

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

Morgan Stanley Sells 1.2 GW Portfolio

JPMorgan and **Hannon Armstrong** have bought Morgan Stanley's tax equity stake in eight wind projects.

Page 5

● MERGERS & ACQUISITIONS

MidAmerican Scoops Invenergy Project

The **Berkshire Hathaway Energy** subsidiary is acquiring a wind project under development from Invenergy.

Page 7

● PEOPLE & FIRMS

sPower Shakes Up Financial Team

The Salt Lake City-based sponsor has rejigged its senior financial team with a new cfo and v.p. of structured finance.

Page 12

PJM Results Open Door to Large Portfolio Sales

Richard Metcalf

Tenaska Capital Management and **IFM Investors** can go ahead with the sale of two large portfolios of merchant assets in the North East now that **PJM Interconnection** has announced the results of its capacity market auction.

Tenaska launched the sale of the assets in its TPF II fund, totaling 4,900 MW, in early 2015,

while IFM began marketing its 1,080 MW Essential Power portfolio in late July, according to a deal watcher. The deals had been delayed until after the PJM auction results were known so that potential buyers could value the assets appropriately, the deal watcher added.

Barclays is advising Omaha, Neb.-based Tenaska on its divestiture, and **Morgan Stanley** is advising New [PAGE 7 »](#)

PJM Base Residual Capacity Auction Clearing Prices



Source: PJM Interconnection

EDF RE Boosts Origination with OwnEnergy Acquisition

Olivia Feld

EDF Renewable Energy has closed its acquisition of OwnEnergy, including the Brooklyn, N.Y.-based shop's 2 GW development pipeline of wind assets in 18 states.

The terms of the deal and purchase price have not been disclosed by either party. **Gary**

Greenblatt and **Ted Brandt** at **Marathon Capital** advised OwnEnergy on the sale. EDF RE has not disclosed whether it used an advisor.

OwnEnergy is now a wholly owned subsidiary of EDF RE. Founded by **Jacob Susman** in 2007, the company partners with local entrepreneurs to develop 30 MW to 100 MW- [PAGE 6 »](#)

8minutenergy Mulls Securitization

Ross Lancaster

8minutenergy is contemplating adding securitization to its financing repertoire, and not just for small-scale commercial and industrial assets but also utility-scale projects.

The developer confirmed to *PFR* that it is considering securitization in its financial plans after announcing the hire of **Fred Vaske** as vice pres- [PAGE 8 »](#)

LNG Project Mandates BNP As Advisor

Olivia Feld

Texas LNG has appointed **BNP Paribas** as financial advisor for its Brownsville LNG project in the Port of Brownsville, Texas.

The sponsor plans to raise debt and equity for the total capital requirements of the project.

The two-train facility will be constructed in two phases, each with a capacity of [PAGE 5 »](#)



● IN THIS ISSUE

PROJECT FINANCE

- 5 | Morgan Stanley Sells Tax Equity in 1.2 GW Wind Portfolio

MERGERS & ACQUISITIONS

- 6 | NextEra Seeks to Acquire Conergy N.C. Solar Portfolio
7 | PSEG Nets California Solar Project
7 | MidAm Scoops Invenergy Wind Project

STRATEGIES

- 8 | Shorter Contracts May Hurt Idaho Renewables Development
9 | Duke Energy Launches S.C. Solar RFPs
9 | Brazil Opens Door to C&I Solar

INDUSTRY CURRENT

- 10 | Corporate Renewable Purchases Trigger Dodd-Frank Reporting Requirements - Part II

PEOPLE & FIRMS

- 12 | 8minutenergy Hires Project and Corporate Financiers
12 | sPower Boosts Senior Financial Team
12 | Goldman Hires LatAm Banker From Citi

DEPARTMENTS

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

● THE BUZZ

PJM Auction Results Fires Up Portfolio Sales

Several large portfolio sales involving assets in the North East are set to go ahead following the results of the **PJM Interconnection** capacity market auction, which were announced on Aug. 21. **Barclays** is advising **Tenaska** on its sale of a portfolio of six merchant assets, while **Morgan Stanley** is advising **IFM Investors** on the sale of its Essential Power portfolio, comprising stakes in four gas-fired and five hydro projects. At least one other large portfolio sale is also thought to be in the works (see story, page 1).

The Tenaska deal has been on the cards since the beginning of the year, according to one deal watcher, but prolonged uncertainty around the rules of the capacity auction and the consequent delay in finding out what the clearing price would be in the 2018/2019 delivery period meant that the sale was put on ice. "Maybe with this auction clearing that will go into final gear," says the deal watcher. "If there is a transaction it should happen hopefully

immediately thereafter."

The Essential Power sale was launched more recently, around the end of June.

Elsewhere, renewable assets have been changing hands. **PSEG** has acquired a solar project in California from a subsidiary of **Hanergy** (see story, page 7), **MidAmerican Energy** has agreed to acquire an **Invenergy** wind project in Iowa on a 'develop-transfer' basis (see story, page 7), and **NextEra** has entered into talks with **Conergy** about acquiring a solar portfolio in North Carolina (see story, page 6).

In corporate M&A news **EDF Renewable Energy** scooped up medium-sized wind project sponsor **OwnEnergy**. The Brooklyn, New York-based shop, which was advised by **Marathon Capital**, started a search for company-level equity last year, but held the process until after the PTC extension in December (see story, page 1). As soon as the deal was inked, **sPower** announced it had hired **OwnEnergy** cfo **Ray Henger** as senior v.p. of structured finance (see story, page 12).

8minutenergy also announced two hires to its project and corporate finance teams. The California-based sponsor is considering securitizing its small-scale C&I and utility scale assets. ■

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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
BayWa r.e.	Beethoven (80 MW Wind)	Trippls, S.D.		NorthWestern Energy is buying the project for \$143M (PFR 8/3).
Blackstone and others	Portfolio (523 MW Rooftop Solar)	U.S.	Morgan Stanley	TerraForm Power will acquire Vivint Solar's assets for \$922 million (PFR, 7/27).
Brookfield Infrastructure Partners	Cross Sound Cable (Transmission, 23% stake)	New England, New York	Citigroup, HSBC (seller)	An affiliate of Argo Infrastructure Partners is set to acquire the stake for \$30M before the end of August (PFR 8/24).
Campbell County Wind Farm Holdings	Campbell County Farm (95 MW Wind)	South Dakota		ConEdison is acquiring the project (PFR 7/20).
Conergy Partners	Portfolio (22 MW Solar)	North Carolina		A NextEra subsidiary is seeking to acquire the projects (see story, page 6)
Energy Future Holdings	Transmission & Distribution Assets	Texas		Hunt Consolidated is acquiring EIF subsidiary Oncor as part of bankruptcy exit (PFR, 8/17).
GE Energy Financial Services	Linden (1.6 GW Gas)	New Jersey		GE EFS is due to finalize a buyer for its 50% stake (PFR 8/3).
Gestamp Renewables	Portfolio (2.5 GW Solar)	U.S., Latin America, Europe, Asia, Africa	Bank of America Merrill Lynch	KKR is acquiring an 80% stake in Gestamp Asetym Solar for about \$1B (PFR, 7/27).
Hanergy	Columbia Solar (25.4 MW Solar)	Contra Costa County, Calif.		PSEG Solar Source is buying the project, which it will rename PSEG Pittsburg Solar (see story, page 7).
IFM Investors	Portfolio (1.08 MW Gas, Oil, Hydro)	U.S.	Morgan Stanley	IFM has launched the sale of its Essential Power portfolio (see story, page 1).
Infigen Energy	Portfolio (1.1 GW Wind)	U.S.	UBS	ArcLight Capital is buying the portfolio for \$272.5M (PFR 7/20).
Invenergy	O'Brien (250 MW Wind)	O'Brien County, Iowa		The asset will be transferred to MidAmerican Energy in 2016 (see story, page 7).
LS Power	Bluegrass (594 MW Gas)	Oldham County, Ky.		East Kentucky Power Cooperative is buying the project (PFR, 8/17).
MACH Gen creditor group	Athens (1.08 GW Gas)	Greene County, N.Y.		Talen Energy is paying creditors including BAML and Credit Suisse \$1.175B for the portfolio (PFR, 7/27).
	Millenium (360 MW Gas)	Charlton, Mass.		
	Harquahala (1.092 GW Gas)	Maricopa County, Ariz.		
National Grid, New Jersey Resources	Iroquios (Gas Pipeline, 25.93%)	New York, Connecticut		Dominion Midstream Partners is acquiring the stake (PFR 8/24).
OwnEnergy	Portfolio (2 GW Wind)	U.S.	Marathon Capital	EDF RE is acquiring OwnEnergy and making it a wholly owned subsidiary (see story, page 1)
Pattern Development, MetLife Capital	Gulf Wind (286 MW Wind)	Kenedy County, Texas		Pattern Energy Group is paying \$85.8M for the 60% stake (PFR, 7/27).
Petrobras	Pipeline Network (4038-mile)	Brazil		First Reserve is mulling a bid for an interest in the assets (PFR, 8/17).
Pristine Sun	Portfolio (150MW-300MW)	U.S.		The developer will transfer the assets to a JV it has with ReneSolar (PFR, 8/10).
Renova Energia	Portfolio (830 MW Solar, Wind, Hydro)	Brazil		SunEdison is acquiring the assets and a 15.7% stake in Renova's shares (PFR, 7/13).
Rockland Capital	Lakeswind (68 MW Wind)	Rollag, Minn.		TransAlta is buying the projects for \$75.8M. Deal slated to wrap in September (PFR 8/3).
	Mass Solar Portfolio (21 MW Solar)	Massachusetts		
Suncor Energy	Kent Breeze (20 MW Wind)	Ontario		TransAlta will have a 100% ownership of Kent Breeze (PFR 7/20)
	Wintering Hills (88 MW Wind)	Alberta		TransAlta is purchasing a 51% stake in Wintering Hills (PFR 7/20)
TransAlta Corp.	Poplar Creek (376 MW Gas)	Fort McMurray, Canada		Suncor Energy is buying the plant in exchange for two of its wind farms (PFR 7/20)
Tenaska Capital Management	Portfolio (4,900 MW Various)	U.S.	Barclays	The asset sale had been delayed until after the PJM auction (see story, page 1)

● New or updated listing

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

PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector.

A full listing of deals for the last several years is available at <http://www.powerfinancerisk.com/Data.html>

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Ten-or	Notes
Alterra Power, Starwood Energy	Shannon (204 MW Wind)	Clay County, Texas	Citi, Santander, RBC	Construction, Letters of Credit	\$287M	TBA	The loan is backed by \$219M of tax equity from Citi and Berkshire Hathaway (PFR, 7/6).
Boralex	Côte-de-Beaupré (23.5 MW Wind)	Québec	National Bank of Canada	Term Loan	C\$64.4M	19.5-yr	The deal has been sealed (PFR, 8/17).
	Frampton (24 MW Wind)	Chaudière-Appalaches, Québec	National Bank of Canada	Construction/ Term Loan Bridge Loan, Letters of Credit	C\$73.5M C\$7.9M	19.5-yr TBA	The construction loan is priced at just under 200bps (PFR, 8/10).
Canadian Solar	Aria (9 MW Solar)	Springwater, Ontario	Manulife	Construction, Term	C\$52.8M	TBA	Both projects will be sold to Concord Green Energy once completed (PFR, 7/27).
	Earth Light (10 MW Solar)	Pefferlaw, Ontario	TBA	TBA	TBA	TBA	
Cemig	Unnamed Project (Capacity Unknown)	Minas Gerais, Brazil	TBA	Debt	TBA	TBA	The sponsor intends to seek debt for the project, which is pegged at a cost of \$1.14B (PFR, 8/17).
Competitive Power Ventures	Towantic (805 MW Gas)	Oxford, Conn.	GE EFS, ING, Natixis, MUFG, NordLB, Mizuho	Debt	TBA	TBA	The sponsor is in the market for debt and is in talks with the lenders listed here (PFR, 8/17).
	Fairview (980 MW Gas)	Cambria County, Pa.	TBA	TBA	Debt, Equity	TBA	The sponsor will be in the market for debt when the deal launches in Q3'16 (PFR, 6/15).
Fermaca	El Encino-La Laguna (289-mile Pipeline)	Mexico	Citigroup, Goldman Sachs, ING, NordLB, Santander, Banamex, Sabadell	Loan	\$584M	3.5-yr	The loan was priced at 187.5 bps over LIBOR (PFR, 8/3).
Greenskies Renewable Energy	127 C&I Projects (Capacity Unkonwn, Solar)	U.S.	First Niagara Financial Group	Loan	\$165M	TBA	The proceeds will be used to fund small-scale projects across 12 states (PFR, 8/24).
			TBA	Tax Equity		TBA	
Innergex	Mesgi'g Ugiu's'n (150 MW Wind)	Avignon, Québec	Manulife, Canada Life Insurance Co, Caisse de Dépôt et Placement du Québec	Construction/ Term	C\$280M	20-yr	The deal is slated to close by end of August (PFR, 8/10).
Invenergy	Clear River (900 MW+ Gas)	Burrillville, R.I.	TBA	TBA	TBA	TBA	The project is slated to cost \$700M to develop (PFR, 8/10).
Invenergy	Portfolio (2 GW Gas)	U.S., Canada	Morgan Stanley, ICBC	Term Loan B, RCF	\$537M, \$70M	7-yr, 5-yr	Invenergy is struggling to close the deal (PFR, 8/17).
Magnolia LNG	Magnolia LNG (80 mtpa LNG)	Lake Charles District, La.	TBA	Debt	<=\$3B	TBA	Teasers are likely to be sent out in early October (PFR, 8/10).
Moxie Energy	Freedom (900 MW Gas)	Luzerne County, Pa.	BNP Paribas, Citigroup, GE EFS, MUFG Union Bank	Debt	\$600M	TBA	The deal is slated to close by end of October (PFR, 8/3).
NTE Energy	Middletown (525 MW Gas)	Butler County, Ohio	BNP Paribas, Crédit Agricole	Debt	\$414M	TBA	Deal slated to wrap in a month (PFR, 8/3).
Pattern Development	Conejo (122 MW Solar)	Chile	Crédit Agricole, SMBC, Société Générale, Santander	Term Loan, VAT Facility	\$205M	15-yr+	The deal has closed (PFR, 8/17).
Panda Power Funds	Panda Sherman (1,200 MW Gas post expansion)	Grayson County, Texas	TBA	TBA	TBA	TBA	The 450 MW expansion project is pegged at a cost of \$200M to \$300M (PFR, 8/24).
SunEdison	South Plains II (300 MW Wind)	Floyd County, Texas	Citi	Construction Loan	\$360M	TBA	The project is expected to be acquired by TERP on completion in 2016 (PFR, 8/10).
			Berkshire Hathaway, Citi	Tax Equity	\$360M	TBA	
SunEdison	Comanche (120 MW Solar)	Pueblo, Colorado	First Reserve Warehouse	Warehouse facility	\$253 million	TBA	SunEdison drew on its \$1.5 billion First Reserve Warehouse facility for the construction financing (PFR, 8/24).
			Wells Fargo	Tax Equity	TBA	TBA	
SunEdison	Quilapilun (110 MW Solar)	Chile	CorpBanca, DNB	Debt	\$160M	TBA	The deal has wrapped. The project is on TERP's call right project list (PFR, 8/3).
Texas LNG	Brownsville (LNG Export)	Port of Brownsville, Texas	TBA	Debt, Equity	\$1B	TBA	BNP Paribas has been appointed financial advisor to the sponsor (see story, page 1)
Various	Portfolio (1.2 GW Wind)	Oklahoma, New York, Illinois and Texas	Various	Tax Equity	TBA	TBA	Morgan Stanley has sold its tax equity stake in a portfolio of wind projects (see story, page 5)

New or updated listing

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

LNG Project Mandates BNP As Advisor

« FROM PAGE 1

2 million tons per annum. The first train is due to be online and exporting LNG in 2020, with the second expected to follow dependent on market conditions.

Construction costs for the project's first phase are slated to be \$1 billion dollars and the sponsor plans to close the financing by 2017.

The sponsor is still deciding the project's capital structure and is exploring obtaining export credit agency funding.

Although tolling agreements are yet to be sealed, the sponsor is already in talks with potential offtakers including "growing and emerging players," **Langtry Meyer**, ceo and co-founder of Texas LNG tells *PFR*.

The lower price of LNG has encouraged new entrants to the market and made some projects, such as larger terminals with higher labor costs and those in remote areas, less competitive, Meyer says.

Brownsville's comparatively small scale

and proximity to natural gas supplies give the project greater financial feasibility, he says. "We only need to place two million tons in order to raise financing," Meyer adds.

Samsung Engineering and **Third Point** are both equity investors in the project.

"We only need to place two million tons in order to raise financing."

Third Point is a New York-based investment fund with approximately \$17 billion in assets under management. Seoul, Korea-based Samsung Engineering is in the process of conducting the project's front end engineering design study.

The U.S. **Federal Energy Regulation**

Commission is preparing an environment impact statement for the project. The U.S. **Department of Energy** has granted approval to the project to export LNG to Free Trade Agreement countries, and is currently reviewing an application for the project to export to non-FTA countries.

There are a number of LNG projects under construction in the U.S. including the **Freeport LNG** project on Quintana Island, Texas, the **Sempra** Cameron LNG project in Hackberry, La., and **Cheniere Energy's** Corpus Christi LNG project in San Patricio County, Texas, and its Sabine Pass LNG project in Cameron Parish, La.

BNP Paribas is also advising **Magnolia LNG** on financing for its four train export project in the Lake Charles District, La. The sponsor is slated to launch financing for the project in October (*PFR*, 8/4).

A spokesperson for BNP Paribas in New York said that no one was available for comment. ■

Morgan Stanley Sells Tax Equity in 1.2 GW Wind Portfolio

Morgan Stanley has agreed to sell its tax equity stake in a portfolio of eight wind projects to a special purpose entity owned jointly by **JP Morgan Capital Corp.** and **Hannon Armstrong Sustainable Capital**, according to a filing with the U.S. **Federal Energy Regulation Commission**.

Strong Upwind Holdings, owned by JPMCC and HASC, was a co-investor in the portfolio prior to the deal, along with **Wind Investments**, which is jointly owned by **Lease Plan North America**, **Bank of America** and **PurEnergy**. Wind Investments will maintain its non-managing equity interest in the projects.

EDP Renewables North America, **Iberdrola Renewables**, **Invenergy**, **Duke Energy**

and **Sumitomo Corp.** are some of the sponsors behind the completed projects, which span Oklahoma, New York, Illinois and Texas.

HASC paid JPMCC \$144 million for 50%

of its tax equity stake in the portfolio last year (*PFR*, 10/23). In the same deal HASC also took tax equity in two additional wind projects, the 60 MW Oasis Power Partners project, located in Kern County, Calif., and the 50 MW Sand Bluff project in Texas.

Strong Upwind recently invested tax equity in a 400 MW portfolio of wind assets from **Northwestern Mutual Life Insurance Company** (*PFR*, 4/6), which included taking greater stakes in the Oasis Power Partners, the Sand Bluff and Camp Springs I and II projects in Snyder, Texas.

Spokespeople for JP Morgan in New York and Hannon Armstrong in Annapolis, Md., declined to comment. A spokesperson for Morgan Stanley in New York did not respond to a request for comment. ■

The 1.2 GW Portfolio

Project	Capacity	Location
Blue Canyon II	151.2 MW	Caddo and Kiowa Counties, Okla.
Flat Rock	231 MW	Lewis County, N.Y.
Flat Rock II	231 MW	Lewis County, N.Y.
High Trail	206.5 MW	McLean County, Ill.
Camp Springs I (formerly Scurry County Wind)	130.5 MW	Snyder, Texas
Camp Springs II (formerly Scurry County Wind II)	120 MW	Snyder, Texas
Mesquite Wind	200 MW	Dawson and Borden Counties, Texas
Madison Windpower	11.5 MW	Madison County, N.Y.

Source: FERC

● MERGERS & ACQUISITIONS

EDF RE Boosts Origination with OwnEnergy Acquisition

« FROM PAGE 1

sized wind projects in the U.S. Susman remains ceo of OwnEnergy, while also becoming v.p. of sales, marketing and origination at EDF RE. To date the sponsor has developed eight operating medium-sized wind projects totaling 329 MW.

"This was an opportunity for us to see more of those megawatts get built under a very sophisticated, powerful and large but still very entrepreneurial [independent power producer] backer with a big balance sheet," Susman tells *PFR*.

OwnEnergy started to search for corporate level equity in May last year (*PFR*, 5/16/14). The process was put on hold in the summer due to uncertainty around the extension of the production tax credit, but restarted soon after the PTC was extended in December, says Susman.

The shop has traditionally used venture capital financing as its primary source of investment, including from **NJR Clean Energy Ventures**, a subsidiary



Jacob Susman

of **New Jersey Resources** (PI, 9/13/12). "There comes a time when you realize the limits of what venture capital backing can do for a company like ours. Then you start to see the benefit of having a strong firm like EDF behind us," adds Susman.

In 2013 OwnEnergy tapped the bank market to finance its 68 MW Windthorst 2 wind project in Windthorst, Texas. **BlackRock** took a majority stake in the project, while **JPMorgan Capital Corp.** contributed tax equity and



Tristan Grimberty

Morgan Stanley provided debt financing.

San Diego-based EDF RE typically develops between 800 MW and 900 MW of projects a year, company ceo and president **Tristan Grimberty** tells *PFR*. The sponsor uses its own balance sheet and tax equity investment to finance development and construction of its projects. Once projects have reached commercial operation, the sponsor typically brings a 50% equity partner onboard. EDF has previously

issued green bonds at the company level and plans to do so again, Grimberty adds.

In recent years EDF RE has acquired late-stage development projects rather than originating its own. However, its strategy has evolved in the last year due to a lack of attractive late-stage assets in the marketplace.

"Last summer we noticed there were less projects to buy and at the same time our own pipeline had diminished due to more success than what we expected. We had to re-invigorate origination project development. This acquisition is our opportunity to accelerate this by bringing in an existing pipeline," says Grimberty.

A number of advisors have been pitching the idea of buying small to medium shops to larger developers since SunEdison's acquisition of **First Wind** last fall, Grimberty says. "There are clearly some sellers and some buyers active on the market," he says, adding that the presence of yield companies like **TerraForm Power** has accelerated the sale of projects developed by smaller sponsors.

EDF RE plans to continue to develop OwnEnergy's project pipeline and in particular target the utility and commercial and industrial markets. The company says it remains committed to wind development despite continued uncertainty on whether the PTC will be extended again, although Grimberty notes that the market will be hit if the credit is not resurrected. "If extended it will keep the market on a high momentum. If it's not, I expect that it will slow down and it will take a little bit of time for the market to fall back on its feet," Grimberty says. ■

NextEra Seeks to Acquire N.C. Solar Portfolio from Conergy

NextEra subsidiary **DG North Carolina Solar Holding** is seeking to acquire five North Carolina solar projects from **Conergy Projects**, according to a **Federal Energy Regulatory Commission** order authorizing the transaction.

A spokesperson for Conergy confirmed that the two companies were in talks, but said

that the assets were very attractive and that while NextEra and other potential buyers might be interested in acquiring the projects, Conergy would likely hold onto the assets permanently.

The projects are held in Conergy's Holocene Renewable Energy Fund 3, and have a nameplate capacity of between two and five MW each, totaling 22 MW.

All of the projects sell 100% of their output to **Duke Energy Progress** under 15-year power purchase agreements.

The Holocene projects comprise the 2 MW Faison project, the 5 MW Four Oaks project, the 5 MW Nitro project, the 5 MW Princeton project and the 5 MW Sarah project.

Citigroup and Firststar Development, LLC, a subsidiary of **US Bank**, are state and federal tax equity investors in the projects, respectively. ■

MERGERS & ACQUISITIONS ●

PSEG Acquires California Solar Project

PSEG Solar Source has acquired a 25.4 MW (DC) solar project in California from a subsidiary of Chinese renewable energy company **Hanergy**.

The project, located on a brownfield site in Pittsburg, was originally called Columbia Solar, but PSEG will rename it the PSEG Pittsburg Solar Energy Center.

Competition for the asset was strong, with the seller talking to six or seven potential buyers, **Pyramyth Liu**, chief operating officer at Hanergy told *PFR*. Utility companies and Hong Kong and New York-based private equity firms were among the parties interested in the asset, Liu said.

The facility has a 20-year power purchase agreement with **Pacific Gas & Electric** and was previously slated to be online in October 2014, but is now due to enter service in October 2015, according to a statement issued by PSEG announcing the acquisition.

McCarthy Building Companies is the engineering, procurement and construction contractor on the project, which will be operated by **Blue Oak Energy**.

LS Power previously owned Columbia Solar. **Marathon Capital** ran a sale process (PFR 6/25/13), which resulted in Burlingame, Calif.-based **Hanergy America Solar Solutions** acquiring the project in January 2014.

Hanergy America Solar Solutions did not work with a financial advisor on the deal. Whether PSEG worked with an advisor on the deal could not immediately be learned. ■

PJM Results Open Door to Large Portfolio Sales

◀ FROM PAGE 1

York-headquartered IFM, according to another deal watcher.

The PJM capacity auction was originally scheduled for May but was put on hold while the **Federal Energy Regulatory Commission** considered market rule changes put forward by PJM. The results of the auction were released on Friday.

The auction determines the price paid to generators for making their capacity available, whether or not they are delivering electricity. The capacity payment system ensures reliable cash flows for uncontracted assets and has an impact on asset valuations.

This year's auction set the clearing price of capacity performance resources for 2018/2019 across most of the region at \$164.77/MW-day. Last year's auction set the clearing price for 2017/2018 at \$120/MW-day across most of the region.

There are likely to be further

asset sales in the wake of the results. Last week, **Himanshu Saxena**, a managing director at **Starwood Energy** told *PFR* that at least three large portfolios containing PJM-interconnected assets were in the market (PFR 8/21).

Aneesh Prabhu, an analyst at **Standard & Poor's**, said new PJM rules, which include severe penalties for non-performance, could also trigger sales of smaller portfolios and single assets (PFR 8/18).

Tenaska's TPF II portfolio comprises three dual-fuel projects in New York, two gas-fired facilities in Illinois, one gas-fired plant in Ohio and one in Michigan.

Of the seven projects, three are already connected to PJM, while one, the 1,100 MW New Covert plant near Covert, Mich., currently provides electricity to the MISO market but is in the process of being connected to PJM.

New Covert cleared capacity in the 2013 and 2014 PJM auctions,

and its interconnection to the market is slated to be complete by June 2016.

Tenaska closed the TPF II fund at \$2.4 billion in the fall of 2008 (PFR 11/7/08).

Meanwhile, IFM-owned Essential Power consists of stakes in four gas-fired or dual fuel facilities in New Jersey, Massachusetts and Maryland, and a portfolio of five hydro facilities in Massachusetts.

The portfolio contains an 80% stake in the 246 MW Lakewood Ocean Peaking Power project and two turbines totaling 352 MW at the 704 MW Rock Springs facility in Maryland, both of which are interconnected with PJM.

Spokespeople for Tenaska in Omaha, Neb. and Barclays and Morgan Stanley in New York either declined to comment or had not responded to requests for comment by press time. **Michael Kulper**, executive director of infrastructure at IFM Investors also declined to comment. ■

Invenergy Sells Iowa Wind Project To MidAm

MidAmerican Energy is acquiring a 250 MW wind project in Iowa from Invenergy.

The project is in the development phase and obtained a building permit from the O'Brien County board of supervisors on Aug. 18.

The asset will be transferred in early 2016, at which point Des Moines, Iowa-headquartered **MidAmerican Energy** will begin construction of the project, which is slated to be online later that year.

Spread across Lincoln, Franklin, Summit and Center townships, O'Brien is MidAmerican's second wind project in O'Brien County.

Its first, the 500 MW Highland wind farm near the town of Primghar, was also an acquisition from Chicago-based Invenergy. The developer transferred Highland to MidAmerican in November 2013, and it is expected to be online later this year.

On Thursday, MidAmerican announced it would also begin

construction of the Ida Grove wind farm in early 2016. Located in Ida County, Ida Grove will have a capacity of around 300 MW.

Iowa is a national leader in wind energy, generating more than 28% of its electricity from wind in 2014, a larger percentage than any other U.S. state, according to the **American Wind Energy Association**.

The Invenergy spokesperson declined to comment on whether they had talked to other potential buyers or the purchase price. A MidAmerican spokesperson in Des Moines did not respond to a request for comment by press time. ■

● STRATEGIES

8minutenergy Mulls Securitization

« FROM PAGE 1

ident of project finance this week (PFR 8/24).

Securitization is well established as a financing route for residential solar portfolios, with **SolarCity** particularly active in the field, and some developers are now targeting standalone C&I portfolios.

But there is still a long way to go. Around 13% to 29% of the portfolios in SolarCity's first three securitizations, by value, comprised C&I assets. The due diligence work involved evaluating each customer contract on an individual basis, says **Andrew Coronios**, partner

at **Chadbourne & Parke**, who has advised SolarCity on several of its solar securitizations.

Among the hurdles, documentation poses a major challenge, says Coronios.

"C&I customer agreements tend to be highly negotiated," he adds, "C&I customers feel free to negotiate away and I don't think the market has gotten to the point where those agreements have been standardized, although it's moving that way. Standardization of C&I customer agreements will assist in securitization."

Another challenge is concentration risk. "Depending on how big

these contracts are, there can be concentration risk with particular customers," Coronios adds. "This can become a structuring risk where the customer is a smaller governmental authority or educational institution that does not have an investment grade rating".

The industry has been working with regulators to resolve some of the issues. The U.S. **Department of Energy** has sponsored a solar access to public capital working group, SAPC, which has been developing standardized documentation for both residential and commercial portfolios for some years.

SAPC's efforts on commercial standardization are still ongoing.

Contracted utility scale projects are a different matter. The fact that their offtakers, usually utility companies, tend to have high investment grade credit ratings means that the projects can be financed on a standalone basis. Bank, private placement and capital markets options are all available, but securitizing the power purchase agreement between a solar project and its offtaker could also be used if it was the best fit for the sponsor's needs, says a deal watcher with solar securitization expertise. ■

Shorter Contracts Will Hurt Idaho Renewables Development, Warns SEIA

The **Idaho Public Utilities Commission's** decision to reduce the length of so-called PURPA contracts by 90% will halt renewables development in the region, warns the **Solar Energy Industries Association**.

Speaking to *PFR*, **Sean Gallagher**, vice president of state affairs at SEIA said that the decision would shutter renewable development in the state.

"This will cut off renewable development in Idaho in the near term because a two year contract is simply insufficient for investors to make the investment," says Gallagher. "In the North West there is not an open market like PJM. The utility is the monopoly buyer and so projects can't be assured that they can attend to their costs and so they won't be developed."

The Idaho Public Utilities Commission slashed the length of contracts covered by the Public Utility Regulatory Policies Act (PURPA) from 20 years to two on Aug. 19, in response to a request from the state's three major electric utilities.

In a statement, the regulator said that it had found that 20-year contracts had resulted in utilities and customers paying unreasonable costs for renewables generation.

Long term contracts overestimated the rate at which utilities had to buy from qualified renewable facilities in the future, according to the commission. Under PURPA, utilities are obliged to buy power from renewable facilities at the same rate they would have paid to another source or at the cost of generating the power themselves, called the avoided cost rate.

The avoided cost rate is designed to protect customers from any increased costs incurred to meet the PURPA requirements. But the commission decided that long term contracts excessively increased the rate.

The commission began considering the case for reducing contract lengths last February in response to a request by **Idaho Power**, one of the state's three major electric utilities.

"From an industry perspective we were disappointed but not surprised," says Gallagher, "Idaho Power has been a leader in trying to defeat the requirements of PURPA for a long time."

"The industry wants to be sensitive when utilities are concerned that they don't actually need the power that's been presented to them," he adds. "So we want to be smart about how we address that issue, but just trying to cut off the

renewable energy queue altogether—as this act does—is not a smart or sensible or practical or compromising way to address the issue."

Brad Bowlin, a spokesperson for Idaho Power, says the company has a long history of implementing PURPA projects. "For more than 30 years now we've had PURPA projects on our system and we currently have more than 100," he says.

"What we have tried to do in recent years is examine the way that PURPA is implemented in Idaho and the way that it impacts our customers," he adds. "I think in this recent case clearly the PUC examined evidence from a lot of different sources on both sides of the issue and came to the same conclusion: that these long term contracts created an undue risk for our customers, and that's really what we are pushing back against."

The rule change doesn't relieve utilities such as Idaho Power of the obligation to purchase all of the energy that PURPA projects can produce, although it does provide the opportunity for them to adjust prices on a two year basis.

Idaho Power's relatively high percentage of PURPA generation as a proportion of its load might explain why the company is perceived as aggressive on the issue, says Bowlin. "It's a bigger issue for us and our customers than it may be for some other utilities," he says. ■

STRATEGIES ●

Duke Issues S.C. Solar RFPs

Duke Energy subsidiaries have launched two requests for proposals for 53 MW of utility-scale solar and 5 MW of community solar in South Carolina. Bids are due by Oct. 17.

Duke Energy Carolinas and **Duke Energy Progress** are seeking to either acquire projects or sign 15-year power purchase agreements. All projects

need to be in service by December 31, 2016. The RFP is being administered by **PowerAdvocate**.

The utility-scale projects need to be sized between 1 MW and 10 MW. The community solar projects, which must be sized between 250 kW and 1 MW, will form part of the utility's shared solar program. The initiative

gives customers a credit on their bills for subscribing to a community solar facility.

The plans are part of Duke's distributed energy resource program, which is designed to grow solar capacity in the South Carolina service area from 2 MW to roughly 110 MW (PFR, 5/18).

The utility scale RFP is simi-

lar to one undertaken by Duke in North Carolina last year for up to 30 MW of solar capacity (PFR, 2/18/2014). The RFP resulted in the acquisition of three solar projects from **Strata Solar**, **HelioSage Energy** and **Tangent Energy Solutions**, in addition to five 15-year PPAs with projects sponsored by **Innovative Solar Systems**, **FLS Energy**, **Birdseye Renewable Energy** and **Element Power US** (PFR, 9/15/2014). ■

Brazilian Regulation Opens Door To C&I Solar

As a Brazilian law passed to increase solar development comes into effect, three former wind power developers are targeting growth in the commercial and industrial space.

On April 17, 2012, Brazil's electricity regulator, **Agência Nacional de Energia Elétrica** (Aneel) introduced legislation to boost renewable sources of electricity.

The law, normative resolution 482, uses net metering rules to incentivize small scale renewable energy production in the country.

Solar producers are now able to earn credit for any excess energy that they can pass onto the grid.

The law targets the smaller scale end of solar generation, applying to projects producing between 101 kW and 1 MW, but that limit is already being reviewed. On May 15, Aneel announced that it was considering lifting the upper limit to 5MW for solar projects and began a public dialogue on the issue.

Aneel added that 500 properties, a mix of residential, commercial and industrial, are now supplying electricity to the grid under the law. Among the developers of such projects is **Helio Energia**, founded by three former wind energy developers in the Brazilian market who saw opportunity in solar when normative resolution 482

was passed.

Helio announced its formation on Aug. 21. With a holding company in Luxembourg and an operating company in Fortaleza, Ceará, Helio had clinched seed capital in November 2014 with a privately placed \$1.4 million convertible note.

Having signed 15 projects and with one already in construction, Helio is targeting

“The local institutions would be best placed to provide leverage but they are not used to long term lending, other than the Brazilian Development Bank and maybe Caixa.”

20 year contracts to build and own solar panels on C&I properties.

“It was a slow walk to begin with, but we've got it sorted now,” says **Dale Vander Woude**, Helio's chairman.

The pace was set mainly by normative resolution 482's path to implementation in the years since 2012.

Brazil watchers may roll their eyes know-

ingly at that time span but the end result has justified the man hours, says Woude.

“They've done a good job of formulating the net metering rules and a pretty decent job of putting regulatory constraints in place that create a level playing field,” adds Woude. “So I've actually been relatively pleased with the Aneel regulations.”

Woude points to the combination in Brazil of energy needs, high transportation and distribution costs and good insolation hours as a good starting point for a large solar market. “The picture for solar in Brazil is pretty good,” he says.

PATHS TO GROWTH

For now, Helio is pursuing an equity led financing model that will support its initial projects. In its A round of financing, Helio attracted \$2.9 million of cash subscriptions.

Further down the line, more options are open, including leverage and yieldcos. The latter will require a heftier development pipeline though, while Brazilian leveraged finance is in its infancy.

“The local institutions would be best placed to provide leverage but they are not used to long term lending, other than the **Brazilian Development Bank** and maybe **Caixa**,” says Woude. “So there's not a really good anchor base of lenders in Brazil to address long-lived solar deals. But having said that, the government has clearly made it clear to the local banks that they should be thinking about financing solar, so I think that we are likely to see additional products down the road.” ■

● INDUSTRY CURRENT

Corporate Renewable Energy Purchases Can Trigger Dodd-Frank Swap Reporting Requirements - Part II

In the second part of this Industry Comment, **Paul Forrester**, a partner in the Chicago office of **Mayer Brown**, explains the swap reporting requirements that result from the recent rise of non-utility renewables offtakers, and that may have taken project owners by surprise. Forrester's corporate finance and securities practice is especially focused on structured credit, including collateralized loan obligations, energy financings and project development and financing.

What are the Dodd-Frank Reporting Requirements for Contracts for Difference?

The Dodd-Frank Act added new section 2(a) (13(G) to the Commodity Exchange Act (CEA) and required all swaps, whether cleared or not, to be reported to swap data repositories, which are new registered entities created by Section 728 of the Dodd-Frank Act. Pursuant to its applicable authority under CEA section 21, the **Commodity Futures Trading Commission** in its Swap Data Recordkeeping and Reporting Requirements final rule has adopted rules regarding the reporting requirements for swaps. These rules often distinguish swaps to which swap dealers or major swap participants are counterparties and swaps that are cleared (and generally impose more stringent reporting requirements therefor).

The relevant reporting requirements are set forth in the CFTC's regulations and include part 45 (real-time reporting)—both for "creation" data (CFTC regulation 45.3) as well as for "continuation," including "life-cycle" and "state" data, (CFTC regulation 45.4). Additionally, if applicable, the related reporting requirements for the related end-user exception under part 50.50(b).

The real-time reporting requirements include the provision of specified information to a swap data repository (e.g., **Depository Trust**

& Clearing Corporation) that is currently accepting such data at the inception of the swap. The requirements are set forth in the related regulation, including the minimum primary economic terms (PETs) set forth in Exhibit D (Other Commodity Swaps) in Appendix I to part 45.

The PETs required to be reported at inception include the applicable parties and the specified primary economic terms for the related swap. They are generally required to be reported "as soon as technologically practicable" to do so, but, in any event, not later than 48 business hours in the first year following the rule's compliance date; 36 business hours in the second year; and 24 in the third year.

Notably, while certain of the specified real-time reporting data is anonymized (e.g., the applicable swap counterparties' unique legal entity identifiers), the pricing and other PET data for the reported swap are intended to be publicly available to provide transparency. As a result, however, it may be possible to determine the parties to the CFD due to the relatively specific data that is available.

The required real-time swap inception reporting is triggered by "execution" of the related swap.

Since an agreement will often be "legally binding" even though performance by the swap counterparties of their obligations may be subject to required satisfaction of specified conditions precedent, the prudent view is to file the required information immediately following signing of the agreement and, as a practical matter, coordinate that signing with the ability and readiness to make the required reporting.

CFTC regulation 45.1 also defines the following:

Life cycle event means any event that would result in either a change to a primary economic term of a swap or to any primary economic terms data previously reported to a swap data repository in connection with a swap.



Paul Forrester

Examples of such events include, without limitation, a counterparty change resulting from an assignment or novation; a partial or full termination of the swap; a change to the end date for the swap; a change in the cash flows or rates originally reported; availability of a legal entity identifier for a swap counterparty previously identified by name or by some other identifier; or a corporate action affecting a security or securities on which the swap is based (e.g., a merger, dividend, stock split, or bankruptcy).

State data means all of the data elements necessary to provide a snapshot view, on a daily basis, of all of the primary economic terms of a swap in the swap asset class of the swap in question, including any change to any primary economic term or to any previously-reported primary economic terms data since the last snapshot. At a minimum, state data must include each of the terms included in the most recent Federal Register release by the Commission listing minimum primary economic terms for swaps in the swap asset class in question. The Commission's current lists of minimum primary economic terms for swaps in each swap asset class are found in Appendix 1 to Part 45.

Swap continuation data reporting requirements include any change to the previously reported PETs as well as life cycle events. Information about non-cleared swaps with only non-swap dealer/major swap participant counterparties generally must be reported by the second business day following the date of a life cycle event during the first year following the rule's compliance date, and the date immediately following the life cycle event thereafter. There is a sole exception for life cycle event data relating to a corporate event affecting the non-reporting counterparty that must be reported not later than the third business day after the date on which such event occurs during the first year following the rule's compliance date and the second business day thereafter. Mean-

INDUSTRY CURRENT

while, state data must be reported on a daily basis.

Who Must Undertake the Required Dodd-Frank Reporting for CFDs?

CFTC regulation 45.8 determines which swap counterparty must be the reporting counterparty for a swap. Generally, the regulation requires reporting by the swap counterparty that is a swap dealer or, if none, the major swap participant or, if none, that the swap must specify which counterparty is to be the reporting counterparty.

Corporate buyers (even ones with significant experience with other swaps) are usually reluctant to assume the responsibility for this required Dodd-Frank swap reporting and will probably lack first-hand and immediate access to some of the data required to be reported (e.g., actual swap volumes for variable or "as generated" CFDs and the related fixed and floating financial payments due). As a result, it will likely fall

on the renewable energy project owner (or an affiliate) to agree to be the reporting counterparty for the swap and to undertake the required swap reporting, even though this may be the only type of swap for which such an owner will be required to do so.

These requirements have caught many project owners by surprise and, as a result, they were sometimes unprepared for the required reporting obligations and especially the relatively tight timing therefor. While the CFTC's regulations acknowledge the use of third-party service providers to provide assistance with the required reporting, the regulations (see, e.g., CFTC regulation 45.9) also make clear that the required reporting obligations remain with the applicable reporting counterparty. ■

The complete version of this Industry Current is available online at <http://www.powerfinancerisk.com/Community>

8minutenergy Makes Corporate, Project Finance Hires

◀ FROM PAGE 12 Corp. to take up a position as v.p. for corporate finance. His job title at Oracle was financial controller and he was involved in over 35 acquisitions

while there.

In a statement on Aug. 24, 8minutenergy's ceo **Martin Herman** said: "We are pleased to have experts like Fred and Mario join the 8minutenergy executive ranks as the company expands beyond its successful California roots to drive national and international opportunities." ■

sPower Rejigs Senior Financial Team

◀ FROM PAGE 12 relationships, a key goal of ours as we continue to build out our ever-expanding pipeline," he added.

Bob Wowk, sPower's interim cfo, will assist with the transition before moving onto other ventures, according to the company announcement.

Before his arrival at sPower, Shiple had been managing director of capital markets at commercial real estate company **Jones Lang LaSalle**.

Henger spent six years of his career at OwnEnergy and was with the company up until the wind developer's takeover by **EDF Renewable Energy**, which was announced on Wednesday, (see story page 1).

OwnEnergy does not plan to replace Henger as cfo. Instead, **Nate McMurry** will act as interim vice president, finance. McMurry was previously finance director at OwnEnergy and has an investment banking background in M&A advisory and private placement transactions. ■

#PowerTweets

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

@ErnestMoniz

Big news from @POTUS: \$1 Billion for @Energy projects like methane capture & rooftop #solar: <http://1.usa.gov/1hCYPUL>

@johnpodesta

"Last year the solar industry added jobs 10-times faster than the rest of the economy." —@POTUS at #NCES8

@Exelon

Read Exelon & Pepco Holdings' statement on the District of Columbia PSC's decision on the companies' proposed merger: <http://bit.ly/1NSdSnb>

@JasonBordoff

New Citi rpt: After #CleanPowerPlan, "financial mkts shld start factoring 'shadow carbon prices' into investment decisions starting today"

@yagelski

Power producer Southern Co to buy AGL Resources for \$8 billion. <http://j.mp/1fBbfu8> #energy #natgas #power #GAS #SO

@EIAgov

Today in #Energy: EIA expects near-term decline in #natgas production in major #shale regions <http://go.usa.gov/366pG>

@Siemens_Energy

In case you missed it: #Siemens to supply compression solution for #LNG project in #Louisiana, #USA <http://sie.ag/1Kk5OwG>

@oliviafeld

Elon Musk is appearing alongside Scarlett Johansson on the first week of The Late Show with Stephen #Colbert #powercelebs



● PEOPLE & FIRMS

8minutenergy Makes Corporate, Project Finance Hires

8minutenergy Renewables has hired two vice presidents for its project and corporate finance teams.

The California-based company announced the appointment of **Fred Vaske** and **Mario Ricci** on Monday.

Vaske becomes a vice president of project finance. His most recent role was as v.p. for structured finance in Norwegian company **Scatec Solar**'s San Francisco



Fred Vaske

office, where he handled project finance transactions, according to his **LinkedIn** profile. Before that, he had held project finance roles at **Hanwha Q Cells USA** and **Recurrent Energy**.

From 2007 to 2009 he worked at **SunPower** as a director of structured finance, where he negotiated and structured power purchase agreements and was responsible for the sale of commercial project portfolios to financial investors.

Ricci joins from information technology company **Oracle** PAGE 11 »

sPower Rejigs Senior Financial Team

sPower has bolstered its senior financial team with an internal promotion and an external hire.

David Shipley becomes cfo of the Salt Lake City, Utah-based independent power producer, just six months after joining the company in February 2015 as senior vice president of structured finance.

Ray Henger has been hired to take



Ray Henger

on the role of senior v.p. of structured finance. He joins from **OwnEnergy**, where he was cfo.

"David has done an incredible job for sPower, leading us through the closing of tax equity, back leverage and construction financing transactions," said sPower's ceo **Ryan Creamer** in a statement. "And we have significantly expanded our financing PAGE 11 »

Goldman Hires LatAm Project Finance Banker from Citi

Goldman Sachs has hired a managing director with a focus on Latin American projects from **Citigroup**.

John Greenwood started work at Goldman's New York office as an m.d. covering project, infrastructure and principal finance earlier this month, a Goldman Sachs spokesperson confirmed.

Greenwood was head of Latin America structured debt at Citi, where he worked on the origination and execution of structured



John Greenwood

and non-recourse financings in the power industry and other sectors.

Before he joined Citi, Greenwood worked at **Merrill Lynch**'s New York, London and Paris offices.

Greenwood's previous responsibilities at Citi will be divided between **Stuart Murray**, head of project finance for the Americas and **Larry Cyrlin**, head of infrastructure for the Americas, a spokesperson for Citi in New York told *PFR*. ■

● ALTERNATING CURRENT

Drone Catches Man Relaxing Atop Wind Turbine



With blue skies over Rhode Island this week one man decided that soaking up the rays at ground level wasn't good enough and looked for sanctuary a little higher up.

240 ft higher, to be precise. Brother **Joseph Byron**, a Benedictine monk, decided to find some peace and quiet atop the 240 ft high 600kW **Vestas** wind turbine generator that sits in the backyard of **Portsmouth Abbey School**, where Brother Joseph works, according to local reports.

It wasn't the first time he had climbed the structure. On March 31 2006, the first day that the turbine became operational, Brother Joseph watched the sun rise from atop the tower.

The school, one of the largest customers of the **National Grid** in Newport, R.I., built the turbine to cut down on its energy costs.



Photo: Fotolia

The turbine generates energy in winds of up to 55mph, before turning the blades to 90-degree angles until the wind falls to 45mph, when the turbine starts again.

For solitude and sunshine it's a pretty good spot. But Brother Joseph hadn't considered modern technology's ability to intrude into our private lives.

As he sunbathed on top of the turbine, a drone joined him at 240 ft above ground.

After initially waving, Brother Joseph seemed slightly perplexed as the drone hovered closer, capturing him on a video that has since been uploaded to **YouTube**.

The drone's pilot **Keith Millar**, a vacationer from San Diego, soon backed off, leaving Brother Joseph to go back to sunbathing. ■

● QUOTE OF THE WEEK

"There comes a time when you realize the limits of what venture capital backing can do for a company like ours."

Jacob Susman, ceo and founder of **OwnEnergy**, on selling his company to **EDF Renewable Energy**.