed Skystream not to pay the interest on the secured debt



Ian Bowles

in December. "Effectively, WindSail defaulted on itself because it chose not to pay its own debt service," he said. "You can't be an owner and also a creditor. So, Windsail has to choose which one they want to be."

Sherwood Partners is the financial advisor to WindSail on the proposed sale. The private equity firm is yet to seek bankruptcy protection for Skystream. However, a Chapter 11 filing could be made if there are no takers for the company.

In January 2014, prior to WindSail's involvement, Skystream had secured a \$4 million series A financing from a quartet of investors comprising **Connecticut Innovations**, **Advantage Capital Con-**

necticut, **Launch Capital** and the **Clean Energy Venture Group**.

Skystream's co-founders declined to comment for this article. ■

“We are a creditor and we’re working to collect our assets. We’ve worked to give them every chance to succeed.”

● PEOPLE & FIRMS

Guggenheim Peps Up Power Group

Guggenheim Securities, the investment banking and capital markets division of **Guggenheim Partners**, is growing its energy and power group with a number of recent hires.

The New York-based global investment and advisory firm has appointed **Dean Keller**, **James Schaefer** and **David Dolezal** as senior managing directors.

Schaefer and Keller are due to start in the coming weeks and will be based in the New York office, a person familiar with the situation told *PFR*. Dolezal started his new role in the San Francisco office earlier in the year. *PFR* understands that more people will be joining the power group in the coming months.

The revamped group is expected to focus largely on advisory mandates. In 2013 **Guggenheim Partners** advised **Voltage Finance**, run by a group of private investors, on the purchase of a stake from **GE Energy Financial Services** in the 800 MW CPV Sentinel gas-fired project in North Palm Springs, Calif. (PI, 10/7/13).

Keller joins Guggenheim from **BNP Paribas**, where he was m.d. and head

of North American power mergers and acquisitions. Keller has brought members of his team with him from BNP to Guggenheim, including **Lauren Bruch** and **Colin DeVore**. It could not be immediately established what BNP's plans are for replacing Keller, Bruch and DeVore.

Schaefer was most recently head of global power, energy and renewables at **Blackstone Advisory Partners** (PFR, 3/18). Prior to this, he was the global head of power and renewable energy group at **UBS** in New York (PFR, 11/8).

Dolezal was previously partner at **Greentech Capital Advisors**, a New York-based boutique investment bank, in the San Francisco office. Before joining Greentech, Dolezal was Americas head of the software, cleantech and renewable energy groups at **UBS** in San Francisco.

Rodrigo Cortez has joined the power group at Guggenheim from **BBVA Corporate and Investment Bank**. He will report to the new managing directors.

A spokesperson for Guggenheim Securities did not immediately respond to inquiries. ■



Dean Keller



James Schaefer



David Dolezal

Former Panda Exec Joins Budding Renewables Sponsor

A former v.p. in business development at **Panda Power Funds** has joined a burgeoning renewables sponsor to spearhead solar project development.

Ross Metersky has been hired as project development director at **Lendlease** in its Dallas office. Metersky, who started at the company in June, reports to **Craig Carson**, general manager, energy solutions at Lendlease.

In his new role, Metersky is working on the full gamut of renewable project development including origination, facility permitting, structuring and executing deals.

Sydney, Australia-headquartered Lendlease, which is best known in the Americas as a construction contractor, formed a Dallas-based energy division late last year as part of a

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● ALTERNATING CURRENT

Dinosaur Footprints Unearthed At B.C. Wind Project Site



A set of 97-million-year-old dinosaur footprints has been discovered at the site of an under-construction wind project in British Columbia.

The **Tumbler Ridge Museum Foundation** announced the find on Aug. 11, saying that the tracks belonged to a three-toed ankylosaur.

Warren Garbitt, an excavator operator with **4Evergreen Resources**, saw the fossil after blasting rocks at the site of **Pattern Development's** 180 MW Meikle wind farm, about 20 miles north of Tumbler Ridge.

Pattern recently completed the C\$393 million financing for the project in a club deal involving



photo: Tumbler Ridge Museum Foundation

seven lenders (PFR 7/15).

Rich McCrea, the curator of paleontology at the Tumbler Ridge Museum and **Peace Region Paleontology Research Centre**,

said the find was of particular scientific interest because of the number of toes the footprints have.

"The first ankylosaur tracks described from Canada had four obvious digit impressions, however we have encountered a number of three-toed morphs which we are currently describing in the scientific literature," McCrea said in a statement. "This find then adds to the small but growing population of three-toed ankylosaur tracks."

Pattern has offered to transport a slab bearing the prehistoric imprint to the museum so that it can be displayed to the public.

The find is the latest in a series of fossil discoveries in the Tumbler Ridge area, which include the most complete thalattosaur skeleton ever found in North America. ■

● ONE YEAR AGO



Competitive Power Ventures, along with **Marubeni Corp.** and **Toyota Tsusho** clinched a debt deal for the 725 MW St. Charles combined-cycle plant in Maryland from **GE Energy Financial Services**, **ING Capital** and **Crédit Agricole**.