

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● MERGERS & ACQUISITIONS

● PROJECT FINANCE

● PEOPLE & FIRMS

CapDyn Seeks Solar Project Finance

Capital Dynamics is talking to tax equity and institutional investors to finance a 90 MW solar project.

Page 7

TERP Launches Second Private Placement

TerraForm Power closed an \$83 million private placement backed by solar projects and is marketing a similar deal.

Page 9

Rubicon Hires for Renewables Team

A former **GE EFS** private equity specialist has joined **Rubicon Infrastructure Advisors** as managing director in New York.

Page 12

Uncertainty Blows Through Tax Equity Market After Inconclusive Court Decision

Taryana Odayar

A recent court decision relating to a wind project financing in 2010 has injected a dose of uncertainty into valuations used in renewable project deals, especially those involving investment tax credits.

The case, a dispute over the size of a cash grant that was part of the financing of the first six phases of the huge Alta Wind complex in California, could have repercussions on tax equity deals struck since then.

When the **U.S. Appeals Court for the Federal Circuit** sent the case back to the **U.S. Court of Federal Claims** to be reheard under a different judge on July 27, eight years after the original financing, project finance attorneys set about assessing what it could mean for their clients.

"To me the biggest issue generated by the case is the very

significant time between the investor relying on a valuation methodology and amount with the help of an appraiser, and the two courts disagreeing about that methodology," says **Forrest Milder**, a **Nixon Peabody** tax partner based in Boston.

"In the meantime, investors are left hanging on the question of how regularly a facility can have a higher tax credit-eligible basis than the cost to build, and what factors should be present to support that result."

Sponsors face the most risk, while tax equity investors are likely to express a preference for sponsors with stronger balance sheets that are able to support ITC basis indemnity provisions, says **David Burton**, a partner at **Mayer Brown** and the head of the firm's renewable energy group in New York.

ITC basis indemnity is an assurance from [PAGE 10 »](#)

Ex-Cogentrix Players Ramp Up Financing Effort for PJM Gas-fired Project

Shravan Bhat

A team of ex-**Cogentrix Energy Power Management** employees is beginning to look for equity investors for a gas-fired project that is under development in Virginia.

The developers, operating under the name **Balico**, have been lay-

ing the groundwork for the 1,650 MW Chickahominy project in Charles City County for more than a year and recently hired a financial adviser with the aim of reaching financial close in the first quarter of 2019.

The equity raising process is in its early stages and the process of securing debt is [PAGE 8 »](#)

Carlyle Returns to Banks for Gas-fired Portfolio Refi

Shravan Bhat

For the second time in as many months, **The Carlyle Group** is hitting the bank market with a power project finance deal—this time to refinance debt on a trio of gas-fired peakers.

Investec is leading on the deal, which will increase the leverage on the Lincoln Power portfolio in Illinois while extending the maturity of the debt.

Carlyle worked with Investec,

GE Energy Financial Services, **CIT Bank** and **SunTrust** on the original \$297 million seven-year acquisition financing it put in place when it bought the peakers from **Rockland Capital** last June (PFR, 6/21/17).

The private equity sponsor is looking to increase the size of the loan to \$323 million, reset the tenor and cut the pricing by 50 basis points, from 325 bp to 275 bp over Libor.

The deal is expected to close by the end of the [PAGE 9 »](#)



● IN THIS ISSUE

MERGERS & ACQUISITIONS

- 5 | JERA to Buy Compass Stake
- 5 | Linden Cogen Stake Sale
- 6 | Hudson Sells Eagle Creek Hydro
- 6 | Pension Fund Buys Pattern Project
- 6 | Pattern Axes New Mexico Dropdown
- 7 | CapDyn Buys 8minutenergy Project
- 7 | EDF, Canadian Solar Sell Brazil Stake
- 7 | Dominion Snaps Up Virginia Solar

PROJECT FINANCE

- 8 | PJM Seeks 2018 Auction Delay
- 9 | Engie Secures BAML Tax Equity
- 9 | Southwest Gen TLA Refi
- 9 | TerraForm P.F. Activity Picks Up

● RESTRUCTURING

Coal-fired Plant Teeters Toward Second Restructuring

A coal-fired project in Mississippi that was financed through a levered sale-leaseback with **Southern Co.** is in danger of defaulting on its debt, six years after its last restructuring.

The 440 MW Red Hills plant in Ackerman has faced financial pressures as a result of operational underperformance since its inception and another default is a “real possibility”, according to **Fitch Ratings**.

The rating agency revised the outlook on the senior notes issued through sale leaseback financing vehicle **Choctaw Generation Limited Partnership** from stable to negative on Aug. 6. Fitch’s rating for the \$235 million, 19-year Series 1 lessor notes is B.

The project also has \$84 million of Series 2 lessor notes, rated CCC, which are due in December 2040, eight years after the project’s 30-year power purchase agreement with the **Tennessee Valley Authority** expires.

“The PPA is structured such that the project mostly relies on capacity payments,” says **Andrew Joynt**, a director in the global infrastructure and project finance group at Fitch. “The project does well when they’re able to keep the plant open and running.”

Improvements like steam turbine retrofits, control room upgrades, boiler improvements and emissions controls updates enabled Choctaw to have 94% availability in 2016 but dirtier-than-expected lignite produced excess ash which

BORROWER STRATEGIES

- 10 | Starwood Launches H.Y. Bond

PEOPLE & FIRMS

- 11 | Lazard Hires Transmission Honcho
- 11 | Sempra Renewables Head Shifts
- 12 | Rubicon Infra Lures P.E. Specialist
- 12 | Steve Ryder Exits Invenergy

DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book

clogged the machinery, causing the plant’s availability to drop to 67% in 2017 and revenues to decline by 25% to \$110 million.

“It’s a mine-mouth project, so they don’t have fuel supply flexibility,” says Joynt. “To the extent the coal quality is below expectations, they’re stuck with it.”

FIRST RESTRUCTURING

GDF Suez originally developed the project and financed it in 2002 through a levered sale-leaseback with Southern Co., but **PurEnergy** bought GDF out of its position in 2013 ahead of a restructuring of the original notes (PFR, 1/10/13, 12/2/13).

Southern Co. also agreed to fund some \$60 million in equity for upgrades as part of the deal.

As part of the 2013 restructuring, the coupon on the senior note was cut by over 200 basis points to 6.12% and the tenor was pushed out by seven years.

Repayments under the subordinated Series 2 notes, which are expected to mature eight years after the plant’s PPA expires, are not mandatory. If deferred, interest accrues at an overdue rate of 7.49%.

PurEnergy’s lessor interest was transferred to a company called **PurEnergy II** prior to the acquisition of the asset manager by **NAES Corp.** in 2016.

Officials at PurEnergy in Syracuse did not respond to inquiries. ■

PFR Power Finance & Risk

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

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

GENERATION AUCTION & SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.

A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
8minutenergy Renewables	Springbok Solar 3 (90 MW, Solar)	Kern County, Calif.		Capital Dynamics is acquiring the contracted project, which is due to be online next year (see story, page 7).
AES, AIMCo	Portfolio (1.3 GW Wind, Solar)	U.S.	Barclays	The owners of sPower have mandated Barclays to sell a stake in the company's operational portfolio less than a year after acquiring it (PFR, 6/25).
Ares-EIF	Linden Cogeneration (974.1 MW Gas, 12%)	Linden, N.J.		Rose Capital Investment, a subsidiary of Development Bank of Japan, is acquiring 6% of the project from each of the two private equity firms (see story, page 5).
Oaktree Capital				
Ares-EIF, Starwood Energy	Hudson (660 MW Transmission)	New Jersey, New York	Goldman Sachs (seller), Barclays (buyer)	The sponsors are selling their majority stake in the project, which was completed in June 2013 (PFR, 4/24).
Avangrid, Pattern Development	El Cabo (298 MW Wind, 49.5%)	Torrance County, N.M.		Pattern Energy Group decided not to exercise its option to acquire a 49.5% stake in the project and has removed it from its ROFO list (see story, page 6).
Blackstone	Frontera (526 MW Gas)	Hidalgo County, Texas	Cantor Fitzgerald, Jefferies, JP Morgan	Morgan Stanley was left lead on a \$700 million seven-year term loan B that was issued in April to refinance the project (PFR, 6/11).
Carlyle Group	Calpeak Portfolio (416 MW Gas)	California	Guggenheim	Carlyle appointed Guggenheim to sell the six peakers in two-stage auction process in June (PFR, 8/13).
Dominion Energy	Fairless Works (1,240 MW Gas), Manchester Street (450 MW Gas)	Pennsylvania, Rhode Island	JP Morgan	Dominion is selling two gas-fired units as it seeks to hit corporate debt reduction targets (PFR, 7/23).
EDF Energies Nouvelles, Canadian Solar	Pirapora (321 MW Solar, 50%)	Minas Gerais, Brazil		Omega Geração is buying a 50% stake in the complex from its two owners, in a deal that will leave EDF holding the other 50% (see story, page 7).
Empresas Públicas de Medellín	Los Cururos (109.6 MW Wind)	Chile		The Colombian utility is selling assets in the wake of a natural disaster at its 2.4 GW Ituango hydro plant (PFR, 8/13).
Engie North America	Live Oak (200 MW Wind)	Schleicher County, Texas	Thorndike Landing	Engie is looking to sell down a stake in the renewables portfolio (PFR, 7/16).
	Solomon Forks (276 MW Wind)	Colby, Texas		
	Portfolio (140 MW Solar)	Various		
GE EFS	Private Equity Portfolio		BAML	BAML began pitching the private equity holdings to potential buyers in May (PFR, 6/11). The project loan book is being sold separately to Starwood Property Trust (PFR, 8/13).
Hudson Clean Energy Partners, Power Energy Eagle Creek	Eagle Creek Renewable Energy (216 MW Hydro)	U.S.	Evercore (seller), BMO (buyer)	Ontario Power is paying \$298 million for the 63-project portfolio, which is spread across 13 U.S. states (see story, page 6).
I Squared Capital	Lincoln Clean Energy (513 MW Wind, Solar)	U.S.		Danish energy company Ørsted is buying the firm, which has a 1.5 GW pipeline (PFR, 8/13).
INova (Sempra Energy)	Termoeléctrica de Mexicali (625 MW Gas)	Baja California, Mexico		The company intends to sell the facility by the end of the year (PFR, 5/14).
LS Power	Aurora (878 MW Gas)	Aurora, Ill.	Guggenheim, BAML	LS Power has again taken bids for the portfolio after adding the Ironwood facility to the group (PFR, 7/30).
	Rockford (450 MW Gas)	Rockford, Ill.		
	Ironwood (765 MW Gas)	Lebanon, Pa.		
	Seneca (508 MW Hydro)	Warren, Pa.	Barclays, PJ Solomon	LS Power is marketing the project four years after it abandoned an initial to attempt sell it (PFR, 3/22).
Noble Environmental Power	Portfolio (500 MW Wind)	New York	Greentech Capital Advisors	The auction for the five upstate projects is in its second round (PFR, 7/2).
Orion Renewable Energy Group	Portfolio (135 MW Solar)	Pennsylvania, Maryland	Rothschild	Lightsource BP is buying the six development-stage assets in PJM Interconnection (PFR, 8/13).
Pattern Development	Mont Sainte-Marguerite (147 MW Wind)	Québec, Canada		Pattern Energy Group and PSP Investments have closed their acquisition of the project. PEGI paid \$40 million for its 51% portion (see story, page 6).
Peabody Energy	Navajo Generating (2,250 MW Coal)	Arizona	Lazard	Middle River Power, an Avenue Capital Partners portfolio company, has expressed interest in acquiring the project (PFR, 5/7).
Philip Morris Capital Corp.	Pasadena (781 MW Gas)	Texas	GSF Investors	The investor, a subsidiary of tobacco company Altria Group, is looking to find a buyer for its lessor position (PFR, 6/25).
Sempra Energy	Portfolio (2.6 MW Wind, Solar)	U.S.		Sempra is selling its U.S. renewable assets (PFR, 7/2).
Siemens FS, other former creditors	Temple I (758 MW Gas)	Texas	Houlihan Lokey	A creditor group that took control of the CCGT plant earlier this year is exploring strategic options that could result in a sale (PFR, 5/7).
Starwood Energy Group Global	Compass Power Generation (1.1 GW Gas, 50%)	Delaware County, Pa., Bristol County, Mass., Worcester County, Mass.	Credit Suisse (buyer)	JERA Co. is acquiring a 50% stake in the portfolio, comprising the 840 MW Marcus Hook Energy Center, the 173 MW Dighton project and the 160 MW Milford project (see story, page 5).
Superservicios	Electricaribe	Colombia	FDN, Lazard, Ágora	Interested parties have until Aug. 17 to bid for Colombia's struggling power distributor (PFR, 8/13).
Urban Grid	US-3 Solar (240 MW)	Surry County, Va.		Dominion Energy is buying the portfolio, comprising the 142 MW Colonial Trail West and 98 MW Spring Grove I projects, from the developer following an RFP (see story, page 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 Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@powerfinancerisk.com

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
7X Energy	Lapetus Energy Centre (35 MW Solar)	Andrews County, Texas	CohnReznick (adviser)	Debt, Tax Equity	TBA		Brazos Electric Power Cooperative will purchase the output under the terms of the 20-year deal (PFR, 5/29).
ArcLight Capital Partners, Blackstone	Lightstone Generation (5.3 GW Coal, Gas)	Ohio, Indiana	Credit Suisse	Term Loan	\$300M	6-yr	The portfolio's private equity sponsors will use the proceeds of the incremental debt raise to pay themselves a dividend (PFR, 7/30).
Ares-EIF	Hill Top Energy Center (620 MW Gas)	Greene County, Pa.		Debt			The project sponsor is targeting the bank market with the aim of reaching financial close in the fourth quarter (PFR, 8/6).
Balico	Chickahominy (1,650 MW Gas)	Charles City County, Va.	TBA	Debt, Equity	TBA	TBA	A development team, formerly at Cogentrix, has hired a financial advisor to begin the equity raise (see story, page 1).
Capital Power Corp., Harbert Asset Management	York Energy Centre (400 MW Gas)	Ontario, Canada	MUFG (left), Royal Bank of Canada	Term Loan	\$176M	7-yr	The plant has been refinanced in a \$212.7M deal, replacing a 5-yr term loan signed in May 2014 (PFR, 8/6).
Canadian Solar	Aguascalientes Potencia 1 (63 MW Solar)	Mexico	Natixis	Debt	\$45M	TBA	The project has a 15-year PPA priced at \$47.95/MWh (PFR, 8/13).
Carlyle Group	Rhode Island State Energy Center (583 MW Gas)	Johnston, R.I.	Investec	Term Loan A	\$363M	7-yr	The financing, priced at L+275 bp with a 99.25% OID and including a "hedge toggle" feature, closed on July 20 (PFR, 7/30).
	Lincoln Power (1,058 MW Gas)	Illinois	Investec	Term Loan A	\$323 million	7-yr	Investec is looking to reprice the upsized debt at L+275 by the end of this month (see story, page 1).
	Rock Springs (358 MW Gas)	Cecil County, Md.	Morgan Stanley	Term Loan B	\$85M	6-yr	Carlyle Group is adding to its \$650 million Nautilus Power term loan B to acquire units 1 and 2 of the peaker (PFR, 7/30).
Coronal Energy	Latitude (15 MW Solar)	Hardeman County, Tenn.	TBA	Tax Equity	TBA		Tennessee Valley Authority awarded Coronal a 15-year PPA and construction has begun (PFR, 7/23).
Enel Green Power Mexico	Portfolio (992 MW Solar)	Mexico	BBVA, Caixa, MUFG, Natixis	Debt (Commercial Tranche)	\$400M	17-yr	The commercial tranche is priced at 225bp over Libor, stepping up by 25bp every five years (PFR, 6/11).
			Bancomext, EIB, IDB	Debt (Multilateral Tranche)	\$250M	20-yr	
Engie North America	Live Oak (200 MW Wind)	Schleicher County, Texas	BAML	Tax Equity	\$155M		BAML is also providing a 10-year hedge and an Engie affiliate will buy 50% of the power (see story, page 9).
FGE Power	Goodnight (500 MW Wind)	Armstrong County, Texas	Karbone	Tax Equity	TBA		The sponsor has already secured a cash equity commitment for the project from Fortistar (PFR, 5/29).
GE EFS	Shady Hills (573 MW Gas)	Pasco County, Fla.	TBA	TBA	TBA	TBA	GE EFS is aiming to have all the permits in place and reach financial close in December (PFR, 5/21).
Longview Power	Longview (700 MW Coal)	Maidsville, W.Va.	Houlihan Lokey (adviser)				Longview Power has hired Houlihan Lokey for a potential refinancing (PFR, 4/9).
NRG Energy	Canal 3 (333 MW Gas)	Sandwich, Mass.	Natixis	Debt	\$200M	C+7-yr	NRG Energy is selling the project to Stonepeak Infrastructure Partners. Price talk on the debt is L+275 bp (PFR, 5/14).
NTE Energy	Reidsville (500 MW Gas)	North Carolina	Whitehall	Debt, Equity	\$650M	TBA	Whitehall is running the \$100 million equity raise, while lenders have not been chosen yet (PFR, 7/23).
Pattern Energy Group	Grady (220.5 MW Wind)	Curry County, N. M.	TBA	Debt	TBA	TBA	The project has a 25-year PPA with Sacramento Municipal Utility District (PFR, 7/23).
Sempra Renewables	Great Valley Solar (200 MW)	Fresno, Calif.	Wells Fargo	Tax Equity	\$85M		Wells revealed the size of the tax equity investment on Aug. 8 (PFR, 8/13).
Southern Power (Southern Co.)	Portfolio (1.6 GW Wind)	Texas, Oklahoma, Maine	TBA	Tax Equity	-\$1B		The sponsor aims to raise tax equity on the portfolio by the end of the year (PFR, 6/4).
sPower	Portfolio (Approx. 730 MW Wind, Solar)	U.S.	Citi	Private Placement	\$500M	23-yr (13.8-yr WAL)	The debt for the second half of the portfolio, financed along similar lines to the first, was priced at T+200 bp (PFR, 8/13).
Starwood Energy Group Global	Compass Power Generation Portfolio (1.2 GW Gas)	Pennsylvania, Massachusetts	Morgan Stanley (left)	Term Loan B	\$744M	6-yr	A pair of banks has been hired for the repricing, which comes about eight months after the loan was last priced (PFR, 8/6).
				Revolving Credit Facility	\$60M	4-yr	
Taaleri Energia	Truscott-Gilliland East (277 MW Wind)	Knox County, Texas	NorthRenew Energy (adviser)	Debt, Tax Equity	\$350M		The Finnish developer is seeking debt and tax equity as it enters the U.S. market (PFR, 2/12).
Talen Energy	New MACH Gen (1,440 MW Gas)	New York, Massachusetts	Beal Bank	DIP Loan	\$20M	6-month	Beal Bank is taking possession of one of the assets in the portfolio in exchange for a debt reduction. The DIP facility is expected to convert into a 5-yr exit loan (PFR, 8/6).
TerraForm Power	Portfolio (73 MW Solar)	U.S.	SMBC	Private Placement	\$83M	22-yr	TerraForm has launched a second, similar deal to fund its acquisition of Saeta Yield (see story, page 9).
Vivint Solar	Portfolio (95 MW Resi Solar)	U.S.	BAML	Private Placement	\$130M	TBA	Front-levering BAML's tax equity with the senior secured debt helped maximize Vivint's proceeds from the financing (PFR, 8/13).

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MERGERS & ACQUISITIONS ●

Buyer Emerges for Compass as Term Loan B Debt is Repriced

Starwood Energy Group Global is selling a 50% equity interest in **Compass Power Generation** in a deal announced on the same day that the 1.1 GW gas-fired portfolio's term loan B debt was repriced.

JERA Co., a joint venture between Japan's **TEPCO Fuel & Power** and **Chubu Electric Power Co.**, is buying the stake in the portfolio through its **JERA Americas** subsidiary for an undisclosed sum.

"We are thrilled to have JERA as a partner in this portfolio," said **Himanshu Saxena**, ceo of Starwood Energy, in a statement.

Credit Suisse is advising JERA on the deal, while Starwood is not working with a financial adviser.

Representatives of Starwood did not respond to inquiries by press time.

DEAL OF THE YEAR

The Compass portfolio comprises the 840 MW Marcus Hook Energy Center in Delaware County, Pa., and the 173 MW Dighton facility and 160 MW Milford facility in Massachusetts.

Starwood acquired Marcus Hook from **NexEra Energy Resources** in 2016 for \$765 million, including estimated working capital. The facility sells its output into **PJM Interconnection** and has a contract with the **Long Island Power Authority**, a power distribu-

tion utility.

A year later, the private equity firm acquired Milford and Dighton for \$119 million from **Dynegy** in a transaction undertaken to address U.S. **Federal Energy Regulatory Commission** concerns about competition in ISO-NE's Southeastern New England capacity zone.

REPRICING

The Compass portfolio was then combined and refinanced in the term loan B market in December, earning it *PFR*'s North America Conventional Power Project Finance Deal of the Year (*PFR*, 5/21).

Starwood recently hired **Morgan Stanley** as left lead and **MUFG** as joint bookrunner to reprice the \$744 million term loan B.

Initial price talk was set in the range of 325 to 350 basis points over Libor with a 1% Libor floor, with the loan to be sold at par, last week (*PFR*, 8/2).

Commitments were due on Aug. 8. The following day, pricing was firmed at the wide end of IPTs with the other terms unchanged.

The term loan matures in 2024. A \$60 million five-year revolver remains as part of the original debt package.

LEARNING CURVE

The Compass deal will grow JERA's net North

American generation ownership to approximately 3.5 GW.

"JERA is committed to significantly expanding our long-term presence in North America by using a disciplined approach to build a portfolio of gas-fired and renewable generation facilities," said **Toshiro Kudama**, ceo of JERA Americas and senior executive vice president at JERA, in a statement. "These plants are all in excellent locations close to customer demand and are strong additions to our growing portfolio."

Following the acquisition, JERA Americas will participate in the operation of the portfolio.

Deal watchers tell *PFR* that a reason behind Japanese and South Korean investment in generation in deregulated U.S. territories is to gain an understanding of how the grid management mechanisms work ahead of deregulation in their domestic markets.

JERA acknowledged that this was part of the rationale behind its investments in a statement announcing the Compass deal, saying that it "intends to utilize expertise developed in the US merchant markets in Japan in anticipation of the forthcoming functional unbundling of Japanese power markets."

In April, JERA closed its acquisition of a 50% stake in the Linden Cogeneration Facility, a 972 MW gas-fired plant in northern New Jersey. ■

Linden Cogen Stake Bought by Japanese Investor

A Japanese investor has bought a portion of **Ares-EIF** and **Oaktree Capital**'s stakes in the 974.1 MW gas-fired Linden Cogeneration facility in Linden, N.J.

The two private equity firms have each sold a 6% interest in the six-unit facility to **Rose Capital Investment**, a U.S. subsidiary of the Japanese government-owned **Development Bank of Japan** that was formed solely for investing in the American energy sector.

Ares-EIF and Oaktree each retain a 19% stake in the plant following the deal.

The DBJ subsidiary, which did

not previously own or control any generation or transmission assets in the U.S., closed the deal on July 13, according to paperwork filed with the **Federal Energy Regulatory Commission** on Aug. 10.

Morgan, Lewis & Bockius advised Ares-EIF and Oaktree on the deal, according to the filing.

Whether financial advisers were involved could not immediately be learned. Oaktree declined to comment and Ares-EIF did not respond to inquiries by press time.

CHANGING CONSORTIUM

The ownership structure of Linden Cogen, which feeds its power

into **NYISO**'s lucrative Zone J, has been tinkered with several times in the last few years.

GE Energy Financial Services owned it outright until 2013, when it sold a 50% stake to **Highstar Capital** in tandem with a term loan B refinancing (*PFR*, 12/18/13). Ares-EIF bought GE EFS's remaining half of the project in 2015 (*PFR*, 9/25/15).

Then, last year, Ares-EIF and Highstar sold 25% each to **JERA Co.**, a joint venture between Japanese utilities **Chubu Electric Power Co.** and **TEPCO Fuel & Power** (*PFR*, 10/31/17). **JERA Co.** still owns its 50% stake.

TALE OF TWO ISOS

Five of the six Linden units, totaling 761.6 MW and held under **Cogen Technologies Linden Venture**, have been online since 1992 and operate as a merchant facility, selling their output into NYISO. **EDF Energy Services** is the facility's energy manager.

The sixth 212.5 MW unit was brought online in 2002 and is held through **East Coast Power Linden Holding**. Unlike the other five units, it interconnects with **PJM Interconnection** so that it can service a long-term contract with **Phillips 66 Co.**'s Bayway oil refinery, expiring in 2032, with excess capacity being sold spot in PJM. ■

● MERGERS & ACQUISITIONS

Hudson Signs Deal to Sell Eagle Creek Hydro Co.

A shareholder group led by **Hudson Clean Energy Partners** has agreed to sell hydro portfolio company **Eagle Creek Renewable Energy** to **Ontario Power Generation**.

Ontario Power will pay \$298 million for the company under the terms of a deal signed on Aug. 9.

Evercore advised Hudson and **BMO Capital Markets** advised Ontario Power on the transaction, which is expected to close at the end of the year.

"This investment on behalf

of Ontarians will be financed through OPG's corporate public debt program or other available credit facilities," reads an OPG press release. "No taxpayer dollars will be used to fund this acquisition."

The Evercore-run sale process for the Morristown, N.J.-based hydro shop began in February (PFR, 2/22) and was said to have been called off by June (PFR, 6/22), although a person familiar with the matter denied that the sale process had ever been canceled.

Eagle Creek's 63 small hydro plants total 216 MW of in-service

capacity and are encumbered with debt.

"This investment on behalf of Ontarians will be financed through OPG's corporate public debt program or other available credit facilities"

Power Energy Eagle Creek, a joint venture between investment firm **Claridge** and **Power Corp. of Canada**, is Eagle Creek's co-owner alongside Hudson, whose sale of the portfolio comes after holding the assets for over eight years.

A spokesperson for Hudson in New York declined to comment on the weighted average remaining life of the offtake contracts associated with the hydro fleet. ■

Pattern Closes Sale of Québec Wind Project to Yieldco, PSP

Pattern Development has completed the sale of the 147 MW Mont Sainte-Marguerite project in Québec, Canada, to its yield company, **Pattern Energy Group**, and the **Public Sector Pension Investment Board** (PSP Investments).

As previously agreed (PFR, 6/20/17), the yieldco has acquired a 51% stake in the project, while PSP has taken a 49% stake. Pattern Energy paid \$40 million for its portion.

The purchase price represents 10 times the

project's five-year average cash available for distribution, according to Pattern's calculations. The yieldco funded the purchase with available liquidity.

Evercore advised Pattern Energy's conflicts committee on the deal, a Pattern spokesperson tells *PFR*.

Davies Ward Phillips & Vineberg was PSP Investments' legal adviser, according to a PSP spokesperson.

"Mont Sainte-Marguerite Wind is an ideal

investment from any angle, including everything from its long-term potential, to its locally sourced construction and positive local impact," said **Patrick Samson**, PSP's managing director and head of infrastructure investments, in a statement.

Pattern Development closed a C\$263 million (\$196 million) construction plus-25-year debt financing for the project in March 2017 (PFR, 3/7/17). The tenor matches the project's 25-year power purchase agreement with **Hydro-Québec Distribution**.

Québec-based **Borea Construction** built the project about 30 miles south of Québec City, in the Chaudière-Appalaches region, under the supervision of Pattern Development's construction management team. It is fitted with 46 **Siemens Gamesa** 3.2 MW direct drive wind turbines.

The project was brought online in the first quarter of the year and Pattern is its operator. It is Pattern's first wind project in Québec and its third joint investment with PSP.

"Mont Sainte-Marguerite is a fantastic addition to our growing portfolio that expands our Canadian footprint and further diversifies our portfolio," said **Mike Garland**, ceo of Pattern Energy, in a statement. The yieldco owns stakes in seven operational Canadian wind facilities.

Pattern Energy recently removed a New Mexico wind project, the 298 MW El Cabo, from its identified right of first offer list (See story, left). ■

Pattern Scratches Plan for New Mexico Dropdown

Pattern Development has removed a New Mexico wind project from the identified right of first offer list of its yield company **Pattern Energy**.

The developer had been preparing to transfer its 1% stake in the 298 MW El Cabo project to the yieldco along with an additional 48.5% to be acquired from **Avangrid Renewables** (PFR, 11/27/17), but has decided against the move, said **Mike Garland**, president and ceo of Pattern, on an Aug. 10 earnings call.

"We held an option to participate in this investment [El Cabo] and we decided not to exercise that option during the quarter

because of our limited role in the project," said Garland.

Avangrid is the operator of the El Cabo project, which has been online since May. Whether Avangrid is looking into alternatives to the sale of the project to Pattern could not immediately be established.

Located in Torrance County, the El Cabo project has a 20-year power purchase agreement with **Southern California Edison** and is the largest wind farm in New Mexico.

New Mexico added wind generation capacity at a faster rate than any other state last year, according to the **American Wind Energy Association**. ■

MERGERS & ACQUISITIONS ●

CapDyn Acquires Golden State Solar Project

Capital Dynamics is acquiring a 90 MW contracted solar project in California that is due to be online by June of next year.

The project, Springbok 3 Solar, is the latest in a cluster of projects developed by **8minutenergy Renewables** in the northwestern Mojave Desert in Kern County. It incorporates 1.5 MW of battery storage.

The developers filed for approval of the deal with the U.S. **Federal Energy Regulatory Commission** on Aug. 9.

Orrick, Herrington & Sutcliffe is legal adviser to 8minutenergy on the deal, with **Stoel Rives** advising CapDyn, according to the filing.

The Swiss private equity firm is in talks

with tax equity and institutional investors about the project and intends to close financing after the purchase is complete, says a person familiar with the buyer's plans.

Springbok 3 has a 27-year power purchase agreement with a three-year extension option with the **Southern California Public Power Authority**, on behalf of its participating member, the **Los Angeles Dept. of Water and Power** (PFR, 6/13).

SPRINGBOK 1 & 2

8minutenergy financed the other two projects in its Springbok cluster, the 137 MW Springbok 1 and 191 MW Springbok 2 proj-

ects, in 2015 and 2016 and sold them to **D.E. Shaw Renewable Investments**.

Keybank, Santander, OneWest Bank, CoBank and Siemens Financial Services arranged the debt financing for Springbok 1, with **U.S. Bank** investing tax equity (PFR, 6/10/15). The \$160 million debt financing comprised a term loan A with a seven-year tenor priced at 175 bp over Libor.

Santander went on to lead the debt financing for Springbok 2, with **CIT Bank, KeyBank, HSBC, CoBank, ACB, Siemens Financial Services** and **Citi** also participating. Citi and **Slate Street** purchased tax equity stakes in Springbok 2 totaling \$200 million as part of the deal (PFR, 6/20/16). ■

Owners of Brazil's Pirapora Solar Bring in Local Strategic

The owners of the 321 MW Pirapora solar complex in Brazil, **EDF Energies Nouvelles** and **Canadian Solar**, are selling a 50% stake in the assets to a local wind and hydro power producer.

Omega Geração has agreed to buy half of the solar portfolio for an enterprise value of R\$1.1 billion (\$283 million), subject to adjustments, marking its first foray into solar.

The final purchase price depends on certain conditions, including the disbursement of long-term financing.

Canadian Solar acquired the 11 Pirapora projects from developer **Solatío** and financed them in three phases before selling an 80% stake in each phase to EDF.

Omega is buying the entirety of Canadian Solar's remaining 20% interest in the portfolio plus a 30% stake from EDF, leaving EDF with 50%.

The acquisition is expected to close by the end of the year,

pending the approval of Brazil's antitrust watchdog **CADE** and project finance creditors.

Among the creditors is the **Brazilian Development Bank**, whose R\$529 million (\$160 million) loan to the 150 MW first phase in May 2017 was its first solar project finance deal (PFR, 6/20/17).

All three phases have 20-year power purchase agreements awarded by **Aneel** in its 2014 and 2015 power auctions.

Once the acquisition is complete, solar will make up 25% of Omega's 636.7 MW portfolio, with wind comprising 62% and hydro the remaining 13%.

This is expected to change again at the beginning of next year, however, with the addition of two wind farms the company is buying in Maranhão, Delta 5 and 6.

The build-out of Omega's generation fleet comes after its initial public offering, which was priced in July of last year. ■

Dominion Energy Purchases Solar Projects from Local Developer

Dominion Energy has acquired two solar projects totaling 240 MW in Surry County, Va., from a Richmond-headquartered utility-scale solar developer.

The projects are **Urban Grid's** 142 MW Colonial Trail West Solar and 98 MW Spring Grove Solar I, which, together, will make up the largest contiguous solar project in Virginia upon completion.

Construction is set to begin in early 2019 on Colonial Trail West Solar, which is expected to be online in December of the same year. Spring Grove Solar I is due to be online in October of 2020. **Strata Solar** is the engineering, procurement and construction contractor.

Dominion selected the projects as part of its 2017 Solar-Wind request for proposals. Colonial Trail West is expected to cost \$247.9 million and Spring Grove Solar I \$162 million, excluding financing costs.

Dominion's Virginia regulat-

ed utility, **Virginia Electric & Power Co.**, filed for approval of its plan to buy and construct the projects, which it describes collectively as the **US-3 Solar** projects, on July 24.

The utility intends to sell the renewable energy certificates produced by the projects to **Facebook** through a voluntary tariff, according to its filing with the **Virginia Public Service Commission**.

Meanwhile, Dominion recently hired **JP Morgan** to run the sale of two of its gas-fired plants, namely the 1,240 MW Fairless Works Energy Center in Fairless Hills, Penn. and the 450 MW Manchester Street in Providence, R.I. (PFR, 7/18). ■

FAST FACT

\$247.9M

Expected cost of the 142 MW Colonial Trail West solar project, excluding financing costs.

● PROJECT FINANCE

Ex-Cogentrix Players Ramp Up Financing Effort for PJM Gas-fired Project

◀ FROM PAGE 1

slated to begin in the next few months.

DATA CENTER DEMAND

"The physical location makes it attractive," says **Joseph "Jef" Freeman**, the lead developer of the project and spokesperson for Balico, while declining to identify the developer's financial adviser. "The Dominion zone of PJM has been identified as the fastest growing in terms of load," he adds.

The project site is adjacent to **Dominion Power's** 500 kV Chickahominy substation as well as the **Virginia Natural Gas** system, which is connected to Transco and other gas pipelines with access to Marcellus and Utica basin production centers.

The project is intended to meet demand that is expected to materialize as a result of data center development in Northern Virginia. **Facebook**, for example, began construction on a \$1 billion data center just outside Richmond, in nearby Henrico County, earlier this year.

"Our offtake and financing structure will be determined once we've secured equity investors," says Freeman. "We've had and

continue to have discussions with potential [power purchase agreement] offtakers and hedge providers."

COMPETITION

Deal watchers speaking with *PFR* were not aware of the project and expressed reservations about its scale and the size of the equity checks that would be required.

However, there is clearly interest in the region, as Balico is not the only developer with an eye on Charles City County.

Ares-EIF is developing a 1,060 MW combined-cycle facility called C4GT less than a mile from the Chickahominy substation, with a proposed in-service date of March 31, 2020, according to a facility study report submitted to PJM in July.

Commercial operations at Balico's Chickahominy project are not pegged to begin until June 2022 but the developer signed an engineering, procurement and construction contract with **Gemma Power Systems** on June 26, and Gemma has begun negotiations with prospective turbine suppliers for three single-shaft turbines.

Balico, incorporated in 2016 with offices in

Herndon, Va., acquired the site and permits for the Chickahominy project from **Dynegy** before applying for a certificate of public convenience and necessity with the Virginia **State Corporation Commission** in March 2017. This application, as well as air permitting, is underway.

THE TEAM

Balico's development team is based in Charlotte, N.C., where Cogentrix was founded in 1983. Cogentrix was owned for a time by **Goldman Sachs** before the **Carlyle Group** acquired it in 2012 (*PFR*, 9/7/12).

Freeman left Cogentrix in 2016, after 30 years with the company, when he was its vice president for development and M&A, according to his LinkedIn profile.

Leading Balico's financing team, meanwhile, is fellow Cogentrix alumnus **Kevin McNamara**. He was most recently vice president for asset management and insurance at Cogentrix, and joined Balico in May.

McNamara had been with Cogentrix since 2010, after spells with **Marubeni TAQA Caribbean** and **Mirant Corporation**—both as director of finance.

Irfan K. Ali, managing member of Balico and a partner at real estate developer the **Georgelas Group**, is also part of the development team. He has previously been involved in "clean" coal-fired projects in Pakistan. ■

PJM Seeks to Delay 2019 Capacity Auction

As the years-long debate over "out of market" subsidies for generators in **PJM Interconnection** comes to a head, the grid operator is looking to delay next year's capacity auction by three months.

On Aug. 14, PJM asked the U.S. **Federal Energy Regulatory Commission** to allow it to delay the 2019 auctions from May until August, saying it needed more time to respond to a June 29 FERC order that rejected two PJM proposals for capacity price clearing rules.

It would not be the first time the auction has been delayed—

in 2015 the auctions were similarly pushed back from May to August, with a knock-on effect on live project finance deals (*PFR*, 6/12/15).

"It wasn't surprising that they delayed the auction," says **Nate Rushing**, vice president at **Competitive Power Ventures**. "It's now a question of how PJM will utilize the extra time."

FERC described PJM's tariff rules on auction minimum offer prices as "unjust and unreasonable" in its June 29 order.

Coal and gas-fired project developers have been complaining about so-called "out of mar-

ket" subsidies received by certain facilities since as far back as 2014.

Ratepayer funding being used keep **Exelon Generation's** 2,000 MW Mystic Generating Station in Massachusetts operational is one oft-cited example, although it participates in **ISO-New England's** capacity auctions rather than PJM's.

PJM is working on minimum offer price rules (MOPRs) that reflect all revenue streams to prevent projects receiving state subsidies from undercutting other units in its auctions.

"A strong, clean MOPR would

be largely free of exemptions for units that get 'out of market' subsidies," says Rushing. "Those units should have to go against a MOPR screen that sets the minimum offer price that they can offer in the auction."

"When people create revenue streams that don't come from markets, that's a risk to the value that markets provide and their sustainability," he adds.

PJM has set itself a deadline of June 10 of next year to provide its final determination on unit-specific MOPR exceptions with a view to running the capacity auction on Aug. 14. ■

Carlyle Returns to Banks for Gas-fired Portfolio Refi

◀ FROM PAGE 1

month.

Carlyle paid \$400 million for the portfolio, which comprises the 484 MW Elgin simple-cycle facility in Elgin, the 394 MW Rocky Road simple-cycle project in East Dundee and the 180 MW Tilton simple-cycle plant in Tilton.

All three facilities are located in the ComEd zone of **PJM Interconnection**.

Carlyle was able to increase the size of its acquisition financing during execution following a favorable PJM capacity print for ComEd in 2017 (PFR, 5/24/17).

The aggressive repricing Investec is pitching highlights not only the latest strong PJM capacity results (PFR, 5/25), but also sustained competition for deals in the bank market (PFR, 7/27).

Carlyle tapped Investec to reprice the debt on its 583 MW Rhode Island State Energy Centre in Johnston, R.I., last month (PFR, 7/23), taking the debt out of the term loan B market and onto bank balance sheets.

Officials at Investec in New York and a Carlyle spokesperson in New York declined to comment. ■

Engie Finances Wind Project to Supply Engie Customers in Texas

Engie North America has closed construction and tax equity financing for a 200 MW wind project in Texas, half of whose output will be bought by the sponsor's own energy marketing affiliate.

Bank of America Merrill Lynch has committed \$155 million in tax equity to the Live Oak project, located in Schleicher County, and the bank is also providing a \$147 million construction loan

to bridge to the permanent financing, according to an Aug. 15 announcement

Rabobank arranged a letter of credit facility.

The project has a 10-year hedge from **BAML Global Commodities** and **ENGIE Energy Marketing NA** will buy 50% of the hedged power under a separate offtake agreement with BAML.

Construction on the \$200 million project began in May

and it is due to be online by the end of the year. **Siemens-Gamesa** is supplying turbines.

Engie is understood to be taking bids for a stake its renewables portfolio, having hired M&A advisory firm **Thorndike Landing** to run a two-stage auction (PFR, 7/11).

Officials at the French developer in Houston declined to comment on the financing or the sale process. ■

TERP Closes One Private Placement, Launches Another

TerraForm Power closed a project finance private placement in June as part of the fundraising effort for its acquisition of Spain's **Saeta Yield** and has launched a second, similar deal, expected to close later this summer.

The first \$83 million transaction was backed by a 73 MW portfolio of utility-scale solar projects in Utah, Florida, Nevada and California, according to the yield company's second quarter financial report, which was filed with the U.S. **Securities and Exchange Commission** on Aug. 14.

SMBC was the placement agent on the 22-year amortizing notes, which were priced on May 24 with a 4.59% coupon. The deal closed on June 6.

TerraForm Power expects to raise \$70 million with the second deal. The bank marketing it and details of the projects it is secured by could not immediately be established. A representative of the yield company in New York did not immediately respond to an inquiry.

"Over the next six months, we plan to execute two more project financings to raise the remainder of the \$350 million" of long-term financing for the acquisition of Saeta Yield, said TerraForm Power's cfo, **Matt Berger**, on an investor call on the day of the filing. ■

Southwest Gen Refis Contracted Fleet

Gas-fired project holding company **Southwest Generation** has refinanced its senior secured debt package, increasing the size of its term loan and resetting the margin at competitive bank market rates.

Crédit Agricole led on the \$292 million refinancing, which comprises a \$211 million 10-year term loan and an \$81 million revolver.

CoBank, **MUFG**, **Sumitomo Mitsui Banking Corp.** and **Siemens Financial Services** participated in the deal, which was priced at 137.5 basis points over Libor with

12.5 bp step ups every three years.

The deal highlights strong appetite in the bank market for loans secured on gas-fired plants, contracted or otherwise, which has made pricing so attractive that deals in the term loan B market are being refinanced as term loan As (PFR, 8/14).

LS Power refinanced a portion of the \$1.675 billion term loan B backing its Helix Generation portfolio in the bank market earlier this week but further details could not immediately be verified.

The date of financial close on

SWG's loan could not be verified. Representatives of Southwest in Denver declined to comment and the lenders did not respond to inquiries.

The refinancing comes after **JP Morgan Asset Management's** Infrastructure Investments Fund increased its stake in the portfolio, held through **IIF US Holdings 2**, from just under 50% to over 99% early this year (PFR, 1/8). **SWG Management** holds the remaining equity.

The new debt replaces a \$240.7 million nine-year package secured in 2014 (PFR, 12/23/14). ■

● PROJECT FINANCE

Uncertainty Blows Through Tax Equity Market After Inconclusive Court Decision

◀ FROM PAGE 1

the sponsor that the fair market value of the project will justify the amount of ITC, with the sponsor agreeing to pay the difference if the tax credits turn out to be smaller.

However, the latest court decision means that market participants will have to wait months or possibly even years for the question at issue—how tax credit “basis” should be calculated and whether it should include value attributed to power purchase agreements and other contracts—to be resolved.

ALTA WIND

The projects at the heart of the case were financed by **Terra-Gen Power** in 2010, beginning in March, with debt and the cash grant in lieu of tax equity (PFR, 3/18/10).

President **Barack Obama** had introduced the Section 1603 cash grants in 2009 in the wake of the financial crisis as part of a raft of economic stimulus measures. Projects brought into service or starting construction between 2009 and 2011 were eligible.

The grants are calculated in a similar way to tax credits, with the **U.S. Department of Treasury** making payments typically equal to 30% of the project’s cost.

A dispute arose when the owners of the six Alta projects applied for the cash grant using valuations based on the prices the projects were able to command in several sale-lease-back transactions Terra-Gen had entered into. The Treasury instead based its pay-out on the construction costs alone, claiming that any mark-ups constituted intangible, grant-ineligible “goodwill,” and awarded the investors \$495 million instead of the \$700 million they had requested.

A large portion of the difference between the two valuations is attributed to the long-term power purchase agreements the projects had with **Southern California Edison**.

In 2013, the plaintiffs took the case to the claims court to fight for the reimbursement of the \$206 million difference, which it won in a landmark decision in 2016. The court’s rationale was that the difference could not

constitute “goodwill” as the projects were not yet operational, had only one customer (SoCalEd) and were in a prime location.

However, on July 27, in response to an appeal by the Treasury, the U.S. Court of Appeals for the Federal Circuit overturned the decision, vacating the \$206 million award and remanding the case back to the claims court to be reheard under a different judge.

Since the appeals court’s ruling did not address whether construction costs alone, the market price or some figure in between should be used as the basis of the cash grant, the question of whether the value of a PPA is eligible for ITCs has been left up to the claims court, says Mayer Brown’s Burton.

“What the case really comes down to in the actual transaction and industry generally, is whether value must be attributed to PPAs,” he explains. “That’s the big, open question courts have not gotten to yet.”

As a result, third-party appraisers are likely to be more cautious and might even begin to categorize some project value, such as that bound to a PPA, as intangible under the **Internal Revenue Service’s** Section 1060 rules.

On the other hand, the appeals court noted that “turnkey value” should be associated with the tangible assets, says Milder. “Appraisers have long recognized that this can make a completed facility worth more than it cost to build, even without goodwill or going concern value.”

Project owners, especially those who received reduced cash grants from the Treasury, will be watching the outcome of the case closely, and could appeal themselves if the new judge rules against them.

“The ultimate resolution of the case may cause some to think that they’re up for engaging a big law firm and going to court,” Burton says. “If the case gets appealed back to Federal Circuit then there will likely be amicus briefs and the industry will rally for the [Alta Wind] cash grant applicants.”

TerraGen sold its lessee stakes in the six Alta projects to **NRG Yield** in 2014 (PFR, 6/5/14, 8/13/14). **Global Infrastructure Partners** is in the process of acquiring NRG Energy’s sponsor stake in the yield company, which is not a plaintiff in the case (PFR, 2/7). ■

Starwood Launches H.Y. Bond Sale to Support GE P.F. Deal

Starwood Property Trust was looking to price a \$300 million high yield bond last week to support the acquisition of **GE Capital’s** energy project finance business.

Starwood was expected to price the unsecured bond offering on Wednesday afternoon after finishing investor calls the day before but still had not priced it as *PFR* went to press on Friday.

The issuer was last in the high yield market in January this year when it sold a \$500 million three-year unsecured note with a 3.625% coupon. The bond was traded at 98.25 on Aug. 15 according to data from **Finra**.

The new bond, rated Ba3 by **Moody’s Investors Service**, is being led by **Credit Suisse** and **Citi**, the two banks that provided the borrower with a \$600 million committed acquisition facility to help

finance Starwood’s acquisition of GE Capital’s energy project finance business.

Starwood will also finance the acquisition with a secured term loan facility from **MUFG** with an initial advance of \$1.7 billion, as well as committed capacity for future funding obligations in the loan portfolio. That portion of the financing is not expected to be closed before September, according to an MUFG spokesperson.

Starwood is buying the project finance business for \$2.56 billion. The deal includes \$400 million of unfunded loan commitments. The loan portfolio consists of 51 senior secured loans.

The firm’s expansion into energy project finance will add “a new cyclinder” to the company, according to Starwood Property Trust chairman and ceo **Barry Sternlicht**. ■

Clean Line's Skelly Takes Lazard Job

Michael Skelly, the founder and chairman of transmission developer **Clean Line Energy**, has joined **Lazard Frères & Co.** as a senior advisor focusing on energy, sustainability and infrastructure.

In his new role at the firm, Skelly will split his time between Houston and New York, according to a statement from Lazard announcing his new position.

Lazard has been Skelly and Clean Line's investment bank of choice for years, and a longtime adviser to the developer on equity financing (PFR, 12/7/11).

"We have known Skelly for many years and could not be more pleased to have him join us," said **George Bilicic**, who heads Lazard's global power, energy & infrastructure group, in a statement. "He is an accomplished strategic thinker whose expertise and leadership in renewable energy will be a powerful resource for our clients worldwide."

Skelly previously led the growth of **Horizon Wind Energy** (PFR, 12/7/07) from family ownership in 1999 through its acquisition by **Goldman Sachs** and ultimately **EDP Renewables**. Before that, Skelly worked at **Energiya Global**, which was founded by the same team behind **Arava Power**, Israel's leading solar power developer. He also spent time at **New World Power**, focusing on energy projects in Latin America.

He went on to found Houston-based **Clean Line Energy** in 2009, and was the company's president until becoming chairman this year.

He also sits on the board of the **American Wind Energy Association**, and is an active

"angel" investor in the sustainability field with positions in lithium production, shared electric scooters, smart grids and ride sharing.

Having sold several projects to other developers in the last 12 months, Clean Line is focusing exclusively on its Grain Belt Express project. Earlier this year, the developer enlisted former Missouri governor **Jay Nixon** to lead its latest bid for regulatory approvals for the \$2.3 billion 780-mile project, which would connect wind farms in Western Kansas with demand centers in **PJM Interconnection** (PFR, 4/5).

MAJOR MANDATES

Lazard has been involved in some major power and utilities mergers and acquisitions as a financial adviser in recent years. The firm assisted **Calpine Corp.** with the sale process that led to its take-private by a consortium led by **Energy Capital Partners** (PFR, 8/18/17), **Sempra Energy** with its bid for **Oncor Electric Delivery Co.** (PFR, 8/21/17) and **Abengoa** on the sale of its sponsor stake in yield company **Abengoa Yield** to **Algonquin Power & Utilities Corp.** (PFR, 4/18).

The firm is also the restructuring adviser for **FirstEnergy Solutions**, whose competitive generation subsidiary **FirstEnergy Solutions Corp.** filed for Chapter 11 bankruptcy protection earlier this year (PFR 7/12, 4/2).

More recently, Lazard was appointed as financial adviser on the re-privatization of Colombia's struggling power provider **Electricaribe**, for which the country's public utility regulator **Supervicios** has launched a pre-qualification process (PFR, 8/7). ■

Sempra Renewables President Shifts to Utility Role

The president of **Sempra Energy's** U.S. renewable project development unit is set to move to **San Diego Gas & Electric**, the group's regulated electric utility company in California.

Kevin Sagara will become the chairman and ceo of SDG&E, the latest in a string of positions he has held in the Sempra group over the past 22 years, on Aug. 25. SDG&E's president **Scott Drury** will remain in his current role.

The move was announced just a few weeks after San Diego-based Sempra said it would be selling its 2.6 GW portfolio of U.S. wind and solar assets and certain midstream assets in the wake of activist investor demands (PFR, 6/28).

Sempra has not replaced Sagara as president of Sempra Renewables, but has appointed **Robert Borthwick** as general manager of operations and development, effective Aug. 25, says a spokesperson for the company.

Borthwick, who was previously vice president and general counsel at **Sempra Infrastructure**, will assist the internal team at Sempra with the sale of the renewables business, the spokesperson adds.

"UNDERVALUED"

Elliott Management Corp. and **Bluescape Resources Co.**, which own a combined 4.9% stake in the company worth some \$1.3 billion, outlined in a public letter and presentation a proposed strategy shift, including asset sales and board changes, that they said would bring in between \$11 billion and \$16 billion.

"Sempra shares are deeply undervalued," the June 11 letter reads. "This persistent and sub-

stantial undervaluation stems from a focus on sheer size that has permeated management and Board thinking. This has led to the creation of a conglomerate structure consisting of disparate businesses grouped together with no compelling strategic or financial rationale."

However, **Jeffrey Martin**, Sempra Energy's ceo, said in a June 28 statement that the decision to sell the renewable project business was motivated by the "deployment of additional capital to improve critical utility infrastructure, changes in the U.S. tax code, California regulatory developments and strategic growth opportunities."

BACK TO SDG&E

Sagara first joined Sempra Energy in 1992 as an attorney with SDG&E. He left the company to work in the technology sector from 1999 to 2003, then returned to Sempra as vice president and associate general counsel—a role he held for the next seven years.

From 2010 to 2013, he was vice president and general counsel in the infrastructure group. He was vice president of renewables and corporate development for Sempra's non-utility infrastructure development group from 2013 to 2014.

"Sustainability and innovation have become an increasingly important focus of SDG&E's approach to customer service and Kevin Sagara's expertise in these areas will further enhance the depth of SDG&E's already strong leadership team," said **Joseph A. Householder**, president and chief operating officer of Sempra Energy, in a statement. ■

● PEOPLE & FIRMS

Rubicon Builds Out Renewables Team

Rubicon Infrastructure Advisors has hired a former **GE Energy Financial Services** renewables private equity specialist as the firm prepares to bring on other senior personnel in New York next month.

Jatin Gupta, who was a senior vice president at GE EFS until recently, joined Rubicon as a managing director on Aug. 13, says a person familiar with the move.

The hiring activity comes after **Rob Sternthal** left **CohnReznick Capital**, the renewables-focused investment banking boutique he founded (originally under the auspices of real-estate focused accountancy firm **Reznick Group**), to lead Rubicon's North American infrastructure banking business earlier

this summer (PFR, 6/5).

Among the staff set to join his new team in September is Sternthal's former colleague, **Nick Sangermano**, who oversaw private placements at CohnReznick.

The firm is also looking to bring on a "big name in the industry" in September, says a source. The identities of the other hires due to arrive at the firm in September could not immediately be learned.

Founded in Dublin, Ireland, by ex-**Scotia Capital** m.d. **Conor Kelly** in 2011, Rubicon has offices in New York and Madrid and a presence in Sydney. The firm also has plans to establish bases in London and Bogotá.

Rubicon is already understood to be working on non-power infrastructure deals in North America,

mainly in the transportation sector, with renewable project deals expected to follow once the energy team is fully in place.

TAKING SHAPE

The latest joiner, Gupta, was one of the founding members of GE EFS's venture capital group, focusing on mid- to late-stage clean technology investments, when he joined the division as an associate from **General Electric's** corporate business development and investor relations team in 2008.

By the time he left GE EFS, he had worked his way up to senior vice president, handling principal equity investments primarily in utility-scale wind, solar and hydro projects.

GE is in the process of selling

its energy private equity holdings via a **Bank of America Merrill Lynch**-run auction (PFR, 6/4).

Sangermano, who is one of the senior team members expected to join in September, is an alumnus of **CIBC Wealth Management**, **Credit Suisse** and **Ambata Capital Partners** as well as CohnReznick.

During a two-year break from investment banking, from 2008 to 2010, he also served as chief operating officer of **Hudson Clean Energy**, the renewables-focused private equity firm.

At CohnReznick, Sangermano was m.d. and head of corporate and private placements.

Tom Weirich, who also joined Rubicon from CohnReznick recently and is running his new firm's North American marketing efforts as director, declined to comment. ■

Invenergy CFO to Leave Co. after 12 Years

Steve Ryder, the cfo of **Invenergy**, is leaving the firm he has been with for 12 years.

Ryder is departing to "pursue a new opportunity" according to an emailed statement from Invenergy. "We thank Steve for his 12 years of service with the Company."

He is understood to be leaving in order to relocate outside of the Chicago area where Invenergy is based.

Ryder's responsibilities will be taken over by **Andrea Hoffman**, senior v.p., financial operations; **Shashank Sane**, senior v.p., corporate development; and **Meghan Schultz**, senior v.p., structured finance, according to the statement.

The developer's massive Wind Catcher wind project in Oklahoma was canceled last month after a build-transfer agreement was nixed by Texas regulators (PFR, 7/26). A spokesperson for Invenergy in Chicago said that this was unrelated to Ryder's departure.

Even without Wind Catcher, the team taking over from Ryder will have their hands full. The company has signed more than 745 MW of power purchase agreements for renewables projects in

the U.S. and elsewhere so far this year, with off-takers including drug makers **Merck & Co.** and **Novartis**, social media company **Facebook**, resort operator **MGM** and baker **Grupo Bimbo** (PFR, 7/19, 8/3).

GE EFS ALUMNUS

As cfo, Ryder managed Invenergy's capital raising efforts for its generation portfolio, leading a team of around 75 professionals, according to his LinkedIn profile. He worked on deals totaling more than \$5 billion.

He joined Invenergy from **GE Energy Financial Services** in 2006 as a director. He was pro-

moted to vice president in 2007 and senior vice president in 2013 and was head of structured finance before becoming cfo.

Ryder began his career in telecommunications, working for **Lucent Technologies** from 1989 to 1995, before joining the **U.S. Agency for International Development** as a consultant in Warsaw, Poland, where he monitored the country's developments in energy and coal privatization and liberalization.

He also worked as a consultant at the **International Finance Corp.**, researching solar generation and energy efficiency programs in developing countries, before joining GE EFS in 1999.

At GE EFS, he worked on debt, equity and lease transactions in the energy, telecommunications and transportation sectors. ■

● ONE YEAR AGO



Dominion Energy bought two contracted 5 MW North Carolina solar assets from local developer **Strata Solar** for \$40 million (PFR, 8/14/17).

[Dominion acquired two solar projects totaling 240 MW in Virginia from **Urban Grid**, this week, for which Strata is the EPC contractor.]

● QUOTE OF THE WEEK

"When people create revenue streams that don't come from markets, that's a risk to the value that markets provide and their sustainability."

Nate Rushing, vice president at **Competitive Power Ventures**, in conversation with PFR on the recent delays in PJM's 2019 capacity auction.