

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

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A partner and energy chief at an **AIG**-backed specialty lender is leaving the firm after two years.

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SunEdison Closes Sale of Much-Shopped Project

Fotios Tsarouhis

After a sale and authorization process that spanned five months, involving four potential buyers and two potential tax equity investors, SunEdison has successfully closed the sale of its interest in the Comanche solar project in Pueblo County, Colo.

The 120 MW project, which was held in a **First Reserve** warehouse facility, has been acquired by the Greenwich, Conn.-based private equity firm, according to a consummation notice filed with the U.S. **Federal Energy Regulatory Commission** on Aug. 12.

First Reserve, which already owned 100% of the Class B interests in the project's direct owner, **FR Warehouse**, has assumed the 100% of the Class A shares previously owned by SunEdison.

As part of the deal, **Bank of America Merrill Lynch** has purchased the tax equity associated with the project.

SunEdison drew \$253 million from its \$1.5 billion warehouse facility to finance the development-stage Comanche project in 2015 (PFR, 8/20/15). It was the only project financed via the warehouse.

The Maryland Heights, Mo.-based solar developer filed for FERC authorization to sell the project to its

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Investors Fret over Nuclear Subsidies in N.Y.

Olivia Feld

Sponsors with gas-fired projects in New York are facing the new reality that nuclear projects in the state could stay online for longer than previously thought.

The newly adopted Clean Energy Standard will effectively subsidize nuclear

generation to the tune of \$965 million over the next two years.

Investors who modelled their plans on the projection that a number of nuclear plants in the state would soon be coming offline are adjusting to the fact that four nuclear projects in New York could be subsidized to stay online.

"Propping up nukes could modify our forecast—not in the right way. It's still getting fleshed out right now," a market participant tells *PFR*, adding that he has received at least one inquiry from a client on whether there is orga-

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Wind Dominates Competitive Chilean Power Auction

Richard Metcalf

Wind projects dominated the highly competitive Chilean power auction, the results of which were announced on Wednesday.

Despite being intermittent resources, many of the wind projects won 24-hour blocks in the auction, prompting deal watchers to question how they will be financed.

However, observers note that the projects do not need to supply generation under the contracts until 2021, giving the sponsors several years to find a solution.

The 12.43 GWh auction attracted bids from 84 companies and was seven times oversubscribed. The competition pushed the average price down to \$47.6/MWh, a decline of around 40% compared with the average price in the previous auction in October.

Bidders were able to bid into one of five blocks based on the time of day when the projects would

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Andrés Romero, executive secretary of Chile's **National Energy Commission (CNE)**, addresses a packed crowd in Santiago before the results of the auction are announced. Source: CNE



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● STRATEGIES

Investors Fret over Nuclear Subsidies in N.Y.

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nized movement against the new regulations.

The subsidies arise from the adoption of the CES by the **New York Public Service Commission** on Aug. 1 following a request by Gov. **Andrew Cuomo**.

The CES mandates that 50% of all generation consumed in New York be from clean and renewable energy sources by 2030. The standard also places obligations on load-serving entities to financially support existing nuclear projects. Under the CES, utility and load-serving entities will be required to buy zero emission credits, based on their load, or pay an alternative compliance payment.

Nuclear makes up approximately 30% of New York's generation in MWh, while 25% comes from renewables and 45% from fossil fuels, a spokesperson for the **New York Department of Public Service** in Albany, N.Y., tells *PFR*.

Statewide nuclear capacity from the FitzPatrick, Indian Point, Nine Mile and R. E. Ginna nuclear projects amounts to around 5.4 GW.

An implementation plan for the CES, which will address collections from load-serving entities and payments to the nuclear plants, is under development, says the spokesperson, adding that the state will recalculate the payments every two years based on the finances of the nuclear projects.

The announcement earlier this month was quickly followed by an announcement from **Exelon Generation** that it had reached an agreement to acquire the 838 MW James A. FitzPatrick nuclear project near Oswego, N.Y., from **Entergy Corp.**

New Orleans, La.-based Entergy had previously planned to shutter the FitzPatrick project following a review of project revenues against a backdrop of low gas and wholesale power prices (*PFR*, 9/15/15).

"Without the CES, upstate nuclear plants would have been at risk of closure," said Exelon in a statement announcing the acquisition on Aug. 9. CES will spur hundreds of millions of dollars in short-term investments in energy infrastructure in upstate New York, the company said.

The CES revenue received by the FitzPatrick project is dependent on its output, says the Department of Public Service spokesperson, adding that it could receive roughly \$120 million under the CES for 2017-18. ■

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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	Advisor	Status/Comment
American Capital Energy and Infrastructure	BMR Jamaica (36.3 MW Wind)	St. Elizabeth Parish, Jamaica		The Virgin Group has acquired American Capital Energy and Infrastructure's stake in the project (see story, page 8).
Atlantic Power	Piedmont (55 MW Biomass)	Barnesville, Ga.		John Hancock is considering buying the asset (PFR, 8/1).
Brookfield Renewable Partners	Price (189 MW Wind)	Sault Ste. Marie, Ontario	Scotiabank, TD Securities (Seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
	Comber (166 MW Wind)	Lakeshore, Ontario		
	Gosfield (51 MW Wind)	Kingsville, Ontario		
Duke Energy	Latin America portfolio (4.4 GW Hydro, Gas, Oil)	Brazil, Argentina, Chile, Ecuador, El Salvador, Guatemala, Peru	Credit Suisse, JP Morgan	Duke has moved into a second round of bidding (PFR, 8/15).
Dynegy	Elwood (1,320 MW Gas)	Elwood, Ill.	JP Morgan (seller)	Dynegy is selling a 50% interest in the project to J-POWER to help finance its acquisition of a U.S. portfolio from Engie (PFR, 8/15).
Energy Capital Partners	Broad River (850.5 MW Dual-Fuel)	Gaffney, S.C.		ECP is selling the project to a fund managed by Arroyo Energy Investors (PFR, 8/15).
First Energy	Bay Shore Unit 1 (136 MW Coal)	Lucas County, Ohio		FirstEnergy is soliciting offers for the plant (PFR, 8/1).
GE EFS	CPV Towantic (750 MW Gas)	Oxford, Conn.		A fund managed by Ullico is acquiring a 13.7% stake in the project from GE EFS (see story, page 6).
Macquarie Infrastructure Partners III	Lordstown (940 MW Gas)	Lordstown, Ohio	Whitehall & Co.	The fund has hired a financial adviser and is considering bids for its 73% stake in the project (PFR, 8/15).
NextEra Energy Resources	Marcus Hook (790 MW Gas)	Marcus Hook, Pa.	Barclays	Starwood Energy Group Global is acquiring the projects from a NextEra subsidiary (PFR, 8/8).
	Marcus Hook 50 (50 MW Gas)			
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	Panda Power Funds is selling a 2.5 GW portfolio of assets in PJM (PFR, 5/16).
Pattern Energy Development	Armow (180 MW Wind)	Kincardine, Ontario		Yield company Pattern Energy Group is in talks to acquire the project from its sponsor (see story, page 7).
Petrobras	Nova Transportadora do Sudeste (1,150 mile pipeline)	São Paulo, Rio de Janeiro, and Minas Gerais states, Brazil		A Brookfield-led consortium that includes China Investment Corp., GIC and First Reserve is close to acquiring the pipeline network, say Brookfield officials (PFR, 8/8).
Quantum Utility Generation	Quantum Pasco Power (123 MW Gas)	Dade City, Fla.	Merit Capital Partners (Seller)	Quantum is selling two peakers in Florida and Nevada (PFR, 6/6).
	Nevada Cogeneration Associates 2 (85 MW Gas)	Las Vegas		
Santander	Cubico Sustainable Investments (1,689 MW Wind, Solar, Hydro)	Latin America, Europe		Two Canadian pension funds, PSP Investments and the Ontario Teachers' Pension Plan, have taken equal shares of Santander's one-third stake in the renewables platform, which owns 1,464 MW of wind assets in Latin America (PFR, 8/1).
Samsung Renewable Energy	K2 (270 MW Wind)	Ashfield-Colborne-Wawanosh, Ontario	CIBC (Seller)	A consortium comprised of Axiom Infrastructure, the Alberta Teachers' Retirement Fund Board and Manulife Financial Corp. have acquired Samsung's one-third stake in the project (see story, page 9).
SunEdison	Comanche (120 MW Solar)	Pueblo County, Colo.		First Reserve has taken SunEdison's stake in the project (see story, page 1).
SunEdison	Portfolio	California, Hawaii, Maine, Texas, Utah, Washington	Rothschild	NRG Energy has moved to acquire the portfolio for a proposed purchase price of \$144 million; Crius Solar is seeking to acquire the residential platform for \$1.5 million (PFR, 8/15).
	Residential Platform	U.S.		
SunEdison	TerraForm Global (917 MW Solar, Wind)	Latin America, Africa, Asia		SunEdison is preparing to market its emerging markets yieldco to prospective buyers (PFR, 7/25).
SunEdison	King Pine (600 MW Wind)	Aroostook County, Maine	Rothschild	Pattern Energy has agreed to acquire the project (PFR, 6/27).
	Mount Signal 2 (201 MW Solar)	Imperial County, Calif.		Mount Signal 2 and Mount Signal 3 are being acquired by affiliates of 8minutenergy and D. E. Shaw (PFR, 7/11).
	Mount Signal 3 (245 MW Solar)			
Swift River Co.	Portfolio (12.35 Hydro)	Massachusetts		Eagle Creek Renewable Energy has acquired the company (see story, page 6).
Wayzata Investment Partners	Sundevil (1,030 MW Gas)	Gila River, Ariz.		Beal Bank USA has taken control of the assets from its debtor, Sundevil (see story, page 8).
Unknown	Portfolio (8 MW Solar)	U.S.		John Hancock provided CleanCapital with acquisition financing for an 8 MW portfolio of C&I projects (PFR, 8/8).

● New or updated listing

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

To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224-3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

● PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
8minutenergy Renewables	Redwood 4 (28 MW Solar)	Kern County, Calif.	TBA	Debt, Tax Equity	\$45M	TBA	8minutenergy Renewables is planning to finance a number of projects in the coming months (PFR, 8/8).
	SpringBok 3 (100 MW+ Solar)			TBA	TBA	TBA	
Advanced Power	Cricket Valley (1.1 GW Gas)	Dover, N.Y.	BlackRock	Equity			BlackRock is buying a minority stake in the project (see story, page 5).
Ares-EIF, Oaktree Capital	Linden (943 MW Gas)	Linden, N.J.	Morgan Stanley, MUFG, Barclays, Investec, GE Energy Financial Services, ICBC	Debt	\$1.125B	7-yr	The financing package consists of a \$1 billion senior secured loan and a \$125 million senior secured loan (PFR, 6/20).
Advanced Power	Cricket Valley (1 GW Gas)	Dover, N.Y.	GE Energy Financial Services, BNP Paribas, Crédit Agricole, ICBC, Bank of America Merrill Lynch	Debt	TBA	TBA	Arrangers of the debt financing are meeting with other financial institutions about backing the deal (PFR, 6/20).
Avenue Capital Partners	Desert Power (830 MW Gas)	Victorville, Calif.	Goldman Sachs	Term Loan B	\$310M	6-yr	Avenue Capital is refinancing the portfolio, which it acquired from Tenaska earlier this year (PFR, 8/8).
	Big Sandy (300 MW Gas)	Kenova, W.Va.					
	Wolf Hills (250 MW Gas)	Bristol, Va.		Revolver	\$30M	5-yr	
Enel Green Power	Parque Solar Villanueva (427 MW Solar)	Coahuila, Mexico	TBA	TBA	TBA	TBA	Enel has approached banks to request proposals for project finance backing the projects (PFR, 8/8).
	Parque Solar Villanueva III (327 MW Solar)						
	Parque Solar Don José (238 MW Solar)	Guanajuato, Mexico					
Invenergy	Lackawanna (1.5 GW Gas)	Jessup, Pa.		Equity, Debt			Invenergy has hired Lazard to raise equity for the project (PFR, 6/13).
Mainstream Renewable Power	Sarco (170 MW Wind), Aurora (129 MW Wind)	Atacama region, Chile; Los Lagos region, Chile	SMBC, MUFG	Debt	\$450M	17-yr	The sponsor is in the late stages of negotiations (PFR, 6/20).
NextDecade	Rio Grande (27 mtpa LNG), Rio Bravo (137 mile pipeline)	Brownsville, Texas	Sumitomo Mitsui Banking Corp.	Debt	TBA		NextDecade has requested permission to build the \$20 billion project (PFR, 5/16).
				Equity	TBA		
Northern Star Generation	Vandolah (680 MW Dual-Fuel)	Hardee County, Fla.	MUFG	Term Loan	\$200M	9-yr	Northern Star Generation is refinancing the projects with a term loan (PFR, 8/8).
	Orlando (125 MW Gas, 50%)	Orlando, Fla.					
	Mullberry (115 MW Dual-Fuel)	Bartow, Fla.					
	Orange (104 MW Gas)	Bartow, Fla.					
	NCA 1 (90 MW Gas)	Las Vegas					
NRG Energy	Portfolio (100 MW Community Solar)	U.S.	Deutsche Bank	Debt	\$80M		Deutsche Bank arranged a roughly \$80 million loan for a 100 MW portfolio of development projects (PFR, 6/20).
	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	Debt	\$650-\$850M	TBA	Banks are competing to arrange financing for the Princeton, N.J.-based energy company (PFR, 4/18).
NTE Energy	Killingly Energy Center (500 MW Gas), Reidsville Energy Center (500 MW Gas), Pickaway Energy Center (1 GW Gas)	Killingly, Conn.; Rockingham County, N.C.; Pickaway County, Ohio	TBA	Debt	\$2B		NTE is planning to raise \$2 billion to finance the three projects (PFR, 4/25).
Quantum Utility Generation	Moundville (549 MW Gas)	Marshall County, W. Va.	TBA	Debt	\$500M	TBA	Quantum, which has approached prospective arrangers to finance the project, has mandated BNP Paribas to sell a stake in the project (PFR, 6/6).
Transmisora Eléctrica del Norte	TEN (379 mile Transmission)	Chile	KfW-IPEX Bank, MUFG, Mizuho, Sumitomo-Mitsui Trust Group	Term Loan	\$739M	18-yr	Debt financing could close as soon as this month (PFR, 8/8).
			Santander, Banco de Chile, Banco Estado de Chile, Banco BCI	Term Loan (Chilean Peso)			
Valhalla	Cielos de Tarapacá (600 MW Solar)	Tarapacá Region, Chile	Not officially mandated	Equity			Valhalla is in talks with Marathon Capital to arrange financing for the project (PFR, 6/27).
	Espejo de Tarapacá (300 MW Hydro)						

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Wind Dominates Competitive Chilean Auction

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be able to supply the grid.

The biggest winners were **Endesa Chile**, which is a subsidiary of Italian utility **Enel**, and Ireland-based developer **Mainstream Renewable Power**.

The identity of the Endesa projects that won contracts could not immediately be identified. Market participants say they are operational but previously non-contracted projects. Representatives at Endesa did not respond to inquiries by press time.

Mainstream obtained power purchase agreements for seven development-stage wind projects totalling 986 MW, and many of those projects won PPAs in the 24-hours-a-day block.

"We're scratching our heads on how you have all of this intermittent contracted stuff, how on earth the system is going to balance," says **Ted Brandt**, CEO of **Marathon Capital** in Chicago. "The market now has to be short baseload capacity and storage."

It is also unclear how the wind project sponsors will fulfill the 24-hour contracts, he adds. "It's not clear if the various hedging arrangements can be arranged. Since there has never been a scaled, battery solution around wind, it will be interesting to see how they will deliver 24-seven from 42% capacity factors on wind."

Buying power in the spot market when the wind was not blowing was factored into the PPA prices, says **Bart Doyle**, general manager at Mainstream Chile, adding that the projects

would likely be financed in geographically diverse groups to mitigate the wind resource risk in different regions of the country.

Doyle pointed to the financing for the company's 129 MW Aurora and 170 MW Sarco wind projects as an example of how this would work (PFR, 6/13). The roughly \$450 million deal is set to close soon, he says.

WPD, which won 24-hour PPAs for several wind projects, will also purchase power in the spot market when necessary to meet its obligations, says **Lutz Kindermann**, WPD's regional manager for Latin America.

WPD is in negotiations with several potential hedge providers to offset the risk associated with this exposure to the wholesale power market, adds Kindermann.

"The main risk that can be hedged at the moment is volatility of electricity prices, which to some extent are dominated by hydro," he says. "So hydrology can be hedged, and oil prices, and there are certain models to eliminate or mitigate that risk."

PROJECT FINANCING

Assuming the sponsors are able to convince investors that they have appropriately dealt with those risks, there should be equity available for those that want it, says Marathon's Ted Brandt.

"There should be plenty of equity in the market for what amounts to a dollar-denominated investment grade fully contracted wind deal,"

he says.

On the debt side, development projects that are able to get commercial banks comfortable with the risk can expect to obtain varying terms on project finance loans depending on the sponsor, the tenor they would like and the size of the deal.

"Market pricing for a shorter-term deal starts at 200 to 225 basis points [over Libor]," says a New York-based Latin America project finance banker. "If it's longer term, there's less liquidity, so it would be as much as 50 bps or 75 bps higher."

Several of the other sponsors that won contracts in the auction are based in Spain. They included turbine maker **Acciona**, wind developer **Iberólica**, solar developer **ODPE** and renewables developer **Cox Energy**. The renewables development arm of Chilean construction firm **Besalco** also obtained a PPA.

Aela Energía, the joint venture between Mainstream Renewable Power and London-based private equity firm **Actis**, also won a contract for one project, separately from the seven projects 100%-owned by Mainstream.

Fossil-fuel-heavy incumbents **Colbún** and **AES Gener** failed to win any contracts in the auction. Shares in the two companies dropped 3.2% and 7.8% respectively on the announcement of the results, although Colbún's stock recovered more than half of the ground it had lost the following day. ■

BlackRock Takes Equity in Cricket Valley

BlackRock is buying a minority stake in the **Advanced Power** 1.1 GW Cricket Valley project under development in Dover, N.Y.

Funds managed by the **BlackRock Alternative Solutions Group**, in partnership with **BlackRock Real Assets**, are acquiring an approximately 10% interest in the combined-cycle gas-fired project from the Zug, Switzerland-based sponsor, according to a statement issued

by BlackRock on Aug. 16.

BlackRock joins a roster of equity investors in the project. A further equity investor could yet be added to the mix, a deal watcher tells PFR.

GE Energy Financial Services, **Marubeni Power International** and **TIAA-CREF** took stakes in the project in early 2015 (PFR, 2/23/15).

Whitehall & Co. advised Advanced Power on the equity

raise last year and is also working with the sponsor on a debt financing backing the project.

GE EFS, **BNP Paribas**, **Crédit Agricole**, **ICBC** and **Bank of America Merrill Lynch** are joint lead arrangers on the debt financing.

The financing is likely to be launched in the coming months, says the deal watcher, adding that the debt-to-equity ratio on the project is yet to be finalized. The project's construction cost is pegged at \$1.4 billion.

Construction on the Cricket Valley project is slated to begin in

the fourth quarter of 2016 and be completed in the fourth quarter of 2019.

Bechtel Infrastructure & Power Corp. is the engineering, procurement and construction contractor for the facility. Advanced Power is also building a 14.6-mile transmission line to connect the project to the Pleasant Valley substation.

Representatives for Advanced Power in White Plains, N.Y. and BlackRock and Whitehall & Co. in New York either declined to comment or did not respond to inquiries. ■

● MERGERS & ACQUISITIONS

SunEdison Closes Sale of Much-Shopped Project

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creditor, First Reserve, on April 28, but several previous filings track a series of attempts to offload the project. SunEdison first requested that the regulator approve a slate of potential deals on March 1.

Those deals, authorized by FERC, but never executed, would have resulted in SunEdison selling the Comanche project either to its yield company **TerraForm Power**, to **Terra Nova**, which is a strategic partnership between SunEdison and investors advised by **JP Morgan Asset Management**, or to another investment vehicle ultimately owned by the same three private investors backing Terra Nova (PFR, 3/3).

All three of those proposed transactions would have involved **Wells Fargo** taking tax equity in

the project.

The following month, SunEdison requested the approval of the **U.S. Bankruptcy Court for the Southern District of New York** for one of the three sales. SunEdison asked the court for permission to enter into an exclusivity agreement with **Novatus Project Holdings I**, the company representing the private investors behind Terra Nova (PFR, 5/25).

In the meantime, however, SunEdison had also filed with FERC for approval of a fourth plan: to offload Comanche to First Reserve, and the associated tax equity to BAML (PFR, 5/2).

The transfer of SunEdison's Comanche stake to First Reserve did not require the approval of the bankruptcy court, whereas a sale to either the JP Morgan-advised

investors or TerraForm Power would have, said a person familiar with the deal.

PROJECT HISTORY

SunEdison added Comanche to its development pipeline in 2014 when it acquired the project from Boulder, Colo.-based developer **Community Energy**. **Community Energy** had partnered with SunEdison on the project's early-stage development.

"The fact that SunEdison will be a long-term owner of this plant gives a lot of assurance to our utility customers", the company's chief commercial officer, **Frank DeRosa**, told *PFR* in 2014 (PFR, 8/1/14).

Since then, however, SunEdison's financial woes, which culminated in its Chapter 11 filing on April 21, have led to restructuring and asset sales (PFR, 4/21). **Rothschild** is advising SunEdison on its restructuring. ■

Eagle Creek Buys Massachusetts Hydro Portfolio

Hydroshop **Eagle Creek Renewable Energy** has acquired **Swift River Company**, a New England company that owns four run-of-the-river projects in Massachusetts.

Morristown, N.J.-based Eagle Creek sealed the purchase earlier this month.

The portfolio comprises four operational facilities:

- The 6 MW Turners Falls project on the Turners Falls Canal on the Connecticut River in Montague,
- the 2.7 MW Woronoco and 1.45 MW Indian River projects on the Westfield River in Russell, and
- the 2.2 MW Pepperell project on the Nashua River in Pepperell.

The first dam of the Indian River project was constructed in 1905. Construction of Turners Falls and Woronoco followed in 1916. Pepperell came online in 1918.

The projects are contracted to sell their output to the **Reading Municipal Light Department** under individual power purchase agreements signed in 2011.

MFA Capital Advisors and **MFA Securities**, two advisory arms of Tewksbury, Mass.-based consulting firm **Moody, Fagnelli & Andronico**, served as SRG's financial advisers.

Eagle Creek ceo **Bud Cherry** in Morristown declined to comment.

Officials at Swift River in Wilbraham, Mass., did not immediately respond to inquiries. Officials at MFA in Tewksbury were not immediately available for comment. ■

Union-backed Fund to Buy Towantic Stake

GE Energy Financial Services is selling a portion of its 49% stake in the 750 MW Towantic combined-cycle gas-fired project in Oxford, Conn., to an infrastructure fund.

Ullico Infrastructure Master Fund is purchasing a 13.7% interest in the Towantic project from GE EFS.

The deal, which is awaiting approval from the U.S. **Federal Energy Regulatory Commission**, will reduce GE EFS' stake in the project to 35.3%.

Competitive Power Ventures, which is developing the project, owns a 51% interest in Towantic. Its stake will remain unchanged under the terms of the deal.

CPV and Stamford, Conn.-based GE EFS closed debt financing for the project in March.

MUFG, **Crédit Agricole** and **CIT Bank** were lead arrangers on the \$753 million deal. The quasi-merchant facility has a seven-year capacity contract with **ISO New England** (PFR, 3/11).

Towantic is slated to be operational in March 2018, **Braith Kelly**, senior v.p. at Competitive Power Ventures, tells *PFR* from the company's Silver Spring, Md. headquarters.

The purchase price and details pertaining to the acquisition financing could not be immediately learned.

Ullico Infrastructure Master Fund is managed by Ullico, a labor union-owned health and life insurance company headquartered in Washington, D.C.

Ullico, which was founded in

1925 by the American Federation of Labor, has bought stakes in a number of merchant projects in **PJM Interconnection**.

Earlier this year, a subsidiary of Ullico Infrastructure bought an interest, along with other investors, in the **LS Power** 738 MW West Deptford gas-fired project in West Deptford, N.J. (PFR, 6/20).

In 2015, Ullico made an equity investment, again with group of other investors, in the **Advanced Power** 700 MW Carroll County combined-cycle gas-fired project in the city of Oregon, Ohio (PFR, 4/9/15).

A spokesperson for GE EFS in New York declined to comment. A spokesperson for Ullico in Washington, D.C. was not immediately available for comment. ■

MERGERS & ACQUISITIONS ●

Pattern Lines Up Equity-fueled Dropdown

Pattern Energy Group is in talks with its sponsor, **Pattern Development**, to acquire its 50% stake in a 180 MW wind farm in Canada after the yield company raised \$239 million with an equity offering.

The acquisition of the 90 MW interest in the operational Armow project in Kincardine, Ontario, which could close within 45 days according to Pattern, would be the second that the company has unveiled this year and Pattern expects to announce a third in the coming months.

Samsung Renewable Energy, which provided the project's wind turbines, owns the other half of the facility.

Pattern and Samsung closed a C\$580 million (\$519 million) debt financing for the project in late 2014 (PFR, 10/28/14). The project has a 20-year power purchase agreement with the **Ontario Power Authority**.

Pattern made its first dropdown announcement of the year in June, when it revealed that Pattern Energy (PEGI) had

signed a purchase and sale agreement with Pattern Development for the 324 MW Broadview wind project under construction in Curry County, N.M. (PFR, 7/1).

The Broadview acquisition will be funded at the project's commercial operations date, which is currently slated for the first half of 2017, according to Pattern's second quarter earnings report.

DROPDOWNS RAMP UP

The announcement of the Broadview transaction ended a 10-month dropdown drought for Pattern, during which low yieldco stock prices made equity-fueled acquisitions uneconomic.

But a nearly 60% rally in PEGI's stock price, from its all-time low of \$14.56 in February, has made dropdowns financed with newly issued equity attractive again.

Pattern's recent equity raise, which closed on Aug. 12, was priced at \$23.90 a share, a 3.5% discount to the stock's closing

price on Aug. 8, shortly before the deal was announced.

RBC Capital Markets, **BMO Capital Markets** and **Morgan Stanley** were the underwriters for the equity offering.

Besides the acquisition of the Armow stake, the proceeds of the equity raise could be used for another dropdown later in 2016.

"We expect to drop down another acquisition from our identified ROFO [right of first offer] list before the end of the year," said **Mike Garland**, president and ceo of Pattern Energy, in a statement.

The second dropdown could be the 180 MW Meikle wind project in British Columbia or Pattern's stake in its 220 MW Grady wind project in Curry County, N.M., according to an Aug. 17 note written by RBC Capital Markets equity analysts **Shelby Tucker**, **Nelson Ng** and **Orhan Eldarov**.

"Although we believe the dropdowns should not be a surprise to the market, we expect Pattern Energy shares to trade modestly higher as the company contin-

ues to execute accretive dropdowns, which improves the outlook for sustained dividend growth," wrote the analysts.

Pattern closed a C\$393 million (\$304 million) debt financing for the Meikle project, which has a 25-year PPA with **BC Hydro**, in July last year (PFR, 7/15/15).

The Grady project will sell its output to **Sacramento Municipal Utility District** under a 25-year PPA. Pattern Development's stake in the project represents an interest of 176 MW, according to Pattern's second quarter earnings report. A spokesperson for Pattern in New York declined to account for the remaining 44 MW interest.

As well as acquisitions from Pattern Development, PEGI will use some of the proceeds of the share sale to repay borrowings under its revolving credit facility.

Pattern is not the only yieldco reducing borrowings under its revolving credit facility. **NRG Yield** is using the proceeds of a \$350 million 10-year note to repay all of its drawings under its revolver (see story, page 12). ■

POWER TWEETS ●

Ken Yagelski @yagelski

Duke to burn gas at Cliffside coal plant; PSNC will build pipeline. <http://j.mp/2b0Z0sc> #energy #natgas #coal #power

General Electric @generalelectric

America's first offshore wind farm is almost ready to go online.

Energy Department @ENERGY

New reports track U.S. #windenergy industry's strong 2015 growth: <http://energy.gov/windreport>

Susan Sakmar @SusanSakmar

#Cheniere #LNG to begin commissioning Train3, T2 still comm, T1 shut down Sept for repair. #USLNGUpdate

Charlie Baker @MassGovernor

Energy legislation signed Monday embraces #hydro, offshore #wind; invests in #energy storage <http://ow.ly/S3LE303c0M0>

ESA Exec Director @estorage_ed

Industry is not waiting for 'breakthroughs'. #EnergyStorage is safe, reliable and cost-effective today, providing value to the grid.



● MERGERS & ACQUISITIONS

Beal Bank to Take Control of Sundevil Assets

Two funds managed by **Wayzata Investment Partners** have entered into an agreement to transfer two units at a gas-fired facility in Arizona to creditor **Beal Bank USA**.

Sundevil Power Holdings, which is owned by Wayzata Opportunities Fund and Wayzata Opportunities Fund II, has agreed to sell the 515 MW Power Block 1 and the 515 MW Power Block 2 at the 2,060 MW Gila River Power Station in Gila River, Ariz., to Beal Bank.

Each unit of the Gila River project is the same size, meaning that Wayzata funds own 50% of the facility. **Entegra Power Group** owns Block 4 and **Tucson Electric Power** owns Block 3 (PFR, 11/24).

Sundevil acquired Blocks 2 and 1 from Entegra in 2010 and 2011, respectively (PFR, 7/9/10).

BANKRUPTCY PROCEEDINGS

Sundevil Power Holdings filed for Chapter 11 bankruptcy protection with the **U.S. Bankruptcy Court for the District of Delaware** on Feb. 11.

Sundevil is in covenant default under its prepetition credit agreement with Beal Bank, which comprises a \$160 million term loan, a \$25 million revolving credit facility and incremental term loans totaling \$51.9 million (PFR, 2/18).

Under the secured credit agreement with Beal Bank, Sundevil's debt was secured by offering Beal Bank priority liens and security interests. The same stipulations applied for a second financing approved by the bankruptcy court earlier this year, where Beal Bank agreed to provide \$45 million in debtor-in-possession financing to keep the units operational during the bankruptcy proceedings.

AUCTION

On March 3, the Bankruptcy Court approved an auction of the assets. **Jefferies** was selected to run the sale and bids were due April 14.

Sundevil had originally hired Jefferies to sell the two units or equity interests in itself in June 2015, but it no longer has the funds to pursue the sales process (PFR, 2/18).

Beal Bank agreed to acquire the assets in exchange for a substantial portion of Sundevil's debt obligations. Sundevil filed a notice of its acceptance of the purchase with the Bankruptcy Court on May 4.

Vinson & Elkins and **Drinker Biddle & Reath** are legal counsel to Sundevil. Closing is expected to take place at the Houston offices of Vinson & Elkins on a yet to be determined date. ■

FAST FACT

Feb. 11, 2016

Sundevil filed for creditor protection in Delaware on Feb. 11. A principal at the company's parent, Wayzata Investment Partners, blamed the company's financial difficulties on low demand growth, falling gas prices, strong renewables development and slower than expected coal retirements (PFR, 2/18).

Virgin to Acquire Its First Wind Project

Virgin Group has announced its first wind acquisition, a newly operational project in Jamaica.

U.K.-based Virgin is purchasing an undisclosed interest in the 36.3 MW BMR Jamaica project in Potsdam, St. Elizabeth Parish, from **BMR Energy**.

New York-based BMR Energy is a subsidiary of private equity firm **American Capital Energy and Infrastructure**. ACEI is in turn a wholly-owned subsidiary of **American Capital**, a publicly-

traded private equity firm and asset manager headquartered in Bethesda, Md.

BMR Energy develops and manages infrastructure and power projects in Latin America and the Caribbean, according to its website. **Bruce Levy**, CEO of BMR Energy, declined to comment on the company's development pipeline. BMR Energy's website had no other projects listed at press time.

Virgin is buying American Capital's shareholding in the sponsor, BMR Energy, Levy tells *PFR* from New York, declining to disclose the size of American Capital's stake in the company.

"The deal is not due to close until we obtain certain consents," says Levy, who declined to comment on the nature of the consents, the purchase price or when final clos-

ing is expected to take place.

A spokesperson for Virgin in London confirmed that the wind acquisition is the conglomerate's first but declined to comment further on the transaction.

PROJECT FINANCING

BMR Energy closed \$62.7 million in debt financing for the Jamaica Wind project in January 2015. **Overseas Private Investment Corp.** provided a \$42.7 million senior loan, **International Finance Corp.** and **FC-Canada Climate Change Program** each provided \$10 million senior loans.

The remainder of the project was financed with a \$26.9 million equity investment, provided primarily by American Capital, with smaller portions "invested by the other shareholders who are the original

founders of the company," adds Levy.

Jamaica Public Service Co., has a 20-year power purchase agreement with the project (PFR, 7/3/14).

"The signal this has sent is that we are open for business here in Jamaica," the island nation's science, energy and technology minister, **Andrew Wheatley**, said in a statement.

In June, the Jamaican **Office of Utilities Regulation** announced plans to issue two requests for proposals for 150 MW of renewable generation, including 50 MW of waste-to-energy generation (PFR, 6/29).

BMR is an abbreviation of Blue Mountain Renewables, named after the Blue Mountains of eastern Jamaica. ■

FAST FACT

36.3 MW

The BMR Jamaica project has a capacity of 36.3 MW, and was financed with \$62.7 million of debt.

MERGERS & ACQUISITIONS ●

Consortium Picks Up Wind Project Stake

A consortium consisting of an infrastructure portfolio manager, a retirement fund and a financial services company has acquired a one third interest in a wind project in Canada from **Samsung Renewable Energy**.

Axiom Infrastructure, Alberta Teachers' Retirement Fund Board and Manulife Financial Corp. have acquired Samsung's 33% stake in the operational 270 MW K2 wind project in Ashfield-Colborne-Wawanosh, Ontario. The group did not use a financial adviser.

CIBC advised Samsung on the sale, deal watchers tell *PFR*. The purchase price could not be established by press time.

Pattern Energy Group and **Capital Power Corp.** own the remaining two thirds interest in the project, which has been operational since May 2015. **Independent Electricity System Operator** has a 20-year

power purchase agreement with the project.

The deal follows a number of similar investments by pension funds, insurance companies and other institutional investors.

Most recently, subsidiaries of Axiom Infrastructure and **Industrial Alliance Insurance and Financial Services** acquired an interest in the 150 MW Slate Creek wind project in Sumner and Cowley counties, Kan., from **EDF Renewable Energy** (*PFR*, 7/4).

Axiom manages dedicated infrastructure funds and has \$1.5 billion in assets under management, as well as a further \$900 million in co-investments.

"As such Axiom and its co-investors will continue to evaluate similar assets/opportunities in the core infrastructure space," a spokesperson for the company wrote in a e-mail.

Manulife Financial has also acquired interests in other generation projects this summer. The financial services company, along with four affiliates of the **Desjardins Group** including the **Desjardins Group Pension Plan**, bought a 50% stake in the 74 MW Mont-Rothery wind project in Québec from a subsidiary of **EDF Energies Nouvelles** (*PFR*, 6/9).

Stikeman Elliott acted as legal adviser to the consortium on the deal.

Pattern, which developed the K2 project, closed C\$850 million (\$757.78 million) in non-recourse financing backing the project in 2014. **Mizuho** was the agent on the deal and a further 14 financial institutions participated (*PFR*, 3/24/14).

A spokesperson for Samsung Renewable Energy did not respond to a request for comment. ■

INDUSTRY CURRENT ●

The Public IPP: Take the Long View

This week's Industry Current was written by **Salem Esber**, a Denver-based energy markets expert at London-headquartered **PA Consulting Group**.

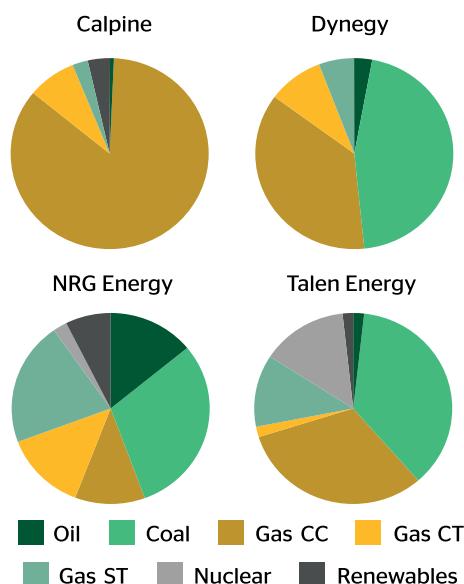
Are independent power producers undervalued as public companies? It's a common question discussed throughout the industry, particularly as market capitalizations have dipped more than 15% in the last two years. **PA Consulting Group** set out to analyze this question, given a recent spate of single-asset transactions that seemed to indicate strong asset values in certain markets, as well as a mini merchant development boom in the mid-Atlantic and northeast U.S. where combined-cycle generators are achieving financing at new build costs.

In a fairly simple exercise, PA compared the total enterprise values of the primary 'pure-play' public IPPs (**Calpine**, **NRG Energy**, **Dynegy**, and **Talen Energy**) to a high-level valuation of the individual generators within each companies' generation port-

folio. We made adjustments to account for non-generation business segments, such as competitive retail. Of these companies, Calpine has by far the generation portfolio that is most reliant on natural gas, while Dynegy, NRG, and Talen are comprised of a mix of gas-fired, coal, renewable, and oil-fired generators (see Figure 1).

As you can see in Figure 2 (see page 10), PA's high level valuation for Calpine is fairly close to its total enterprise value, indicating that the market appears to be giving proper weight to stock whose value is driven by gas-fired generation assets. For the other portfolios, it is apparent that the market is not recognizing any value for the coal-fired and nuclear units, as PA's approach overvalues the portfolios on a \$/kW basis unless all value is removed from the coal and nuclear capacity. **PAGE 10 »**

Figure 1 – Public IPPs Generation Asset Mix



Source: PA Consulting

● INDUSTRY CURRENT

The Public IPP: Take the Long View

« FROM PAGE 9

Given that 1) the short-run profitability of coal-fired and nuclear generators is largely negative to slightly positive, and 2) the equity markets value merchant generation portfolios based on short-term earnings expectations (multiples of current Ebitda projections), equity markets end up viewing coal and nuclear capacity as valueless despite the fact that many coal and nuclear generators do have long-term value.

So what does this mean for public IPPs, and for investors in both publicly traded IPPs and generation infrastructure?

■ The value of coal and nuclear is understated in publicly traded IPPs and needs

“While it is true that some coal-fired plants are not worth the environmental upgrades required to keep them operating, there is value in fuel diversity and some states are demonstrating that they agree.”

to be evaluated with a longer time horizon. While it is true that some coal-fired plants are not worth the environmental

upgrades required to keep them operating, there is value in fuel diversity and some states are demonstrating that they agree. For example, Ohio is debating a proposal that would allow several of its utilities to enter into long-term power purchase agreements with certain non-regulated coal-fired plants. Nuclear plants also provide both fuel diversity as well as zero-emissions power, neither of which they are compensated for currently in competitive markets. Efforts are underway, such as New York’s recently approved Zero Emissions Credit program (see story, page 1), but policy-makers haven’t been able to move quickly enough in some regions (like Illinois) and several reactors are set to shut down in the next several years. Overall, there is unrecognized long term value in the coal and nuclear fleets (as evidenced by over 8 GW of coal-fired capacity transacted in the last two years and the newly announced purchase of the James A. FitzPatrick nuclear project by **Exelon Corp.**), whether it be from future policy initiatives or a natural gas price rebound.

■ There is likely value left on the table in IPP market valuations, partially due to coal and nuclear but also for gas and other assets that may be undervalued by a portfolio Ebitda approach. Certain assets in a portfolio may be more valu-

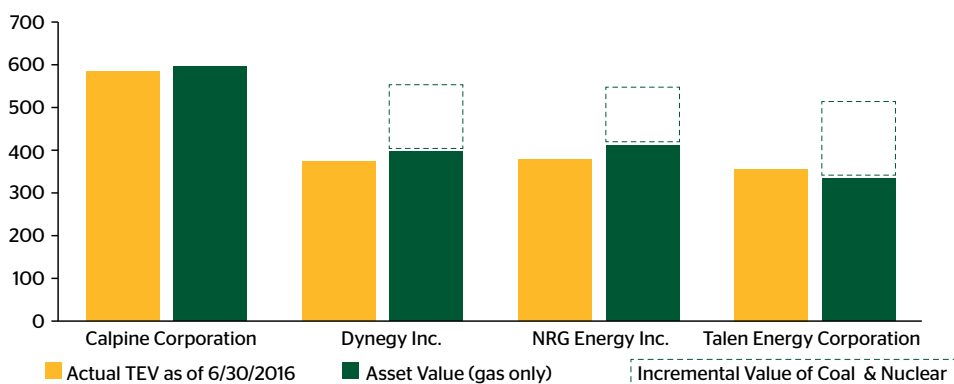
able as single assets than as a piece of the whole, and we’ve seen the realization of this by the IPPs in recent actions. For example, NRG’s recent sale of the Aurora and Rockford gas-fired facilities to an

“Certain assets in a portfolio may be more valuable as single assets than as a piece of the whole, and we’ve seen the realization of this by the IPPs in recent actions.”

affiliate of private equity firm **LS Power** (PFR, 5/19), Dynegy’s announced sale of its Elwood share to a publicly-traded Japanese firm **J-POWER** (PFR, 8/8), as well as Calpine’s sale of South Point to investor-owned utility **NV Energy** (PFR, 6/8). We would expect to see further portfolio rationalization as U.S. publicly-traded IPPs seek to move non-core assets to shore up balance sheets and flagging share prices.

Looking ahead, this brings into question whether or not the publicly-traded model makes sense for U.S. IPPs. Equities investors are generally seeking one or both of two things: either stable and predictable earnings, or the possibility of strong growth. The Ebitda-driven valuations in today’s low commodity price environment mask the fact that many IPP assets have longer-term value, which diminishes equity market value while introducing higher levels of share price volatility. Other types of investors, such as private investors, who base valuation on longer term fundamental drivers, are able to take a longer view than equity investors and more appropriately value the growth potential of portfolios of mixed assets. As a result, we may see a continuation of the move towards privatization that started with Talen, which recently announced its sale to **Riverstone Holdings** after going public just over a year ago (PFR, 6/3). ■

**Figure 2 –
Public IPPs Total Enterprise Value (\$/kW of capacity)**



Source: PA Consulting

Utilities Grab Last-Minute Deals as Bond Market Slows

Several power and utilities companies issued corporate bonds this week as issuance generally wound down, allowing bankers and treasurers to take a well-deserved summer break.

Baltimore Gas and Electric priced the biggest deal of the week with its \$850 million dual-tranche transaction. **Oncor Electric** priced a small tap of an existing bond and **Entergy** upsized a 10-year offering from \$500 million to \$750 million.

Investment grade issuance across all sectors—not just power—has reached \$54 billion this month, breaking the previous record for August of \$44 billion, according to *PFR*'s sister publication *GlobalCapital*.

Utility companies have made up \$10.83 billion of the record-breaking volume, the largest deal from the sector being **Duke Energy's** three-tranche \$3.75 billion issuance to finance its \$4.9 billion acquisition of **Piedmont Natural Gas**.

Barclays, Credit Suisse, Mizuho, MUFG and **UBS** were the bookrunners on the deal, which was priced on Aug. 8.

The deal comprises a \$750 million five-

year tranche and two \$1.5 billion tranches with tenors of 10 and 30 years. The bonds were priced at 115 basis points, 150 bps and 165 bps over U.S. Treasuries, respectively.

Duke's senior unsecured notes are rated Baa1 by **Moody's Investors Service** and BBB+ by **S&P Global Ratings** and **Fitch Ratings**.

JP Morgan, MUFG and **Scotia Capital** led on a \$700 million dual-tranche offering for **Black Hills Corp.** the following day, Aug. 9.

Rapid City, S.D.-based diversified power company Black Hills has almost the same ratings as Duke—its S&P rating is one notch lower—but it paid 15 bps to 35 bps more for two tranches of comparable tenor.

Black Hills' \$400 million 10-year tranche was priced at 165 bps and its \$300 million 30-year tranche was priced at 200 bps.

Then on Friday, Aug. 11, **Kinder Morgan** subsidiary **Colorado Interstate Gas** issued a \$375 million 10-year bond via JP Morgan and Mizuho. CIG, rated Baa3, BBB- and BBB- by the three main rating agencies, priced its offering at 260 bps over Treasuries.

Baltimore Gas and Electric's deal, which was priced on Aug. 15, comprised a \$350 million 10 year and a \$500 million 30-year bond. **Bank of America Merrill Lynch, MUFG** and **Wells Fargo Securities** were the bookrunners on the deal. Pricing tightened about 25 bps on both tranches, coming in at 88 bps on the shorter and 123 bps on the longer note.

On the same day, Aug. 15, Oncor came to the market with a \$175 million tap of a 3.75% secured note maturing in April 2045. The bond was \$375 million in size when it was initially issued last September. Bank of America Merrill Lynch and Barclays were the bookrunners on the tap, which was priced at 110 bps.

Entergy closed out investment grade utility issuance for the week on Aug. 16. Its 10-year deal was initially expected to be \$500 million in size, but grew to \$750 million during execution.

Barclays, **Citi, JP Morgan** and **Morgan Stanley** were the bookrunners on the deal, which was priced about 20 bps inside initial price thoughts at 140 bps. ■

SolarCity Restructures Following Lowered Growth Expectations

SolarCity is internally restructuring and cutting operational costs, after it revised its growth expectations downward in its second quarter earnings call last week.

The San Mateo, Calif.-based residential, commercial and industrial solar rooftop sponsor is cutting costs including its work force, the company announced in a filing with the U.S. **Securities and Exchange Commission** on Aug. 18. The company has not stated how many jobs will be cut.

Lyndon Rive, co-founder and ceo, and **Peter Rive**, co-founder and cfo, of SolarCity have seen their salaries cut from \$275,000 to \$1, the minimum amount per-

mitted by law, effective from Aug. 16.

The company says it expects to complete its "realignment" by the end of the year and expects to incur restructuring charges ranging from around \$3 million to \$5 million, consisting mainly of severance payments.

SolarCity has cut its installation guidance several times this year. Since its end of 2015 earnings report, it has reduced its full year 2016 installation guidance from 1.25 GW to between 900 MW and 1 GW.

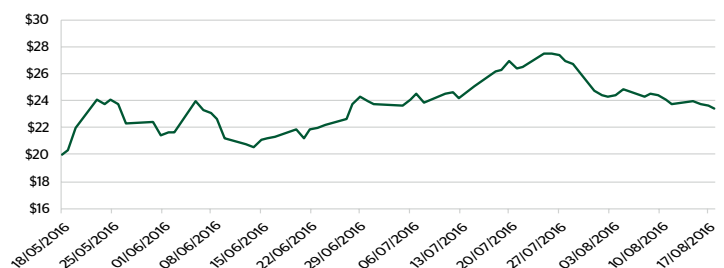
"The U.S. solar market is not as robust as SolarCity expected", **Gordon Johnson**, m.d. at broker-dealer **Axiom Capital Management** tells *PFR*.

The **Solar Energy Industries Association** had forecast that 16 GW of solar would be installed in the U.S. in 2016, double the 7.3 GW installed in 2015. SEIA revised the figure down to 14.5 GW in June. It recently reported that 1.7 GW of solar capacity was installed in

the U.S. in first quarter of 2016.

SolarCity also says it has seen a slump in its ability to raise project finance due to the proposed \$2.6 billion takeover by **Tesla Motors** (*PFR*, 8/11). Tesla and SolarCity shareholders will vote on the acquisition bid at a date yet to be publicized. ■

SolarCity Closing Stock Price, May 18 to Aug. 18



Source: Nasdaq

● PEOPLE & FIRMS

Plastina to Depart Varagon Capital Partners

Ren Plastina, partner and head of energy, is leaving **American International Group**-backed **Varagon Capital Partners**.

Plastina, who joined Varagon in New York in 2014, works across the power, oil and gas and infrastructure sectors. His departure from the asset manager is amicable, according to a source familiar with the matter.

Varagon executes first and second lien debt transactions, in addition to providing mezzanine financing. "We'll look to work with sponsors that are active across the entire energy supply chain, although midstream is our primary focus. We can support the sponsors making a corporate strategy play, such as the buy-out of a supplier or service provider, as well as those with project finance needs," Plastina told *PFR* in the summer of

2014 when he joined the then-newly-established firm (*PFR*, 6/13/14).

During his time at Varagon, the shop acted as a joint lead arranger on a \$215 million deal backing **Fortistar's** purchase of **Primary Energy** (*PFR*, 12/18/14).

Varagon is an independent firm backed by **AIG** and affiliates of **Oak Hill Capital Management** which focuses on direct lending to middle market companies, according to its website.

Plastina was previously a managing director of energy, infrastructure and project finance at **BNP Paribas** in New York (*PFR*, 3/31/14). Prior to that, Plastina was a director at **CIT Energy** in New York (*PFR*, 7/27/07).

Plastina declined to comment and his date of departure from Varagon could not be immediately established. ■



Ren Plastina

● ALTERNATING CURRENT

Solar Powered Traps Help Cut Mosquito Population on Kenyan Island



Solar powered mosquito traps can cut the mosquito population by as much as 70%, according to a new study.

A team of scientists have found that using odor-baited, solar powered mosquito traps has helped to cut the occurrence of malaria on Rusinga Island in Lake Victoria, Kenya.

The study, published in the medical journal *The Lancet*, found that over the course of two-years 30% fewer people fell victim to the disease in houses where the traps were used than in those where they were not used.

The traps work by using a solar-powered fan to distribute a non-toxic organic odor made of lactic acid and other substances transpired by the human skin to attract the mosquitoes. As the mosquitoes approach the trap, which resembles a lampshade, they are sucked into it by the fan.

The 12-volt fan is powered by locally manufactured rooftop solar panels, which also supply two light fixtures and a charging point for mobile phones for each home.

The odor-baited traps, which were installed outside of 4,358 households on the island, were developed by the **Wageningen University and Research Centre** in the Netherlands, the **International Centre of Insect Physiology and Ecology** in Kenya and **Biogents AG** in Germany. ■

● STRATEGIES

NRG Yield Raises \$350M with High Yield Offering

NRG Energy's yield company has priced a \$350 million bond, the proceeds of which it will use mainly to repay all its borrowings under its revolving credit facility.

The 10-year non-call-five senior unsecured bond was priced at 5% on Aug. 15. **JP Morgan** was lead left on the deal.

As of July 31, NRG Yield had drawn about \$257 million of its \$495 million revolver, following a repayment of \$125 million earlier that month, according to the company's second quarter earnings report.

ings report.

The remaining proceeds of the high yield bond after the RCF is repaid, about \$78 million, will go toward "general corporate purposes, including the funding of acquisitions and investments," according to a statement from the Princeton, N.J.-based company.

Those acquisitions and investments will include the yieldco's 2016 commitments to acquire mainly residential and distributed generation renewables assets from NRG, says **Aneesh Prabhu**, a credit analyst at **S&P Global Ratings**.

S&P downgraded NRG Yield from BB+ to BB on the day of the issuance, mainly because of a reassessment of wind resource forecasts in California. The yieldco also has a Ba2 rating from **Moody's Investors Service**.

JP Morgan announced the bond on Aug. 15 with initial price thoughts of 5% area, and held an investor call at 11:30am.

The initial range was inside where Prabhu had assumed the bond would price, at 5.5%, and one high yield portfolio manager at a major insurer told *PFR* he had looked briefly at the deal,

but that it was too low-yielding for the portfolios he managed.

Enough investors were interested for the \$350 million bond to be priced in the middle of initial price thoughts, but the size of the order book could not be established by press time. Officials at JP Morgan were not available to comment, and a spokesperson for NRG Yield declined to comment immediately.

RBC Capital Markets, Barclays, Citi, Credit Suisse, Goldman Sachs and **MUFG** were also bookrunners on the deal. ■