

# Power Finance & Risk

Exclusive Insight on Power M&amp;A and Project Financing

By the publisher of GlobalCapital

## ● PROJECT FINANCE

## ● MERGERS & ACQUISITIONS

## ● PEOPLE & FIRMS

### Tyr Energy Seals Financing for Hickory Run

Three coordinating lead arrangers have closed debt financing for the project in Lawrence County, Pa.

Page 5

### DG Solar Developer on the Block

A distributed solar company with a 160 MW (DC) operational and under-construction portfolio is for sale.

Page 11

### HSBC Banker Jumps Ship to Natixis

A director of energy and infrastructure investment at **HSBC** has left for a an exec. director job at **Natixis**.

Page 12

## Asset Manager Finances Solar Project Duo

Olivia Feld

A global asset manager has closed debt and tax equity financing for two utility-scale projects, which it recently added to its burgeoning portfolio of solar assets.

**Capital Dynamics**, which acquired the two solar projects in California in competitive processes from two different sponsors, sealed financing for the projects on Aug. 21, a deal watcher tells *PFR*, adding that the investor did not use an external adviser on the acquisitions.

The Zug, Switzerland-headquartered firm closed its purchase of one of the two projects, the 280 MW California Flats solar project in Monterey County, from **First Solar**, also on Aug. 21.

The shop had acquired the other asset, the 328 MW Mount Signal 3 solar project in Calxico, from **8minutenergy Renewables** earlier this summer (*PFR*, 7/11).

### CONSTRUCTION FINANCING

**Allianz Global Investors** and **Samsung** led a \$250 million 20-year debt financing

for the Mount Signal 3 project, says the deal watcher. **Wells Fargo** supplied \$250 million of tax equity for the project.

**Allianz GI**, **Hana Asset Management Co.** and **IFM Investors** meanwhile provided \$270 million of debt financing, also with a 20-year tenor, for the California Flats facility, adds the deal watcher. **Goldman Sachs** and **U.S. Bank** provided \$450 million of tax equity.

Goldman is also the tax equity investor in another project developed by First Solar, the 40 MW Cuyama project [PAGE 10 »](#)

## Transmission Project Derailed by Regulators

Olivia Feld

**Clean Line Energy Partners'** proposed Grain Belt Express transmission line has faced a setback after Missouri state regulators vetoed the project.

The 780-mile transmission project is designed to connect wind facilities in Kansas to Missouri, Illinois, Indiana and further afield, says the Houston-based sponsor.

The **Missouri Public Service Commission** denied the sponsor's application to build the project in an order issued on Aug. 16, effectively halting development of the \$2.3 billion project.

The denial of the application was based a ruling of the **Missouri Western District Court of Appeals** in a case regarding the construction of a separate but similar transmission line that the PSC cannot approve a project without first securing road crossing permits from each individual county affected. The Grain Belt Express project failed to secure road crossing permits from the eight counties affected.

The regulatory regime in Missouri is unique, according to Clean Line Energy Partners. "I'm not aware of any other state that requires county permits," says **Michael Skelly**, the company's [PAGE 2 »](#)

## Term Loan B Investors Secure Discount on Repricing

Richard Metcalf

A private equity portfolio company offered term loan B investors a discount to tempt them into a repricing transaction that was priced at the wide end of initial guidance.

The \$1.6 billion loan, backed by **ArcLight Capital Partners'** 4.9 GW Eastern Power gas-fired portfolio, was priced at 375 basis points over Libor and sold at a discount of 99.875% on Aug. 17.

Originally issued last year to refinance the portfolio after ArcLight acquired it from **Tenaska Capital Management** in 2015, the term loan B matures in October 2023. [PAGE 11 »](#)



## ● IN THIS ISSUE

### PROJECT FINANCE

- 5 | Solar Production Hedge May Lead to Increased Capital
- 5 | Tyr Closes Hickory Run Financing
- 6 | Goldman Sachs Invests in Ex-First Solar Project
- 6 | Argentina Launches Renewables Tender
- 7 | Investor Duet Invests Tax Equity in Enel Wind Project

### MERGERS & ACQUISITIONS

- 7 | DCO Energy to Increase Stake in Exelon Biomass Asset
- 7 | BlueNRGY Plans Acquisition of Renewables Shop
- 8 | Buyer Emerges for Calpine

- 10 | Sempra to Acquire Oncor
- 11 | Edison International Puts SoCore on the Block

### PEOPLE & FIRMS

- 8 | Ex-GE EFS Official Joins Siemens
- 12 | Natixis Adds Coverage Banker to Power Team

### DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 10 | Power Tweets
- 12 | Alternating Current

## ● PROJECT FINANCE

# Transmission Project Derailed by Regulators

« FROM PAGE 1

founder and president, in an interview with *PFR*.

Clean Line Energy has several options following the rejection by the PSC. It can appeal the decision, challenge it in the courts or attempt to change the state law, says Skelly. So far, a decision on how to proceed has not been made.

"We could also give up but that's not part of our vocabulary. We're considering all of them," says Skelly, adding that the setback could delay the project's development by "a couple of years".

**Infinity Renewables**, a developer which is for sale, has signed an agreement with Clean Line Energy to use the Grain Belt Express transmission line for its proposed Iron Star wind project in Ford County, Kan. (*PFR*, 3/2).

Meanwhile, Clean Line is developing several other U.S. transmission projects, including one reportedly on President **Donald Trump's** radar.

The 720-mile, 600 kV Plains and Eastern Clean Line transmission project, which stretches from the Oklahoma Panhandle to Tennessee, was reportedly one of 50 infrastructure projects highlighted as priorities in a leaked list that was drafted by the transition team before President Trump's inauguration in January.

"There's been a decent amount of talk on infrastructure from the administration, but they haven't yet outlined their policy proposals yet," says Skelly. "We're not aware of specifics around

a Trump package or proposal."

The \$2.5 billion project received **Department of Energy** authorization a year ago and the sponsor has begun conversations with potential strategic and financial investors but has not begun a formal process yet. *PFR* reported that Clean Line Energy was talking to banks in January 2016 (*PFR*, 1/13/16).

Clean Line Energy is focusing on the commercialization of the project. The recent request for proposals for wind generation in North and South Carolina by **Duke Energy Carolinas** will likely help generate transmission demand, adds Skelly. The RFP for 500 MW of new and existing wind generation to be online by the end of 2022 was issued on Aug. 15 and bids are due on Sept. 20. Sponsors can bid capacity from projects outside of the Carolinas, as long as their generation can be transported into Duke Energy Carolina's transmission system (*PFR*, 8/15).

Clean Line is also developing the Western Spirit transmission project, a proposed 140-mile, 345 kV transmission line that will transmit power from wind-rich central New Mexico and deliver approximately 1 GW of generation to the existing grid in the state's Northwest.

"There's a tremendous interest in projects once contracted," says Skelly. "Once contracts are signed, financing will be fairly straightforward," he predicts. ■

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1120 Avenue of the Americas, 6th Floor, New York, NY 10036  
Power Finance & Risk is a general circulation newsweekly.  
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Institutional Investor, LLC ISSN# 1529-6652

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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 &amp; 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
Alten Renewable Energy Developments	Solem (290 MW Solar, 20%)	Aguascalientes, Mexico		Sojitz Corp. has acquired a 20% stake in the project (PFR, 8/21).
Ares-EIF	Newark (705 MW Gas)	Newark, N.J.	Citi	Indications of interest were expected this summer (PFR, 7/3).
	Plum Point (670 MW Coal)	Osceola, Ark.	Citi	Bids for the portfolio were due the first week of June (PFR, 5/30).
	Carneys Point (262 MW Coal)	Carneys Point, N.J.		
	Logan (219 MW Coal)	Logan Township, N.J.		
	Morgantown (62 MW Waste coal)	Morgantown, W.Va.		
Ares-EIF, I Squared Capital	Oregon Clean Energy Center (869 MW Gas)	Lucas County, Ohio	Barclays, Credit Suisse	A sale process for the project is underway (PFR, 5/15).
Apex Clean Energy	Portfolio (12 GW, Wind, Solar)	U.S., Canada	CohnReznick Capial	A sale process for the developer has moved into a second round (PFR, 8/14).
	Patriot (180 MW Wind)	Nueces County, Texas		NRG Energy has acquired the development-stage project from Apex (PFR, 8/14).
● Calpine	Entire portfolio (26 GW)	U.S.	Lazard (seller), Barclays (buyer)	A consortium led by Energy Capital Partners has agreed to acquire the company (see story, page 8).
Canadian Solar	Portfolio (703 MW DC Solar)	U.S.	BAML, Scotiabank	Canadian Solar is in talks with a potential buyer for its U.S. portfolio (PFR, 8/21).
● Constellation	Albany Green Energy (46 MW Biomass)	Albany, Ga.		DCO Energy is acquiring a 49% stake in the project from the Exelon subsidiary (see story, page 7).
● Edison International	SoCore Energy (160 MW DC Distributed Solar)	U.S.	Marathon Capital	Edison International has launched a formal sale process for the subsidiary (see story, page 11).
Energy Capital Partners	Wheelabrator Technologies (1.2 GW Biomass)	U.S., U.K.		ECP has put the company up for sale (PFR, 8/21).
● Energy Future Holdings	Oncor (122,000 miles, Transmission)	Texas	Evercore (seller), Lazard, Morgan Stanley (buyer)	Sempra Energy has made an offer for Energy Future Holdings, the 80% owner of the Texas transmission company (see story, page 10).
Engie	Trompezon (157 MW Solar)	Aguascalientes, Mexico		Engie is looking for "business partners" for the two contracted renewable projects (PFR, 8/7).
	Tres Mesas 3 (52 MW Wind)	Tamaulipas, Mexico		
Eversource Energy	Portfolio (1.2 GW Biomass, Coal, Hydro, Oil)	New Hampshire	JP Morgan	The auction for the assets is in a second round and final bids are due in August (PFR, 7/3).
● First Solar	Cuyama (40 MW Solar)	Santa Barbara County, Calif.		D. E. Shaw has agreed to purchase the project (PFR, 8/21).
	California Flats (280 MW Solar)	Monterey County, Calif.		Capital Dynamics acquired the project on Aug. 21 (see story, page 1).
GE Energy Financial Services	CPV Towantic (751 MW Gas, 10.8%)	Oxford, Conn.		A group of infrastructure funds advised by UBS Asset Management are acquiring a 10.8% equity stake in the project from GE EFS (PFR, 8/21).
● Green States Energy	Portfolio (18.7 MW Solar)	Massachusetts, New Mexico and North Carolina		BlueNRGY has signed a letter of intent to acquire the company (see story, page 7).
Heelstone Energy	Portfolio (148 MW Solar)	North Carolina	Marathon Capital (seller)	Sammons Renewable Energy has acquired the portfolio (PFR, 8/21).
Infinity Renewables	(6.6 GW Wind, Solar)	U.S.	CIBC	The company is for sale (PFR, 6/5).
Invenergy	Shoreham Solar Commons (24.9 MW Solar)	Suffolk County, N.Y.		Duke Energy Renewables plans to acquire the project when construction wraps in 2018 (PFR, 8/21).
Kenon Holdings	IC Power (3,894 MW Gas, Hydro, Oil, Wind)	Latin America, Caribbean, Israel		Kenon has entered negotiations to sell the subsidiary (PFR, 7/31).
LS Power	Carville (501 MW Gas)	St. Gabriel, La.	RBC Capital Markets	LS Power has hired RBC to sell the merchant facilities (PFR, 8/14).
	Hog Bayou (237 MW Gas)	Mobile, Ala.		
Morgan Stanley	NaturEner USA (399 MW Wind)	Montana	Morgan Stanley	Morgan Stanley is selling NaturEner, which owns development wind assets in Alberta as well as the 399 MW operational wind portfolio in Montana (PFR, 5/15).
Odebrecht	Chaglla (406 MW Hydro)	Huánuco Region, Peru	Itaú, Scotiabank, SMBC Nikko Securities	Odebrecht is expected to select a buyer this summer (PFR, 6/12).
Pluspetrol	Generadora Eléctrica de Tucumán (245 MW Gas)	Tucumán, Argentina		Genneia has acquired the project (PFR, 8/21).
ReneSola	Portfolio (13.3 MW Solar)	Minnesota		Nautilus Solar has agreed to acquire the portfolio (PFR, 8/21).
Terra Firma	EverPower Wind (752.25 MW Wind)	U.S.	Barclays, KeyBanc	Terra Firma is marketing the U.S. wind shop, whose assets also include an up-to-1,759 MW development pipeline (PFR, 3/6).

## ● 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](mailto: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)	Deal Type	Loan Amount	Tenor	Notes
Acciona	Puerto Libertad (270 MW Solar)	Sonora, Mexico	TBA	TBA	TBA		Acciona plans to expand the project by 90 MW (PFR, 7/17).
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS	Debt	TBA	TBA	GE EFS is left lead on the debt raise. Other joint lead arrangers will be selected later this year (PFR, 5/1).
Aela Energía	Sarco (170 MW Wind)	Freirina, Atacama, Chile	SMBC, MUFG	Term Loan	\$450M	18-yr	The financing, which will fund construction of Sarco and Aurora, closed on Aug. 8 (PFR, 8/14).
	Aurora (129 MW Wind)	Llanquihue, Los Lagos, Chile					
	Cuel (33 MW Wind)	Los Angeles, Biobío, Chile					
Algonquin Power & Utilities	Great Bay Solar I (75 MW Solar)	Princess Anne, Md.	RBC	Tax Equity	C\$70M-78M (\$54M-60M)		RBC is expected to provide tax equity equal to 40% of the overall project cost (PFR, 8/21).
American Power Ventures	Renaissance (1 GW Gas)	Greene County, Pa.	Fieldstone (adviser)	Debt, Equity	\$900M		Fieldstone Private Capital Group is raising debt and equity for the project (PFR, 4/17).
Canadian Solar, EDF	Pirapora I (150 MW Solar)	Minas Gerais, Brazil	BNDES	Debt	R\$529M (\$163M)		The financing represented the development bank's first loan to a solar project (PFR, 8/14).
Capital Dynamics	California Flats (280 MW)	Monterey County, Calif.	Allianz GI, Hana, IFM	Debt	\$270M	20-yr	Capital Dynamics acquired the project from First Solar and closed financing for it on the same day, Aug. 21 (see story, page 1).
			NordLB, Rabobank	Bridge Loan	\$450M	Construction	
			Goldman Sachs, US Bank	Tax Equity	\$450M		
	Mount Signal 3 (328 MW)	Calexico, Calif.	Allianz GI, Samsung	Debt	\$250M	20-yr	Capital Dynamics closed financing for the project, which it acquired from SunEdison earlier this year, on Aug. 21 (see story, page 1).
			NordLB, Santander	Bridge Loan	\$250M	Construction	
			Wells Fargo	Tax Equity	\$250M		
D.E. Shaw	Cuyama (40 MW Solar)	Santa Barbara County, Calif.	Goldman Sachs	Tax Equity	TBA		Goldman Sachs is acquiring all of the tax equity interests in the project, which D.E. Shaw recently acquired from First Solar (see story, page 6).
EDP Renewables North America	Hog Creek (66 MW Wind)	Hardin County, Ohio	BNY	Tax Equity	TBA		Bank of New York Mellon, a relationship investor of EDP's, will invest tax equity in the project (PFR, 8/21).
	Waverly (199 MW Wind)	Coffey County, Kan.	JPM (50%), New York Life (50%)	Tax Equity	TBA		JP Morgan and New York Life are acquiring Google's tax equity interest in the project (PFR, 8/14).
EDF Renewable Energy	Nicolas-Riou (224.25 MW Wind)	Bas Saint Laurent, Québec	TBA	Debt	≤\$500M		EDF and its co-owners, groups representing several municipalities and a First Nation, are seeking debt financing for the project (PFR, 7/10).
Enel Green Power North America	Red Dirt (300 MW Wind)	Kingfisher and Logan counties, Okla.	Allianz, MUFG	Tax Equity	\$340M		Allianz and MUFG are investing tax equity in the project, which has offtakes with T-Mobile and the Grand River Dam Authority (see story, page 7).
Invenergy	Campo Palomas (70 MW Wind)	Salto, Uruguay	DNB, IIC	Private Placement	\$135.8M	19.5-yr	The private placement refinances a construction loan from DNB and the Inter-American Investment Corp. (PFR, 8/14).
	Wind Catcher (2 GW Wind)	Cimarron and Texas counties, Okla.	TBA	Debt	\$2B		Invenergy is preparing to raise financing for the project (PFR, 7/31).
Onyx Renewable Partners	Portfolio (60 MW Solar)	U.S.	RBC	Tax Equity	TBA		The deal backs a portfolio of solar projects in six states (PFR, 8/21).
Pattern Development	Henvey Inlet (300 MW Wind)	Ontario	TBA	Debt	TBA		Pattern is seeking debt for the project (PFR, 6/19).
Quantum Utility Generation	Moundville (643 MW Gas)	Marshall County, W.Va.		Debt	TBA		Quantum could launch a debt financing for the project this year (PFR, 2/6).
			BNP Paribas	Equity			
Sempra Energy	Apple Blossom (100.5 MW Wind)	Huron County, Mich.	MUFG	Tax Equity	TBA		MUFG is investing tax equity in the project, whose COD has been delayed by four years (PFR, 8/14).
Sojitz Corp., Shikoku Electric Power Co., Sojitz Corp. of America, Eiffage	Huatacondo (98 MW Solar)	Huatacondo, Tarapacá, Chile	SMBC, Mizuho, Iyo Bank	Debt	\$73.31M	18-yr	Nippon Export and Investment Insurance is insuring \$47.2 million of the debt (PFR, 7/3).
Swift Current Energy	HillTopper (175 MW-200 MW Solar)	Logan County, Ill.		Debt, Tax Equity	TBA		The sponsor plans to finance the project with debt and tax equity (PFR, 2/13).
Tyr Energy	Hickory Run (1 GW Gas)	Lawrence County, Pa.	BNP, BAML, Crédit Agricole	Debt	TBA		MUFG, Development Bank of Japan, SMBC, ABN Amro, National Australia Bank and Shinhan Bank participated in the loan (see story, page 5).

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## Solar Hedge Opens Door to Greater Leverage, Says Analytics Firm

A solar analytics firm called **kWh Analytics** is marketing a production hedge product that it claims will allow sponsors to raise more debt on contracted solar projects in the U.S.

The product, called a solar revenue put, could allow sponsors to reduce the debt service coverage ratio for their projects from the existing market standard, which is between 1.3 times and 1.35 times, to 1.1 times, according to **Richard Matsui**, ceo and co-founder of kWh Analytics.

"The value of that debt is greater than the cost of the insurance product," he told *PFR* on Aug. 22 in New York, where he was meeting bankers to discuss the application of the hedge.

The San Francisco-based firm has so far provided quotes for \$450 million of projects, and has discussed the solar revenue put with about 30 lenders.

Two project finance deals involving the hedge are under scrutiny by commercial banks' credit committees, says Matsui.

"Getting this through credit committees is going to be really hard," he concedes. "But something we're seeing in the market is that there is just a ton of capital out there, and there's a lot of lenders chasing few deals, so this is a way lenders can differentiate themselves."

Bankers say the solar revenue put has the

potential to be a useful innovation, so long as it is priced appropriately, but add that it will be up to sponsors to take the lead.

"It's certainly a product that needs to be initiated by the borrower-sponsor," says a project finance banker in New York who has discussed the hedge with Matsui. "In theory it could bring them more debt... then it comes down to a cost-benefit analysis."

"Like any insurance product, it's useful to the degree it's priced efficiently," says **PJ**

**"It could allow you to finance something you wouldn't be able to come up with your equity check for otherwise, but the question is what are you giving away to realize that?"**

**Deschenes**, a partner at boutique investment bank **Greentech Capital Advisors** in New York. "It could allow you to finance something you wouldn't be able to come up with your equity check for otherwise, but the question is what are you giving away to realize that?"

While kWh Analytics underwrites and distributes the solar revenue put through its own licensed insurance brokerage subsid-

iary, **Kudos Insurance Services**, investment grade insurance carriers provide the necessary balance sheet support.

The solar revenue put is not a replacement for title insurance and does not cover curtailment risk or loss of revenue due to operations and maintenance contractors failing to carry out their duties.

While traditional insurance companies have made attempts to provide solar production guarantees in the past, their policies were either too expensive or worded in such a way that the coverage was not comprehensive, says Matsui.

Unlike the conventional insurers, kWh Analytics is able to leverage a large database of U.S. solar projects, which it has obtained as a result of selling its risk management software to tax equity investors.

The firm works with more than half of the tax equity investors in the market, including **PNC Bank** and **Google**, says Matsui. "What that means is we have data on 10% to 20% of all operating solar plants in the U.S."

"That's huge, to have that quality and quantity of data and that vote of confidence from these players," says **Richard Dovere**, managing member at solar project sponsor **C2 Energy** in New York. "There's definitely going to be a place in the market for this."

"It'll be another tool within the market," says **Conor McKenna**, m.d. at **CohnReznick Capital** in New York. "Whenever you gain data in a market where there is a lack of clarity or the lack of an aggregation set there is value." ■

## Tyr Closes Financing for Hickory Run Project

**Tyr Energy** has wrapped financing for its 1 GW Hickory Run project in Lawrence County, Pa.

**BNP Paribas**, **Bank of America Merrill Lynch** and **Crédit Agricole** were the initial coordinating lead arrangers on the debt component of the deal.

Price talk on the debt was 325 basis points over Libor, in line with other recent new-build quasi-merchant gas-fired project financings, a deal watcher tells *PFR*. The size of the debt

financing could not immediately be learned.

**Kansai Electric Power Co.** and **Siemens Financial Services** have meanwhile acquired equity stakes in the project (*PFR*, 8/15).

Representatives of Tyr Energy in Overland Park, Kan., Siemens Financial Services in Atlanta, Kansai in Osaka, Japan, and BAML, BNP Paribas and Crédit Agricole in New York did not respond to inquiries.

**MUFG**, **Development Bank of Japan**, **SMBC**, **ABN Amro**, **National Australia Bank** and **Shinhan Bank** also joined the debt financing as coordinating lead arrangers.

**Kiewit Power Constructors Co.** is constructing the Hickory Run project, which Tyr acquired from **LS Power** last year (*PFR*, 7/22). The facility is expected to be online in April 2020. Siemens will supply the project with two gas turbine generators, two heat

recovery steam generators and a steam turbine generator, according to a statement issued by Tyr on Aug. 21.

**NAES Corp.**, which, like Tyr Energy, is a subsidiary **Itochu Corp.**, will provide operations and maintenance services to Hickory Run.

Tyr is in the process of developing the 337 MW Good Spring gas-fired project in Schuylkill County alongside **EmberClear** (*PFR*, 10/20). ■



## ● PROJECT FINANCE

# Goldman Takes Tax Equity Stake in Ex-First Solar Project

**Goldman Sachs** is providing a tax equity investment for a solar project under development in California that **D.E. Shaw** recently acquired from First Solar.

The investment bank will acquire all of the tax equity interests associated with the 40 MW Cuyama project in Santa Barbara County, Calif., according to an Aug. 16 filing with the U.S. **Federal Energy Regulatory Commission**.

This is not the first project developed by the Tempe, Ariz.-based sponsor that Goldman has invested in. The bulge bracket firm also owns half of the tax equity associated with the 250 MW Moapa solar facility in Clark County, Nev. Goldman invested in Moapa prior to the project's acquisition by **Capital Dynamics** earlier this year (PFR, 1/25).

## GOLDMAN RETURNS TO TAX EQUITY

The bank recently returned to tax equity investments in wind assets after years of near-absence in the sector, beginning with commitments backing two North Dakota assets, **Enel Green Power North America's** 150 MW Lindahl project in Williams County

and **Novatus Energy's** 104 MW Sunflower project in Stark and Morton counties, last fall (PFR, 10/21). The bank has also invested tax equity in **Capital Power Corp.'s** 178 MW Bloom Wind Project in Kansas (PFR, 4/21).

Goldman Sachs built out its alternative investments group and appointed a number of new hires to work on tax equity transactions roughly a year ago, market watchers tell *PFR*.

**Pooja Goyal** is managing director and head of alternative energy investment at Goldman. Goyal has worked at the bank since joining in 2002 as an analyst. Representatives of Goldman in New York were not immediately available for comment.

## PROJECT SALE

**D.E. Shaw Renewable Investments** acquired the construction-stage Cuyama project earlier this month. First Solar revealed it had lined up an as-of-then unnamed buyer on its second quarter earnings call on July 27 (PFR, 8/17, PFR, 7/31). A spokesperson for D.E. Shaw in New York declined to comment on the

deal.

The project had initially been destined to drop down into **8Point3 Energy Partners**, First Solar's joint yield company with SunPower. However, early this year, the companies paused drop downs to the yield company, removing two assets — SunPower's 100 MW El Pelicano project in Chile and First Solar's 179 MW Switch Station project in Nevada — from its right of first offer list.

In April, both First Solar and SunPower undertook a strategic review of their stakes in the yieldco, mandating **Bank of America Merrill Lynch** and Goldman as their respective advisers and making a sale of Cuyama more likely (PFR, 4/7, PFR, 5/3).

Both companies ultimately decided to divest their interests in the company (PFR, 8/2).

Cuyama has a 25-year power purchase agreement with **Pacific Gas and Electric** that goes into effect in January 2019, with **Peninsula Clean Energy** set to acquire the project's 2018 output under a one-year 'bridge' PPA. The project is slated to be online by the end of the year. ■

# Argentina Launches Renewables Tender, Adds Tax Sweetener

Argentina has kick-started its latest tender for renewable project contracts with a tax incentive for renewables companies

The second iteration of the country's renewable generation auction process, which is known as RenovAr, opened to tenders on Aug. 17, alongside the announcement of a value added tax benefit.

The tax break could attract a wider range of investors to consider bidding for renewables contracts in the country.

"If you can't work out why a company is doing something,

it's to save on tax," a London-based project finance attorney who works on Latin American deals tells *PFR*. "So tax breaks like this will always catch potential investors' attentions."

Companies that have a renewable project approved by the country's **National Ministry of Energy and Mining** can choose to either request early repayment of VAT, or apply VAT paid against other national taxes against a range of project-related purchases, according to the Argentine **Federal Administration of Public Revenues**.

Qualifying purchases are

those made for the import, manufacturing or production of new capital goods and performing technical assembly work for infrastructure.

The government is aiming to award 1.2 GW of capacity of contracts in second round of RenovAr, which would fall between the 1.1 GW awarded in the first round and 1.3 GW allocated in round 1.5.

The **World Bank** has committed \$250 million in guarantees for projects commissioned under the second round of the RenovAr initiative to support project financing.

The Argentine authorities have set a price cap of \$56.25/MW for wind generation, \$57.04/MW for solar, \$110/MW for biomass, \$160/MW for biogas, \$130/MW for landfill gas and \$105/MW for small hydro.

The deadlines for the submissions is Oct. 19 and the winning bids will be announced on Nov. 29.

Developers have been gearing up for the event, with Argentinian firm **Genneia** two weeks ago saying it was preparing its bid (PFR, 8/15).

Argentina is looking to grow its renewable capacity to 20% of national usage by 2025, and is targeting 8% by the end of this year, according to the National Ministry of Energy and Mining. ■

## PROJECT FINANCE ●

## Enel Lands Tax Equity From Investor Duo

A subsidiary of **Allianz** and **MUFG** are investing in tax equity associated with an **Enel Green Power North America** wind project in Oklahoma.

**Allianz Renewable Energy Partners of America** and the Japanese bank plan to commit \$340 million to the 300 MW Red Dirt project in Kingfisher and Logan counties.

The overall cost of the facility, which is under development, is expected to total \$420

million, according to a statement issued by Enel on Aug. 17.

Allianz and MUFG will acquire equal shares of the project's tax equity interests.

**CCA Group** is acting as Allianz's financial adviser with **Milbank, Tweed, Hadley & McCloy** representing both investors' legal counsel. MUFG did not retain an external financial adviser.

Spokespeople for Enel in Andover, Mass.,

and MUFG in New York declined to comment. A spokesperson for Allianz in New York did not respond to an inquiry.

Red Dirt, which has been under construction since April, is due online before the end of the year.

The project has two power purchase agreements, with **T-Mobile US** for 160 MW of its output and **Grand River Dam Authority** for the remaining 140 MW (PFR, 5/19). ■

## MERGERS &amp; ACQUISITIONS ●

## DCO Energy to Up Stake in Exelon Biomass Project

DCO Energy is increasing its interest in **Exelon Corp.**'s 46 MW Albany Green Energy biomass project in Albany, Ga.

Mays Landing, N.J.-based DCO, which already owns 1% of the project, will hold a 50% stake as a result of the planned transaction, which is described in a filing with the U.S. **Federal Energy Regulatory Commis-**

**sion.**

The project, which came online last month, is owned by Exelon through its subsidiary **Constellation**.

The AGE project has a 20-year power purchase agreement with **Southern Company** subsidiary **Georgia Power** for its full output.

The facility also provides

steam to a **Procter & Gamble** factory that produces paper towels and toilet paper under a 20-year steam supply agreement.

How much DCO is paying to increase its stake in the project could not immediately be established. Representatives of Exelon in Chicago and officials at DCO in Mays Landing did not respond

to inquiries by press time.

The project was slated to cost \$200 million to construct, according to a P&G statement announcing the steam supply agreement in February 2015.

DCO is also in the process of developing the 485 MW Archbald facility in Lackawanna County, Pa. alongside **Ember-Clear** (PFR, 10/20). ■

## Restructured Aussie Renewables Shop to Acquire U.S. Solar Portfolio

Australian renewables developer **BlueNRGY Group** has entered into a letter of intent to acquire **Green States Energy**, which owns an 18.7 MW (DC) portfolio of solar assets in Massachusetts, New Mexico and North Carolina.

Short Hills, N.J.-based Green States, which is valued at more than \$60 million, according to a statement issued by the buyer on Aug. 22, will merge with a U.S. subsidiary of BlueNRGY under the terms of the deal.

Shareholders of Green States, which traded on the **Bermuda Stock Exchange** under the ticker GSE.BH until it was delisted in February, will collectively receive 34 million shares of BlueNRGY and warrants to purchase a further 8.5 million shares.

While a vote by Green States' shareholders,

a group of fewer than 100 individuals, would be required for a sale to proceed, the buyer needs only the approval of its board to move forward, BlueNRGY's chairman and managing director, **William Morro**, tells *PFR* from Chicago.

Green States explored cash transactions with several prospective buyers before agreeing to the all-stock BlueNRGY deal, says Morro. At least one bidder had been conducting due diligence on Green States up until last week, according to an official at a potential acquirer.

A formal merger agreement between BlueNRGY and Green States is expected "within the next few weeks", according to Morro, who says the deal should close later this year — "the sooner the better."

Neither company retained an external financial adviser on the transaction.

### RESTRUCTURING

Based in Sydney, BlueNRGY was previously listed on **Nasdaq** but entered voluntary administration in Australia in 2014 and was delisted the following year.

The company underwent restructuring and emerged from voluntary administration in 2015, but several of its operating subsidiaries continued to take operating losses last year, according to paperwork filed with the U.S. **Securities and Exchange Commission** in October.

The company settled outstanding securities litigation in the U.S. in March, and revealed plans to wind up its U.S. engineering, procurement and construction service business in an SEC filing dated May 16.

Green States ceo **Wallace Giakas** will sit on BlueNRGY's board following the merger. ■

## ● MERGERS &amp; ACQUISITIONS

# Calpine Reaches Sale Agreement

**Calpine Corp.** has agreed to be acquired by a consortium of investors led by **Energy Capital Partners**.

Under the terms of the deal, which will require shareholder approval, ECP and a group of other investors led by **Access Industries** and **Canada Pension Plan Investment Board** will pay \$5.6 billion for the independent power producer, which has a generation fleet totaling some 26 GW in the U.S.

The purchase price represents a premium of about 51% over the share price on May 9.

Calpine and its financial and legal advisers, **Lazard** and **White &**

analyst at **RBC Capital Markets**, in a research note, adding that the presence of long-term investors like the CPP Investment Board in the consortium "could help reassure the market, including the rating agencies, that the takeout is a more long-term investment rather than opportunistic financial play."

**Moody's Investors Service** revised the outlook on its Ba3 rating for Calpine from stable to negative following the announcement of the sale agreement, while **S&P Global Ratings** and **Fitch Ratings** affirmed their B+ ratings, both of which have a stable outlook.

"Calpine's negative outlook reflects our view that ECP will more aggressively look to extract value from Calpine's portfolio of assets, primarily through asset divestitures," said **Toby Shea**, v.p. and senior credit officer at Moody's in a statement explaining the agency's decision. "This approach will cause business risk to increase because Calpine will have less scale and diversity, and a less efficient integration strategy than what we had previously incorporated into our credit analysis."



Thad Hill, president and chief executive officer, Calpine

**Case**, can still actively solicit higher bids and alternative proposals for the duration of a 45 day "go-shop" period, according to the terms of the agreement.

**Barclays** and **Latham & Watkins** are advising ECP.

Regulators whose approval must be sought include the U.S. **Federal Energy Regulatory Commission**, the **New York Public Service Commission** and the **Public Utility Commission of Texas**.

"The press release provided very few details as to how the deal is structured to avoid a rating downgrade, though it states that management does not expect downgrades to occur," wrote **Shelby Tucker**,

7/31).

"We do not expect to make any changes to the way Calpine operates its business and intend to remain focused on providing the high level of service to which Calpine's wholesale and retail customers have become accustomed," said **Tyler Reeder**, partner at ECP, in a statement. "Finally, we do not intend to make any changes to the Company's financial policy or previously announced \$2.7 billion deleveraging plan."

**"We do not intend to make any changes to the Company's financial policy".**

Calpine announced that it was considering selling assets to reduce its debt burden when it reported its end of year earnings in February (PFR, 2/13), and has been steadily selling plants over the past year.

In October, the IPP sold the 375 MW Mankato project in Mankato, Minn., and in January it sold the 590 MW Osprey gas-fired project in Auburndale, Fla. (PFR, 1/5, PFR, 9/1/16). The company also signed a build-and-sale agreement for its 360 MW Washington Parish Energy Center, which is under development in Louisiana, earlier this year (PFR, 4/28).

Calpine had also lined up a buyer for the 520 MW South Point Energy Center, a combined-cycle facility in Bullhead City, Ariz., last year, but the deal was canceled. Two subsidiaries of **Berkshire Hathaway Energy**-owned **NV Energy** had agreed to buy the project for \$76 million, but the deal was rejected by the **Public Utilities Commission of Nevada** (PFR, 3/8). ■



Tyler Reeder, partner, Energy Capital Partners

The deal is the result of a months-long strategic review and auction process that Calpine confirmed was taking place at the end of July (PFR,

## ● PEOPLE &amp; FIRMS

## Siemens Hires Ex-GE EFS Finance Official as Director

**Siemens Financial Services** has hired a director in equity, debt and structured finance, who was most recently involved in project finance at **GE Energy Financial Services**.

**Jake Vlok**, who continues to be based in Houston, works on financings for oil, gas and distributed generation projects at Siemens, according to his **LinkedIn** profile. Export credit agency and trade finance deals fall among his responsibilities.

Vlok worked at GE EFS, first as a vice president and regional deal execution manager and then as senior v.p. in project finance in the company's global grown and operations division, from 2013 until 2016.

As part of his role at GE EFS, he was involved in the execution of debt and equity deals for Latin American conventional and renewable generation projects, as well as upstream energy.

Before joining GE EFS, Vlok had spent 14 years at **Fieldstone Private Capital Group** in South Africa and New York.

He worked in project finance at Fieldstone in Johannesburg from 1998 to 2002, when he moved to the boutique investment bank's New York office, where he stayed for four years. ■



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## ● MERGERS & ACQUISITIONS

# Sempra Outbids Berkshire Hathaway for Oncor

**Sempra Energy** has announced that it has agreed to acquire **Energy Future Holdings Corp.**, the majority owner of **Oncor Electric Delivery Co.**, trumping **Berkshire Hathaway Energy's** offer to buy the company.

The deal, announced by San Diego-based Sempra on Aug. 21, gives EFH a total enterprise value of \$18.8 billion, \$700 million more than Berkshire Hathaway's offer, which had entered into a merger agreement with EFH that carries a \$270 million termination fee.

EFH has terminated the agreement, according to an announcement issued by Berkshire Hathaway Energy on Aug. 21.

Berkshire Hathaway made a \$18.1 billion bid for the company in July, which was followed swiftly by a \$18.5 billion counteroffer several days later from EFH's largest creditor, **Elliot Management** (PFR, 7/12).

While Elliot tried to finalize its plans, **Warren Buffett's** Berk-

shire Hathaway filed its takeover bid with the **U.S. Bankruptcy Court for the District of Delaware**, which was due to hold a hearing on the deal on Aug. 21 morning at 9 a.m. ET.

### FUNDING THE DEAL

Sempra will pay \$9.45 billion in cash for EFH under the terms of the latest agreement.

The buyer plans to fund the acquisition with its own debt and equity, third-party equity and \$3 billion of investment grade debt to be raised at the level of the reorganized holding company. The company has secured commitments from **RBC Capital Markets** and **Morgan Stanley**, the size of which has not been disclosed. Sempra expects its equity ownership to be approximately 60% of the reorganized holding company once the deal closes.

### ONCOR SAGA

EFH indirectly owns 80% of

Oncor, which is the operator of the largest electric transmission and distribution system in Texas.

Sempra's is the fifth publicly disclosed offer for the bankrupt company. **NextEra Energy Resources** attempted to acquire Oncor in 2016, but the deal was nixed by the **Public Utility Commission of Texas** (PFR, 4/14, PFR, 6/8). The same body approved a prior planned takeover of the utility by **Hunt Consolidated**, but with stipulations that led the company to abandon the deal (PFR, 8/10/15).

Under the terms of Sempra's offer, the company has said it will support Oncor's plan to invest \$7.5 billion over a five-year period to improve its transmission and distribution network.

Once the deal closes, Sempra plans to move **Bob Shapard**, Oncor's ceo, to the position of executive chairman of Oncor's board of directors. **Allen Nye**,

Oncor's general counsel, will replace Shapard as ceo.

Nye will also join Shapard on Oncor's board, which will consist of 13 directors, including seven independent directors from Texas, two from existing equity holders and two from the new Sempra Energy-led holding company, according to Sempra's announcement. **Debra Reed** is chairman, ceo and president of Sempra.

The takeover is subject to approval from the Public Utility Commission of Texas, the bankruptcy court in Delaware, the U.S. **Federal Energy Regulatory Commission** and the U.S. **Department of Justice** under the Hart-Scott-Rodino Act.

Sempra expects the deal to close the deal in the first half of next year.

**Lazard** and **Morgan Stanley** are acting as financial advisers and **White & Case** as legal adviser to Sempra Energy. **Kirkland & Ellis** are advising EFH. ■

# Asset Manager Finances Solar Project Duo

« FROM PAGE 1

in Santa Barbara, Calif., which was recently acquired by **D.E. Shaw** (PFR, 8/21).

Both Mount Signal 3 and California Flats have tax equity bridge loans. **NordLB** and **Santander** provided the bridge loan for Mount Signal 3, while NordLB and **Rabobank** provided the bridge loan for California Flats.

### FULLY CONTRACTED

The California Flats project is located near the border between San Luis Obispo and Monterey counties. The first 130 MW phase is slated to be completed in the fourth quarter of this year and is contracted under a 25-year power purchase agreement with

**Apple**. The second 150 MW phase, which is due to be complete by the end of 2018, has a PPA of the same length with **Pacific Gas & Electric**.

The Mount Signal 3 facility, which 8minutenergy acquired from **SunEdison** during bankruptcy proceedings, has a 20-year power purchase agreement with **Southern California Edison**.

### GROWING PORTFOLIO

The Mount Signal 3 project is the second that Capital Dynamics has acquired from First Solar. The asset manager acquired the Moapa Southern Paiute project in Nevada earlier this year. The Moapa project was financed by Allianz Global Investors in its

inaugural solar debt financing earlier this year (PFR, 7/5).

Including the two latest acquisitions, the Capital Dynamics clean energy infrastructure team owns three of the 10 largest solar projects in North America and has in excess of 3 GW of projects either operating or under construction, according to a statement announcing the acquisitions on Aug. 21.

"As an investor focused on clean energy projects, we expect to continue to actively grow that portfolio in the immediate future," writes **John Breckenridge**, head of the group, in the statement. New York-based Breckenridge declined to comment further when contacted by PFR. ■

## MERGERS &amp; ACQUISITIONS ●

## Distributed Solar Co. Goes Under the Hammer

A distributed solar company with a 160 MW (DC) operational and under-construction portfolio has been put up for sale by its parent company.

Edison International, has hired **Marathon Capital** to run an auction for its subsidiary, **SoCore Energy**.

Edison bought the Chicago-based D.G. solar developer, owner and operator in August 2013 (PFR, 8/6/13).

The sale process is part of a strategic review of Edison's competitive generation business, **Edison Energy Group**, that the company revealed in its second quarter earnings call in July.

"There may be other parties who are better able to maximize the value of the SoCore platform given its scale and our current tax position," said **Pedro Pizarro**, Edison's president and ceo in a statement published on July 27.

agreements with an average remaining length of 21 years.

The offtakers include schools, municipalities, electric co-operatives and corporations such as **Target**, **Walmart** and **FedEx**.

Edison and Marathon are planning to run a two-stage auction with a view to closing a sale in the first quarter of next year.

"As discussed in the company's second quarter 2017 earnings call with analysts, we are exploring all strategic options, from continuing to operate the business to a potential sale of the company," says a spokesperson for Edison in Rosemead, Calif.

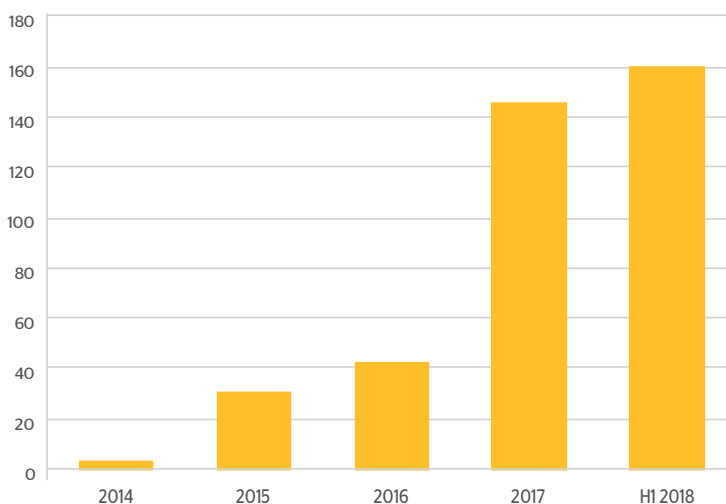
"We are just starting the process of evaluating the possibility of a divestiture, and we have retained an advisor

to help up with that process. Until the strategic review is finalized and a decision about SoCore is publicly disclosed, I

am not able to comment further," she adds.

An official at Marathon in Chicago declined to comment. ■

### SoCore Operating/Under Construction Solar Portfolio Cumulative Total, Excluding Build-Transfer Projects (MW)



Source: Teaser prepared for SoCore by Marathon Capital

## STRATEGIES ●

**"We are exploring all strategic options, from continuing to operate the business to a potential sale of the company."**

The seller will consider offers for the entire company or separate bids for the assets and the development platform, according to a teaser seen by *PFR*.

The operational portfolio comprises 219 utility-scale, community, commercial and industrial-scale projects all contracted under offtake

## Term Loan B Investors Secure Discount on Repricing

◀ FROM PAGE 1

Initial price talk when the repricing came to the market two weeks ago, with **Morgan Stanley** and **Goldman Sachs** as bookrunners, was in the range of 350 bps to 375 bps, and the loan was being offered at par (PFR, 8/10).

The discount on the loan and the pricing reflected the "soft" leveraged loan market, says a leveraged finance banker, adding that this was caused by strong supply of term loan Bs. Nevertheless, the repricing achieved its aim, knocking 25 bps off the margin of the loan.

Officials at Goldman Sachs and Morgan Stanley in New York declined to comment. An official at ArcLight in Boston did not respond to inquiries.

U.S. leveraged loan issuance in the first half of the year was almost double that of the same period of 2016, according to a report published by **Fitch**

**Ratings** in August.

"The growth in lending this year continues to be primarily driven by opportunistic refinancing," write the agency's analysts, adding that momentum "has slowed recently with refinancing demand increasingly satisfied, and pricing resistance coming from investors including CLO managers."

ArcLight is not the only power sector term loan B issuer that has recently sought to amend the terms of its debt to reflect tighter pricing available in the market.

Two days before the Eastern Power loan was repriced, on Aug. 15, Texas IPP **Vistra Energy** repriced a \$995 million term loan B.

**Deutsche Bank** is lead left on Vistra's transaction, which cuts the margin on the seven-year term loan B from 325 bps to 275 bps. Vistra's repricing was priced at par. ■



## ● PEOPLE &amp; FIRMS

## Natixis Adds Power & Utilities Coverage Banker



Ahmet Ugurlu

Natixis has hired a coverage banker to its power and utilities investment banking team in New York.

**Ahmet Ugurlu** joined the bank as executive director, coverage banker Americas, on July 31, a spokesperson for Natixis tells *PFR*, adding that this is a newly-created position.

Ugurlu is responsible for fostering relationships with power and utilities clients in North America and reports

to **Gerry Canet**, head of corporate coverage in the Americas at Natixis.

He joined Natixis from **HSBC**, where he was a director of energy and infrastructure investment banking in New York. Ugurlu had been at HSBC for five years, according to his **LinkedIn** profile.

Whether HSBC plans to replace him could not immediately be learned. A spokesperson for HSBC in New York did

not respond to an inquiry by press time.

Before joining the British bank, Ugurlu spent four years at **UBS**, also in New York, where he was a director in power and utilities investment banking.

Before moving into investment banking, Ugurlu was an equity analyst, first at Istanbul-headquartered research firm **Meksa Investment Securities** and then at Boston-based **Redbrick Capital Management**. ■

## ● ALTERNATING CURRENT

## Planning Pays Off as Eclipse Cuts Solar Capacity



As astronomy enthusiasts headed for the path of totality on Aug. 21 to witness the first coast-to-coast total eclipse in the U.S. for nearly a century, grid operators from California to the Carolinas braced for a dip in solar generation.

California, where solar makes up almost 14% of installed capacity, was one of the states where the impact of the eclipse was greatest.

Solar capacity, including solar thermal generation, fell to about 3.6 GW at 11 a.m. Pacific Time as the moon's shadow moved over the state, according to data provided by **California ISO**. On the following day,

which was more typical, solar generation hit about 9.5 GW at the same time.

The roughly 6 GW drop was made up for partly with additional conventional and hydro generation, although there was also a spike in power imported to California, according to the data.

In **PJM Interconnection**, most of which lies outside of the path of totality of the eclipse, the blip was less noticeable.

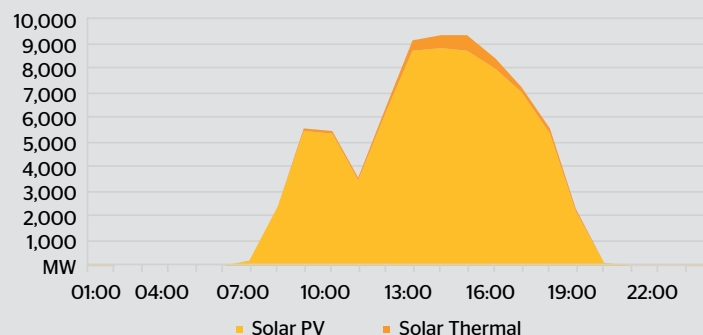
Solar capacity across the region plunged from a peak of 578 MW at 1 p.m. Eastern Time to 184 MW at 2 p.m., but this was a drop in the ocean compared with the 132 GW of total capacity that was online at the time.

In North Carolina, meanwhile, **Duke Energy** lost about 1.7 GW of solar generation, but "avoided any grid problems," according to a tweet from **Randy Wheelless**, a communications manager at the Charlotte-based utility.

Grid operators spent about a year planning for the eclipse and their hard work seems to have paid off.

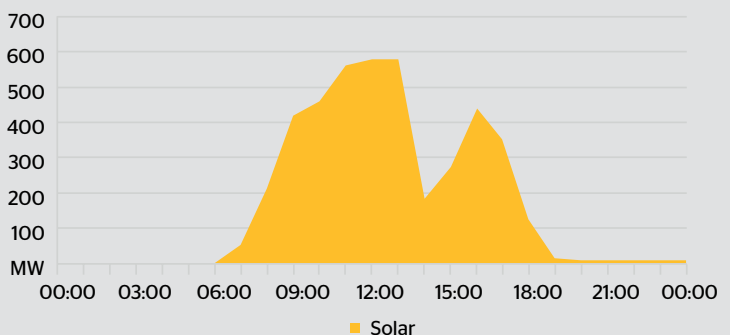
The experience may prove to be educational for the next solar eclipse, which is due to affect the U.S. in 2024, which will affect different parts of the country. The path of totality will cut through the middle of Texas and stretch northeast to New England. ■

### Hourly Generation Resources on Aug. 21 in California ISO



Source: CAISO

### Hourly Generation Resources on Aug. 21 in PJM Interconnection



Source: PJM Interconnection