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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

Solar Revenue Put Draws Tax Equity
PNC Bank financed a **GCL New Energy** solar portfolio in Oregon based on an innovative hedging tool. Page 8

● INDUSTRY CURRENT

The (Re)Emergence of Project Finance CLOs
Could two deals mark the reemergence of the sector? **Mayer Brown**'s **Paul Forrester** explores. Page 10

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Sunrun Preps Second Solar ABS
The residential solar shop has hired **Credit Suisse** to launch a lease-backed securitization next month. Page 12

Advanced Power's South Field Deal Pulls in Far-flung Lenders

Shravan Bhat

The $620 million debt financing of **Advanced Power**'s 1,182 MW South Field gas-fired project in Ohio, which closed on Aug. 23, attracted a motley band of lenders including banks in Japan and South Korea and non-bank institutions based in Israel.

The Israeli investors, which are not thought to have bought into deals backing North American power before, are **Atudot Pension Fund for Workers & Independent Workers** and **Clal Insurance**.

Japan's **Aozora Bank**, likewise not known for its participation in U.S. quasi-merchant gas-fired debt deals, was also part of the lender group.

WON OVER?

Meanwhile, the flow of South Korean capital into the sector seems unabated, with **PIA Investment Management** and **Woori Bank** taking tickets in the five-year deal.

Some bankers had predicted that South Korean lenders, which have been instrumental in many recent gas-fired project finance deals, might pull away from the market in light of a spike in the cost of swapping dollars into won.

"The cost of currency hedges has put South Korean lenders off all year," says a deal watcher. "It started last year, but the spread has remained a problem since early this year."

To offset this, $150 million of South Field's term debt is understood to have comprised a fixed-rate tranche issued to PIA and priced at 6.2%.

Crédit Agricole, CIT Bank, GE Energy Financial Services and **NH**

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EDP Circles Tax Equity for Wind Project Duo

Taryana Odayar

EDP Renewables has lined up tax equity investors for two wind projects that are part of a cross-border portfolio in which the developer is looking to sell a stake.

The projects are the 200.4 MW Meadow Lake VI project in Benton County, Ind., and the 200 MW Prairie Queen project in Allen County, Kan.

Citi and **Allianz** will buy all of the tax equity in the two projects jointly through a vehicle called **Vento XIX**, according to

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CIP Taps Adviser for Solar Tax Equity Raise

Shravan Bhat

Copenhagen Infrastructure Partners has hired a financial adviser to raise tax equity for two solar projects that recently entered construction, including one with a financial power hedge.

The projects are the 240 MW Misae facility in Childress County, Texas, and the 58 MW Sage project in Rich County, Utah. **CCA Group** is the adviser.

CIP plans to finance the larger of the two solar projects, the Misae

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Construction Revs Up on Mexico Gas-Fired Project

Shravan Bhat

Construction has begun on **Arroyo Energy**'s 129 MW PemCorp simple-cycle gas-fired project in Pesquería, in Nuevo León, which was financed in June on the basis of a power purchase agreement with an auto manufacturer.

Natixis and **Sumitomo Mitsui Banking Corp.** led on the $126 million, five-year debt package for the project, which closed at the end of June. **Korea Development Bank** joined the deal as joint lead arranger.

Law firm **Paul Hast-**

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PROJECT FINANCE

CIP Taps Adviser for Solar Tax Equity Raise

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project in Texas, on the basis of a power price hedge with an undisclosed financial institution, an offtake arrangement that has only recently been successfully applied to solar generation.

The offtake arrangement for the Sage project in Utah, meanwhile, is more traditional. **PacifiCorp** subsidiary **Rocky Mountain Power** will purchase its output under a 20-year power purchase agreement.

How much tax equity the sponsor is looking to raise for each project could not be learned. A spokesperson for CIP in Copenhagen did not respond to an inquiry while officials at CCA Group in Boston declined to comment.

It is not the first time CIP has tapped CCA for advisory services—the Boston-based boutique is also assisting the Danish fund manager with its 800 MW Vineyard offshore wind project, a $3.5 billion joint venture with **Avangrid Renewables** (PFR, 8/7).

CUTTING HEDGE

Project finance based on power hedges is more common among wind projects in Texas. **Engie North America**, for example, recently closed financing for its 200 MW Live Oak wind farm in Schleicher County, which has a hedge with **BAML Global Commodities** (PFR, 8/16).

The first solar project known to have been financed on the basis of a hedge was **Longroad Energy**'s 250 MW Phoebe project in Winkler County, Texas, which reached financial close and was sold to **Innergex** just a couple of months ago (PFR, 7/3).

CCA Group also advised on that deal, which included debt from **CIT Bank** and tax equity from **Wells Fargo**. The project has a 12-year offtake contract with **Shell Energy North America**.

CIP bought the two solar projects it is now looking to finance from earlier-stage developers over the last 18 months.

The fund manager acquired the Sage project from a local developer last April and is aiming to bring it online in August of next year. **RES Americas Construction** will construct the project with panels from **First Solar**.

The firm acquired the Misae project from its original developer, **Latinoamericana de Energía**, earlier this year and commercial operations are pegged for the fourth quarter of 2019. **M.A. Mortenson** is installing the project's **Jinko** solar panels and will be its operations and maintenance contractor. ■

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GENERATION AUCTION & SALE CALENDAR

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.
A full listing of completed sales for the last 10 years is available at http://www.powerfinancerisk.com/AuctionSalesData.html

Generation Sale DATABASE

Seller	Assets	Location	Adviser	Status/Comment
7X Energy	Lapetus (35 MW Solar)	Texas	CohnReznick	Duke Energy Renewables Solar is in talks to buy the project, which is due to be online by the end of 2019 (see story, page 5).
AES, AIMCo	Portfolio (1.3 GW Wind, Solar)	U.S.	Barclays	The owners of sPower have mandated Barclays to sell a stake in the company's operational portfolio less than a year after acquiring it (PFR, 6/25).
Ares-EIF, Oaktree	Linden Cogen (974 MW Gas, 10%)	New Jersey	Deloitte Korea, KPMG	A Korean consortium comprising GS EPS, Hana Alternative Asset Management and Mirae Asset Daewoo is buying the interest (see story, page 6).
Blackstone	Frontera (526 MW Gas)	Hidalgo County, Texas	Cantor Fitzgerald, Jefferies, JP Morgan	The plant sells its output into Mexico (PFR, 6/11).
Calpine Corp., Mitsui & Co.	Greenfield Energy Center (1,005 MW Gas)	St. Clair Township, Ontario		The owners are running the sale process themselves (PFR, 8/27).
Carlyle Group	Calpeak Portfolio (416 MW Gas)	California	Guggenheim	Carlyle appointed Guggenheim to sell the six peakers in two-stage auction process in June (PFR, 8/13).
Clean Energy Collective	Portfolio (13.5 MW Solar)	New York		Nautilus Solar Energy has acquired the community solar portfolio (see story, page 5).
Dominion Energy	Fairless Works (1,240 MW Gas), Manchester Street (450 MW Gas)	Pennsylvania, Rhode Island	JP Morgan	Dominion is selling two gas-fired units as its seeks to hit corporate debt reduction targets (PFR, 7/23).
EDP Renewables	Meadow Lake VI (200 MW Wind)	Benton County, Ind.	CIBC	CIBC launched the sale of the contracted, development-stage assets in June (PFR, 8/27).
	Prairie Queen (200 MW Wind)	Allen County, Kan.		
	Sharp Hills (250 MW Wind)	Special Areas 3 & 4, Alberta		
	Nation Rise (100 MW Wind)	North Stormont, Ontario		
Eletrobras	Various Wind Assets (880 MW Net)	Brazil		An auction is scheduled for Sept. 27 (PFR, 8/27).
Empresas Públicas de Medellín	Los Cururos (109.6 MW Wind)	Chile		The Colombian utility is selling assets in the wake of a natural disaster at its 2.4 GW Ituango hydro plant (PFR, 8/13).
Engie North America	Live Oak (200 MW Wind)	Schleicher County, Texas	Thorndike Landing	Engie is looking to sell down a stake in the renewables portfolio (PFR, 7/16).
	Solomon Forks (276 MW Wind)	Colby, Texas		
	Portfolio (140 MW Solar)	Various		
Eversource Energy	Portfolio (68.2 MW Hydro)	New Hampshire	JP Morgan	Hull Street Energy closed its $83 million purchase of the portfolio some 10 months after signing the deal (see story, page 6).
GE EFS	Private Equity Portfolio		BAML	BAML began pitching the private equity holdings to potential buyers in May (PFR, 6/11).
LS Power	Aurora (878 MW Gas)	Aurora, Ill.	Guggenheim, BAML	LS Power has again taken bids for the portfolio after adding the Ironwood facility to the group (PFR, 7/30).
	Rockford (450 MW Gas)	Rockford, Ill.		
	Ironwood (765 MW Gas)	Lebanon, Pa.		
	Seneca (508 MW Hydro)	Warren, Pa.	Barclays, PJ Solomon	LS Power was said to be marketing the project in March (PFR, 3/22).
North American Power Group	Rio Bravo Fresno (28 MW Biomass, 50%)	Fresno, Calif.		NAPG is in talks with potential buyers of its 50% stakes in the projects (PFR, 8/27).
	Rio Bravo Rocklin (28 MW Biomass, 50%)	Lincoln, Calif.		
Noble Environmental Power	Portfolio (600 MW Wind)	Clinton, Wyoming and Franklin counties, N.Y.	Greentech Capital Advisors	The Carlyle Group is in hammering out a deal with the seller (PFR, 8/27).
Old Dominion Electric Cooperative	Rock Springs (635.5 MW Gas, Units 1 & 2)	Maryland		The Carlyle Group received FERC approval to buy the remaining two units of the peaker (see story, page 7).
Peabody Energy	Navajo Generating (2,250 MW Coal)	Arizona	Lazard	Middle River Power, an Avenue Capital Partners portfolio company, has expressed interest in acquiring the project (PFR, 5/7).
Philip Morris Capital Corp.	Pasadena (781 MW Gas)	Texas	GSF Investors	The investor, a subsidiary of tobacco company Altria Group, is looking to find a buyer for its lessor position (PFR, 6/25).
Sempra Energy	Portfolio (2.6 MW Wind, Solar)	U.S.		Sempra is selling its U.S. renewable assets (PFR, 7/2).
Siemens FS, other former creditors	Temple I (758 MW Gas)	Texas	Houlihan Lokey	A creditor group that took control of the CCGT plant earlier this year is exploring strategic options that could result in a sale (PFR, 5/7).
SNC-Lavalin	Astoria II (575 MW Gas, 6.3%)	Queens, N.Y.		Northwestern Mutual and Harbert Management Corp. are buying the stake (see story, page 7).
Windlab	Greenwich (60 MW Wind)	Ohio		Swift Current Energy has agreed to buy the project with financial close expected next year (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.
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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
174 Power Global (Hanwha Q Cells)	Torreón-HQ 100 (101 MW Solar)	Coahuila, Mexico	Bancomext, KDB	Debt	TBA	TBA	The project has contracts for energy, capacity and clean energy certificates (PFR, 8/27).
Advanced Power	South Field (1,182 MW Gas)	Columbiana County, Ohio	CIT, Crédit Agricole, GE EFS, NH Investments	Debt	$620M	5-yr	Israeli and Japanese lenders entered the U.S. market for the first time (see story, page 1).
Ares-EIF	Hill Top Energy Center (620 MW Gas)	Greene County, Pa.		Debt			The sponsor is targeting the bank market with the aim of reaching financial close in the fourth quarter (PFR, 8/6).
Arroyo Energy	PemCorp (129 MW Gas)	Mexico	Natixis, SMBC	Debt	$126M	5-yr	A Kia Motors car factory will buy the power through a 20-year PPA (see story, page 1).
Atlas Renewable Energy	Guajiro (101.4 MW Solar)	Mexico	Bancomext	Term Loan	$88.5M	TBA	SunPower had obtained a 15-year PPA in Mexico's first power auction, before selling the project to Atlas (see story, page 9).
Balico	Chickahominy (1,650 MW Gas)	Charles City County, Va.	TBA	Debt, Equity	TBA	TBA	A development team, formerly at Cogentrix, has hired a financial advisor to begin the equity raise (PFR, 8/20).
Carlyle Group	Lincoln Power (1,058 MW Gas)	Illinois	Investec	Term Loan A	$323 million	7-yr	Investec is looking to reprice the upsized debt at L+275 by the end of this month (PFR, 8/20).
Copenhagen Infrastructure Partners	Misae (240 MW Solar)	Childress County, Texas	CCA Group	Tax Equity	TBA		Sage has a 20-year PPA with Rocky Mountain Power while Misae has a hedge from a financial institution (see story, page 1).
	Sage (56 MW Solar)	Rich County, Utah					
Coronal Energy	Latitude (15 MW Solar)	Hardeman County, Tenn.	TBA	Tax Equity	TBA		Tennessee Valley Authority awarded Coronal a 15-year PPA and construction has begun (PFR, 7/23).
Cypress Creek Renewables	Buckleberry (52 MW Solar)	Pitt County, N.C.	Churchill Stateside Group	Tax Equity	TBA		The project is under construction (PFR, 8/27).
E.On	Stella (201 MW Wind)	Kenedy County, Texas	Allianz Capital Partners	Tax Equity	TBA		Stella is located in ERCOT South with AEP Texas providing transmission (see story, page 9).
EDP Renewables	Meadow Lake, Prairie Queen (400 MW Wind)	Indiana, Kansas	Citi, Allianz	Tax Equity	TBA		The tax equity investors will take stakes in the two wind farms through a vehicle called Vento XIX (see story, page 1).
Engie North America	Live Oak (200 MW Wind)	Schleicher County, Texas	BAML	Tax Equity	$155M		BAML is also providing a 10-year hedge and an Engie affiliate will buy 50% of the power (PFR, 8/20).
EVM Energia, General Electric	Energia del Valle de Mexico II (626 MW Gas)	Mexico State, Mexico	BNP Paribas, Citi, SMBC	Term Loan	$575M	9.3-yr	The hybrid financing for the $753 million CCGT project is expected to close in September (PFR, 8/27).
				U.S. Private Placement		22.7-yr	
FGE Power	Goodnight (500 MW Wind)	Armstong County, Texas	Karbone	Tax Equity	TBA		The sponsor has already secured a cash equity commitment for the project from Fortistar (PFR, 5/29).
GCL New Energy	Portfolio (38.5 MW Solar)	Oregon	PNC Bank	Debt	TBA	TBA	The four-project portfolio is contracted under 10-year PPAs with PacifiCorp. (see story, page 8).
GE EFS	Shady Hills (573 MW Gas)	Pasco County, Fla.	TBA	TBA	TBA	TBA	GE EFS is aiming to have all the permits in place and reach financial close in December (PFR, 5/21).
Graña y Montero	La Guajira (Transmission)	Colombia	Ashmore	Equity	TBA		The British emerging markets investor will inject equity from its second Andean fund (see story, page 8).
Greenwood Energy	C&I Solar Portfolios (50 MW)	U.S.	ORIX Corp.	TBA	TBA		Marathon Capital advised Greenwood on the deal, which was announced on Aug. 22 (PFR, 8/27).
Longview Power	Longview (700 MW Coal)	Maidsville, W.Va.	Houlihan Lokey (adviser)				Longview Power has hired Houlihan Lokey for a potential refinancing (PFR, 4/9).
LS Power	Ocean State Power (560 MW Gas)	Burrillville, R.I.	ING	Term Loan A	$230M	7-yr	The proceeds will be used to repay a chunk of Helix Generation's term loan B (PFR, 8/27).
				Revolving Credit Facility	$30M		
	Ironwood (778 MW Gas)	Lebanon, Pa.	SunTrust	Term Loan A	$370M	7-yr	The proceeds will be used to repay a chunk of Helix Generation's term loan B (PFR, 8/27).
				Revolving Credit Facility	$30M		
Morgan Stanley Infrastructure Partners	Bayonne Energy Center (644 MW Gas)	Bayonne, N.J.		Mini-perm		7-yr	The deal will finance MS Infrastructure's acquisition of the plant from MIC (PFR, 8/27).
NTE Energy	Reidsville (500 MW Gas)	North Carolina	Whitehall	Debt, Equity	$650M	TBA	Whitehall is running the $100 million equity raise, while lenders have not been chosen yet (PFR, 7/23).
Pattern Energy Group	Grady (220.5 MW Wind)	Curry County, N. M.	Allianz Capital Partners	Tax Equity	$210M	TBA	CCA Group advised Pattern on the deal, which was signed on July 13 (PFR, 8/27).
Rockland Capital	Lee (676 MW Gas)	Lee County, Ill.	BNP Paribas, CIT, Crédit Agricole, ING Capital, Investec	Debt	$220M	7-yr	The package, which includes a $20 million revolver, was priced at 300 bp over Libor (see story, page 9).
Southern Power (Southern Co.)	Portfolio (1.6 GW Wind)	Texas, Oklahoma, Maine	TBA	Tax Equity	-$1B		The sponsor aims to raise tax equity on the portfolio by the end of the year (PFR, 6/4).

New or updated listing

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7X Energy in Talks over Sale of Solar Project in Lone Star State

Solar developer 7X Energy is in exclusive talks with a potential buyer regarding its Lapetus Energy Project in Texas, with a view to closing a deal by the end of the year.

Duke Energy Renewables Solar, a competitive generation subsidiary of utility holding company **Duke Energy**, is the would-be purchaser, according to paperwork filed with the Texas **Public Utility Commission** on Aug. 21.

The talks are the result of a process run by **CohnReznick Capital**, which 7X Energy hired to market the project to investors earlier this year (PFR, 5/23).

Located in Andrews County, Lapetus is listed on 7X's website as a 35 MW (DC) project and has a power purchase agreement for that amount of capacity. In the PUC filing, however, the project is described as having a nameplate capacity of 99.2 MW.

What use Duke intends to make of the uncontracted portion of capacity could not immediately be learned. Representatives of 7X in Austin, Texas, Duke in Charlotte, N.C., and CohnReznick in New York declined to comment.

The PPA itself is an unusual contract, structured according to 7X Energy's trademarked "SolarBlocks" framework, which allows offtakers to procure contractually guaranteed fixed blocks of generation, forecasted down to the 15-minute settlement interval. The PPA has a duration of 20 years.

The direct offtaker is Texas' oldest power cooperative, **Brazos Electric Power Cooperative**, which will pass the generation on to **CoServ Electric**, one of its 16 utility members.

"For too long our industry has been trying to squeeze a square peg into a round hole, and we aim to change that by making renewable energy procurement easier for buyers," said **Clay Butler**, ceo of 7X Energy, in a statement announcing the PPA.

Texas PUC approval is required because Duke Energy companies own about 2% of the generation offered for sale in **ERCOT**, above the 1% threshold for filing. The statutory limit is 20%. Law firm **Hunton Andrews Kurth** is advising Duke on the PUC approval process.

Construction is expected to begin on the Lapetus project next summer and it is due to be online by the end of 2019. ■

Nautilus Nets Community Solar Portfolio

Nautilus Solar Energy has acquired a 13.5 MW (DC) community solar portfolio from **Clean Energy Collective,** including its first community solar assets in New York.

The portfolio comprises projects in Massachusetts that are contracted with commercial subscribers and assets in New York with residential subscribers.

The whole portfolio is expected to be online by the end of the year, according to an announcement published on Aug. 29.

Nautilus will manage and maintain the assets, which will be owned by one of its minority shareholders, Burlingame, Calif.-based private equity shop **Virgo Investment Group**.

No third-party advisers were involved in the transaction, says **Jeffrey Cheng**, Nautilus' coo, who declined to disclose the purchase price. Inquiries to representatives of Clean Energy Collective in Louisville, Colo., were not answered by press time.

CLOSE-KNIT COMMUNITY

Nautilus acquired another 5.4 MW community solar portfolio in Massachusetts from Clean Energy Collective last year, also with equity from Virgo (PFR, 11/7/17).

"Nautilus and CEC have had a continuous working relationship since our announced acquisition in 2017," said Cheng, referring to last year's portfolio sale.

In both transactions, CEC provided customer acquisition, project development and construction management services, while Nautilus provided early-stage development capital.

Nautilus recently rounded up debt and tax equity for a 13.3 MW community solar portfolio in Minnesota.

South Bend, Ind.-based **1st Source Bank** provided $30 million in construction finance as a bridge to a $17 million term loan and a $10 million tax equity commitment for the Minnesota portfolio, known as Dundas Waterville (PFR, 6/28).

Located in Rice and Le Seur counties, Minn., the Dundas Waterville portfolio has been online since earlier this year and is contracted under **Xcel Energy**'s community solar program. ■

Aussie Developer Windlab Inks Sale of PJM Project

Australian developer Windlab has agreed to sell a wind project in Ohio to **Swift Current Energy** after talks with a previous would-be buyer fell through.

Swift Current will buy the 60 MW Greenwich Wind Park project in Huron County under the terms of the deal, which include a $250,000 upfront payment and additional payments at financial close of up to $80,000/MW, according to an Aug. 24 announcement from Windlab.

The developer had previously been in talks with **Allete Clean Energy**, which held an option to purchase the project under a deal signed in 2017. Allete exercised its option in December but the two companies were unable to reach a final agreement.

Windlab blamed the collapse of the deal on Allete "seeking to amend previously agreed terms such that the remaining project risk allocation was unacceptable," in its announcement of the expiration of the exclusivity period between the two companies on April 6.

Having signed a deal with Swift Current, Windlab expects the project to reach financial close next year. The project is permitted but does not have an offtake contract in place.

"We have found Ohio to be a challenging market and look forward to leveraging Swift Current's local experience and expertise to see the project through to a successful conclusion," said **Roger Price**, executive chairman and ceo of Windlab in a statement.

Headquartered in Canberra, Windlab went public in August of last year. ■

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MERGERS & ACQUISITIONS

P.E. Shop Wraps Granite State Hydro Acquisition

Hull Street Energy has closed its $83 million acquisition of a 68.2 MW New Hampshire hydro portfolio from **Eversource Energy**, some 10 months after signing the deal.

The nine-project portfolio represents a portion of a larger 1.2 GW Eversource generation portfolio, which also includes coal-fired, oil-fired, gas-fired and biomass assets.

The 1,130 MW of thermal assets in the 1.2 GW portfolio were sold to **Granite Shore Power**, a joint venture between asset manager **Atlas Holdings** and commodities trader **Castleton Commodities International**, for $175 million, in a deal that closed in January.

Both sales were signed in October of last year (PFR, 10/13/17).

The hydro plants are located on the Androscoggin, Connecticut, Merrimack, North Branch, and Pemigewasset Rivers, and are monitored and controlled remotely by Eversource. They have been online since the first half of the 20th century and are grouped geographically.

The Upper Hydro Group comprises:

- the 1.1 MW Canaan Hydro project in West Stewartstown,
- the 2.2 MW Gorham Hydro project in Gorham, and
- the 17.2 MW Smith Hydro in Berlin.

The Central Hydro Group comprises:

- the 8.4 MW Ayers Island Hydro project in Bristol, and
- the 6.4 MW Eastman Falls Hydro project in Franklin.

Finally, the Lower Hydro Group comprises:

- the 16 MW Amoskeag Hydro project in Manchester,
- the 12.1 MW Garvins Falls Hydro project in Bow,
- the 1.6 MW Hooksett Hydro project in Hooksett, and
- the 3.2 MW Jackman Hydro project in Hillsborough.

Under the sale agreement, Hull Street is obligated to keep the nine projects operational for at least 18 months and must honor an employee benefits package established by Eversource and the **International Brotherhood of Electrical Workers** labor union.

Eversource will also provide three years of tax stabilization payments to communities where a power plant was sold for less than its assessed value.

Hull Street is integrating the projects into its **Central Rivers Power** portfolio company, which will own and operate a total of 14 hydro facilities in Massachusetts and New Hampshire following the Eversource asset acquisition.

With the addition of the Eversource fleet, Hull Street's hydro portfolio will exceed 85 MW.

Manatt Phelps and Phillips and **Van Ness Feldman** acted as legal advisers to Hull Street on the transaction. Details of how the company has financed the acquisition could not immediately be learned.

AUCTION PROCESS

The sale of Eversource's generation portfolio is the result of a 2015 restructuring and rate-stabilization settlement agreement between the utility and the State of New Hampshire. The **New Hampshire Public Utilities Commission** picked **JP Morgan** to run the sale in 2016 as part of the state's plan to create a competitive power market.

The investment bank initially contacted 182 potential buyers, of whom 40 submitted qualifications and 38 executed confidentiality agreements before the bidding began.

In the first round of the auction, 25 bids were received, 11 of which were for the whole portfolio and 14 for one or more individual assets. Of the 25 first-round bidders, 16 moved to round two, in which seven final bids emerged. Three of the final bids were for the entire portfolio and four for one or more assets.

Eversource and JP Morgan settled on two bids to maximize transaction value. ■

Korean Trio to Buy Linden Cogen Stake

A trio of South Korean investors have teamed up to buy a slice of the 972 MW Linden Cogeneration gas-fired facility in New Jersey from **Ares-EIF** and **Oaktree Capital Management**.

The two private equity firms are selling a combined 10% stake in the six-unit facility to a joint venture between South Korean independent power producer **GS EPS** and **HPUS1**, which is a portfolio company of a fund managed by **Hana Alternative Asset Management** whose sole investor is **Mirae Asset Daewoo**.

KPMG and **Deloitte Korea** advised the South Korean investors on the acquisition, with **Milbank Tweed** as legal adviser, says **Philip Moon**, manager of GS EPS' business development team in Seoul. Moon declined to disclose the financial terms of the deal.

Earlier this year, Hana hired former **Samchully Asset Management** executive **Dong Ho "DH" Kim** to lead a power team in Houston.

Neither Kim nor Hana officials in Seoul responded to inquiries by press time and representatives of Mirae in New York and Ares-EIF in Atlanta also did not respond to requests for comment. Representatives at Oaktree in New York declined to comment.

The deal emerges just weeks after Ares-EIF and Oaktree agreed to sell a combined 12% interest in the same project to **Rose Capital Investment**, a subsidiary of the **Development Bank of Japan** (PFR, 8/14).

The two deals will leave Ares-EIF and Oaktree with a 14% stake in the project each.

The remaining 50% is held by **JERA Co.**, a joint venture between **TEPCO Fuel & Power** and **Chubu Electric Power Co.**

SEOUL TRAIN

GS EPS, Mirae Asset Daewoo and Hana will seek to use their partnership for more investments in gas-fired, wind and solar projects in the U.S., says GS EPS's Moon.

Mirae Asset Daewoo already has some familiarity with U.S. power assets as a senior lender to the 709 MW St. Joseph gas-fired combined-cycle project in New Carlisle, Ind., and the 526 MW gas-fired Frontera facility in Mission, Texas.

Linden comprises six units, five of which have been online since 1992 and sell their output on a merchant basis into **NY-ISO**. **EDF Energy Services** is the facility's energy manager.

The sixth unit was brought online in 2002. Unlike the other units, it interconnects with **PJM Interconnection** so that it can service a long-term contract with **Phillips 66 Co.**'s Bayway oil refinery, expiring in 2032. Excess capacity from this unit is sold spot in PJM. ■

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MERGERS & ACQUISITIONS

FERC OKs Carlyle Acquisition of Maryland Peaker Units

The Carlyle Group has received regulatory approval for its acquisition of two units of a gas-fired peaking facility in Maryland.

The firm's **Cogentrix Nautilus** portfolio company had requested U.S. **Federal Energy Regulatory Commission** permission to buy units 1 and 2 of the 635.5 MW Rock Springs project on July 3, and FERC greenlighted the deal on Aug. 28.

The seller is **Old Dominion Electric Cooperative**, a Glen Allen, Va.-based electric generation and transmission coop.

The sale price could not immediately be learned. A spokesperson for the Carlyle Group in New York declined to comment.

While it was awaiting FERC approval, Carlyle arranged acquisition financing by increasing the size of an existing loan.

The firm priced the $85 million add-on to its $650 million Nautilus Power term loan B on July 20.

The Rock Springs project has been online since 2003 and is located in Cecil County, within **PJM Interconnection**.

Carlyle already owns units 3 and 4 of the facility, having acquired them from **IFM Investors** in 2016 (PFR, 2/2/16). ■

SNC-Lavalin to Exit Astoria II Position

SNC-Lavalin has reached an agreement to sell its 6.3% interest in the 575 MW gas-fired, combined-cycle Astoria II plant in Queens, N.Y.

The buyer is **NM Harbert Astoria**, which is owned by affiliates of **Northwestern Mutual** and **Harbert Management Corp.**

The sale price could not immediately be learned. Officials at SNC-Lavalin declined to comment.

Astoria II has been online since 2011 and is contracted with **New York Power Authority** through 2031. The project provides baseload dispatch in the constrained Zone J region of **NY-ISO**.

The owners of Astoria II and the older, larger Astoria I project, which include **Engie North America**, Harbert Management and **Mitsui & Co.**, are said to have launched a sale process for their stakes in the plants in June. First round bids were due last month, according to a deal watcher (PFR, 7/11).

In 2014, SNC-Lavalin sold its 12.35% stake in the then 561 MW Astoria Energy I project to **MyPower Corp.** and **East River FundCo.**, which are subsidiaries of **Mitsui & Co.** and Harbert, respectively (PFR, 8/4/14). ■

PROJECT FINANCE

Construction Revs Up on Mexico Gas-Fired Project Financed with Auto PPA

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ings advised Arroyo while **Galicia Abogados** was the lenders' counsel.

South Korean car-maker **Kia Motors** will buy PemCorp's output under a 20-year power purchase agreement. The generation will keep the lights on at a $3 billion factory Kia recently opened, also in Pesquería.

Pricing on the mini-perm was "in the high 200s" over Libor, say deal watchers.

The fact that gas-fired projects in Mexico usually rely on private offtakers like Kia, combined with volatile natural gas prices, means that loans backing them tend to be priced higher than paper issued to finance renewable projects with government-backed contracts. Margins on the latter tend to hover around 225 bp (PFR, 6/6).

TRUMP NOISE

Moreover, on this deal the lender group had to navigate "headline noise" arising from U.S. President **Donald Trump**'s efforts to refashion trade agreements between his country and Mexico, including proposed changes to the North American Free Trade Agreement, sources tell *PFR*. New trade rules could affect Kia's car exports out of Mexico—and therefore the demand of its new factory for electricity.

Payments under the PPA are not guaranteed by the offtaker's investment-grade parent company, **Kia Motors Corp.**, *PFR* understands.

However, Kia's plans to use its Mexican manufacturing unit to export vehicles around the world, as well as Kia's growing market share in Mexico itself, eased concerns.

PemCorp's natural gas supply will also come from across the border, through a **Kinder Morgan** pipeline, which project finance bankers say will not be affected by any future changes to NAFTA.

The roughly $180 million simple-cycle project is due to be completed by the end of this year or in early 2019.

Officials at the banks' New York offices either declined to comment or did not respond to inquiries. ■

"Hit the gas."

PROJECT FINANCE

GCL Inks Tax Equity for Projects with Solar Revenue Put

GCL New Energy has made use of **kWh Analytics**' solar revenue put as part of its tax equity financing of a contracted four-project solar portfolio in Oregon.

PNC Bank is providing the tax equity for the 38.5 MW portfolio, which is under construction in Jefferson and Klamath counties, Oregon.

The deal is one of a handful to benefit from credit enhancement through kWh Analytics' solar revenue put, which guarantees up to 95% of a project's expected output.

In January, **Coronal Energy** used the solar revenue put to bridge between warranties provided by an engineering, procurement construction contractor and a different company that is providing operations and maintenance services (PFR, 1/30).

The risk management tool is backed by the balance sheets of third-party insurance carriers, and the put on GCL's Oregon portfolio is covered by **Swiss Re Corporate Solutions**.

"We are bullish about solar, and Swiss Re is committed to providing innovative risk transfer solutions," said **Brian Beebe**, head of North America weather and energy origination at Swiss Re, in a statement.

"kWh Analytics built the industry's largest data repository, encompassing one-in-five American solar power plants, and owns the foundation upon which entirely new categories of risk management products will be built," he added.

Mitigating solar production risk with the solar revenue put can increase the amount of debt it is possible to raise against a contracted project by as much as 10%, according to kWh Analytics.

The size of PNC's tax equity commitment for the GLC portfolio could not immediately be learned. The portfolio is not thought to have been financed with debt.

Officials at GLC in San Ramon, Calif., **Dick Rai**, manager of PNC's energy finance team in Valencia, Calif., and **Rich Matsui**, founder and ceo of kWh Analytics in San Francisco, either declined to comment or could not immediately be reached.

GCL announced that it had brought online the first two phases of its Oregon portfolio, each 10 MW in size and known as Adams Solar and Elbe Solar, in June. The third 8.5 MW phase, Bly Solar, was due to be online in July and the final 10 MW phase, Bear Creek Solar, is expected to begin operations in November.

Swinerton Renewable Energy is building the projects, which are fitted with **Trina** solar modules.

The entire portfolio is contracted under four 10-year power purchase agreements and renewable energy credit agreements with **PacifiCorp.** ■

U.K.'s Ashmore Commits Equity to Colombia Transmission Project

British emerging markets investor **Ashmore** has signed an investment agreement with a consortium led by Peruvian conglomerate **Graña y Montero** to fund an 85-mile transmission project in Colombia.

Ashmore will inject equity from its second Andean fund through capital increases in project company **Elecnorte**.

The deal was signed on Aug. 24, according to a filing with the U.S. **Securities and Exchange Commission**.

The Graña y Montero-led consortium, **Consorcio Electrinorte**, won the contract to finance, build and operate the La Guajira Electric Ring project in September 2016 with a bid of 403 billion Colombian pesos ($149 million at the time).

The project comprises two 110 kV transmission lines, a 46.6-mile section between substations in Rioacha and Maicao, and a 38.5-mile line between Rioacha and Cuestecitas. It is due to be operational next year.

Besides Graña y Montero subsidiary **Morelco**, the original participants in the consortium were **Consultores Unidos**, **DV Ingeniería** and **Enterprise Management Services**.

Morelco and Enterprise Management Services have also formed another joint venture, **CDEM Consortium**, which has signed engineering, procurement and construction and operations and maintenance contracts with the project company.

The EPC contract is worth $101.4 million and the 10-year O&M contract $19.6 million, subject to certain milestones being reached.

"With this, the Graña y Montero Group strengthens its backlog, which gives it stability to work on its new development strategy in the engineering and construction sector," wrote **Luis Francisco Diaz Olivero**, the conglomerate's stock market representative, in his report to the regulator. ■

Advanced Power's South Field Deal Pulls in Far-flung Lenders

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Investment & Securities were the leads on the debt financing, which has been in the works for 10 months or more. At least one of the arrangers, GE EFS, was said to have been assigned last October (10/20/17).

Rounding out the syndicate were **ABN Amro, Bank of America Merrill Lynch, Industrial and Commercial Bank of China, Morgan Stanley** and **National Australia Bank**.

Pricing on the term loan was circled at 325 basis points over Libor months ago (PFR, 4/16) but getting the various lenders and, crucially, equity investors on the same page proved difficult.

Advanced Power (30%), **Bechtel** (4%), **Development Bank of Japan** (15%), **Kyushu Electric Power Co**. (20%), NH (6%), **Shikoku Electric Power Co**. (10%) and **Showa Shell Sekiyu** (15%) fronted the roughly $670 million equity check, shepherded by financial adviser **Whitehall & Co**.

The draw for Asian equity investors, especially Japanese strategics, was twofold, says an investment banker.

"[In the short term], the U.S. gas story is pretty solid and South Field's gas basis yields attractive economics," he says, adding: "A lot of these new utilities participating also want to expand their U.S. presence—akin to **Osaka Gas** and **Perennial Power**, which take strategic roles and offer asset management services." ■

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EDP Circles Tax Equity for Wind Project Duo

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paperwork filed with the U.S. **Federeral Energy Regulatory Commission** on Aug. 24. Citi and Allianz both declined to comment on the transaction.

Law firm **Van Ness Feldman** is acting for EDP on the regulatory approval process for the deal, while the tax equity investors are working with **Milbank, Tweed, Hadley & McCoy**.

The transaction is expected to close in October, a few months before the first of the two projects, Meadow Lake VI, is due to be online. Prairie Queen is expected to begin operations in April of next year.

Meadow Lake VI has a 15-year power purchase agreement with Swiss chocolatier **Nestlé** for 50 MW of its output (PFR, 2/12), a 15-year, 75 MW PPA with engine maker **Cummins** and a 20-year, 75 MW contract with **Wabash Valley Power Association**.

Prairie Queen, meanwhile, has a 20-year PPA with **Great Plains Energy** (PFR, 2/26).

SALE PROCESS

Meadow Lake VI and Prairie Queen are part of a 750 MW wind portfolio that EDP Renewables is marketing to potential buyers, having recently hired **Canadian Imperial Bank of Commerce** as auctioneer (PFR, 8/20). The sale process began in June, says a deal watcher.

The other two projects in the portfolio are both located in Canada. They are the 250 MW Sharp Hills project in eastern Alberta and the 100 MW Nation Rise project in Ontario. ■

Details Emerge on Rockland Peaker Refi

Rockland Capital refinanced a simple-cycle peaker in Illinois last month with a club of five banks.

BNP Paribas, CIT Bank, Crédit Agricole, ING Capital and **Investec** signed the $220 million loan package for the private equity firm's 676 MW Lee County Generating Station on July 27.

The $200 million seven-year term loan was priced at 300 basis points over Libor, say deal watchers, who add that the margin steps up by 25 bp after four years. A $20 million revolver completes the deal.

Some of the same banks also participated in the subsequent refinancing of **The Carlyle Group**'s three-project Lincoln Power portfolio, which was priced at 325 bp earlier this month and was expected to close last week (PFR, 8/14).

The Lee County and Lincoln Power plants are all located in the ComEd zone of **PJM Interconnection**, where capacity has cleared the last two auctions at relatively strong levels (PFR, 5/25).

Rockland acquired the Lee County facility from **Dynegy** for $180 million last year (PFR, 7/12/17).

The size and terms of its debt prior to July's refinancing could not immediately be learned.

Officials at Rockland in Houston and the banks in New York either declined to comment or did not immediately respond to inquiries. ■

E.On Rounds Up Tax Equity for Texas Wind Project

German electric utility holding company **E.On**'s North American renewable project development arm has lassoed a tax equity investor for a wind project in Texas.

Allianz will buy all of the tax equity in the 201 MW Stella project, located in Kenedy County, under the terms of a deal described in paperwork filed with the **Texas Public Utility Commission** on Aug. 17.

Dallas-headquartered law firm **Locke Lord** is advising on the PUC approval process. The deal is projected to close by the end of the year, around the same time the project is expected to come online. It will comprise 67 **Nordex** turbines with 3 MW of capacity each.

Representatives of Allianz in Munich declined to comment on the filing and officials at **E.On Climate & Renewables North America** did not immediately respond to inquiries.

Allianz already owns a tax equity interest in another E.On wind project in **ERCOT**, the 200 MW Colbeck's Corner facility located east of Amarillo (PFR, 5/25/16).

The German insurer has also recently lined up tax equity investments in two **EDP Renewables** wind projects, the 200.4 MW Meadow Lake VI project in Benton County, Ind., and the 200 MW Prairie Queen project in Allen County, Kan. (see story, page 1).

The offtake arrangement for the Stella project could not immediately be established. It is located in the ERCOT South market with **AEP Texas** as transmission provider.

"This project was a direct result of the federal policies to encourage growth in the renewable sector and confirms the continued attractiveness of the U.S. wind market," said **Silvia Ortin**, chief operating officer N.A. at E.On Climate & Renewables, in a statement.

E.On, which indirectly owns interests in approximately 2.5 GW of generation in ERCOT, will not be adding any more capacity in that market for the next twelve months, according to the Texas PUC filing. ■

Atlas Signs Financing for Mexico Solar Project

Atlas Renewable Energy has inked an $88.5 million loan for a solar project in Mexico that it acquired from **SunPower Corp.** earlier this year.

Bancomext is providing the long-term loan, as well as a $17 million VAT facility, for the 101.4 MW Guajiro project, which is located in Hidalgo state. The tenor of the term loan was not disclosed.

SunPower obtained a 15-year power purchase agreement for the project in Mexico's first power auction in 2016 (PFR, 3/30/16) and sold the project to Atlas in March of this year (PFR, 4/23).

The Guajiro project is Atlas's first contracted solar project in Mexico. The company, which is backed by London-based emerging markets private equity firm **Actis**, is also present in Chile, Uruguay and Brazil. ■

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INDUSTRY CURRENT

Springtime for Project Finance CLOs?

Just as one robin (or, depending on your geographic location, swallow) doesn't make a spring, two project finance CLOs (PF CLOs)—Bayfront Infrastructure and RIN—may not confidently mark the re-emergence of PF CLOs. They are, nevertheless, a positive and potentially significant development, writes **Paul Forrester**, Chicago-based partner at **Mayer Brown**.

Collateralized debt obligations (CDOs) are an application of securitization technology that is able to take low-rated portfolios, with double-B or single-B ratings, for example, and, by tranching and internal subordination, create an optimized funding that includes a substantial portion of highly-rated, e.g., triple-A or triple-B, securities. By including an experienced asset manager with appropriate incentive compensation and permitting trading, an adept manager of a CDO can monitor and manage the portfolio to minimize loss and obtain possible gain. In other applications (for example, trust-preferred CDOs), CDOs have also provided effective access to capital markets pricing and other efficiencies to borrowers who could not otherwise avail themselves thereof.

Although the ability to include construction funding and related risks in a CDO is usually limited by both rating agency and investor concerns, the ability to "take out" interim bank or other construction financing with term funding with capital markets pricing and other terms will offer attractive additional funding flexibility to smaller borrowers or projects. It will also relieve the asset/liability mismatch for most bank lenders in providing long-term, fixed-rate financing, reflected in part in Basel III's net stable funding ratio.

However, the recent PF CLOs differ from prior PF CDOs in one potentially significant way—they appear to be primarily driven by asset managers rather than bank sponsors and, apparently, are motivated by more traditional absolute or total return investment strategies rather than portfolio or other balance sheet management by sponsoring banks and other financial institutions.

If so, this is a welcome market development, signaling a new direction and substantial opportunity for PF CLOs, since it would move them closer to the highly successful broadly syndicated loan (BSL) CLO market. The latter has over $500 billion in aggregate outstanding and represents more than one-half of the buyers in the over $1 trillion U.S. BSL market.

BSL CLOs have brought significant changes to the U.S. BSL market. It is often observed that the "CLO bid" sets BSL pricing and that BSL CLOs bring substantial liquidity, transparency and discipline to the BSL market. Since BSL CLOs are not typically required to mark the related credit exposure to market and, as a practical matter, cannot easily hedge that credit exposure (and are, as a result, "long" that credit exposure), they are generally seen as attractive "buy and hold" investors and not "hot money," like some other BSL market participants, such as loan mutual funds.

If nothing else, these two recent PF CLO transactions indicate that there is significant investor interest in PF CLOs and that these investors may be pursuing a more specialized investment strategy that is not available in typical BSL CLOs. This is not surprising, as pre-financial crisis PF CDOs generally performed well. Indeed, a report from **Moody's Investor Service** in March, regarding default and recovery rates for a dataset of over 7,000 project finance loans during the period 1983-2016, confirmed that they potentially offer exposures to credits with lower default and better recovery rates than comparably rated corporate loans. Promisingly, the Moody's research also showed that a more recent subset—namely, 1995-2016—had a slightly lower cumulative 10-year default rate (6.4% versus 6.7%), but essentially the same average recovery rate (79.3%), rates that are generally consistent with single A-rated corporate exposures seven years after closing/issuance. Project finance ratings are usually constrained to below investment grade, and especially so for smaller projects and less creditworthy sponsors.

Like pre-crisis, bank-sponsored PF CDOs the two recent PF CLOs, (see table) offer tranched risk/reward choices, potential portfolio diversification, experienced and incentivized investment management and other benefits to investors.

WHAT IS A CDO?

A CDO is a securitization structure that repackages the credit risk associated with an underlying portfolio of bonds or loans. CDOs with loans as the primary type of underlying collateral are usually known as collateralized loan obligations (CLOs). The CDO structuring process is time-tested and conceptually sound. The notion that the risk of an asset portfolio can be allocated across different securities based on their depth of subordination is, after all, a basic tenet of corporate finance.

The core concept of CDOs is that a pool of defined debt instruments will perform in a predictable manner (i.e., with default rates, loss severity/recovery amounts, and recovery periods that can be forecast reliably). With appropriate levels of credit enhancement, CDOs can be financed in a cost-efficient manner that reveals and captures the "arbitrage" between the interest and yield return received on the CDO's assets and the interest and yield expense of the CDO securities issued to finance them.

Typically, CDOs require the CDO assets to meet certain eligibility criteria—including diversity, weighted average rating, weighted average maturity, and weighted average spread/coupon—in accordance with established rating agency methodologies. This ensures the highest practicable rating for the related CDO securities. A CDO allocates the interest and principal proceeds of such assets on periodic distribution dates according to certain collateral quality tests—typically an overcollateralization ratio and an interest-coverage ratio.

CDO securities are usually issued in several tranches. Each tranche, other than the

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most junior tranche, has a seniority or priority over one or more of the others. Subordination of junior tranches constitutes the required credit enhancement for the more senior tranches, which receive a credit rating that reflects such seniority or priority. Some CDOs use financial guaranties or insurance for the same effect.

The underlying CDO assets also affect the capital structure of the CDO. For example, if the underlying debt obligations are floating-rate, the CDO securities should also be floating-rate or must be swapped to avoid or minimize the interest-rate mismatch. If the underlying CDO assets require additional advances, as is the case with construction or post-completion working capital facilities, the CDO securities should allow subsequent borrowings so the CDO can make the required advances. For this reason, CDO securities are often held by commercial paper conduits that offer attractive pricing and flexible funding. The conduit, however, will likely require a minimum rating to hold CDO securities, and the CDO will require a minimum rating of the conduit (which if "lost" effectively requires the conduit to find a replacement or to post collateral to cover the obligation to make borrowings). Obviously, these complex structural mechanics can be avoided if the CDO holds only fully-funded debt obligations.

PROJECT FINANCE CDOS

PF CDOs are particularly attractive as a means by which project lenders can refinance their PF portfolios. Because PF CDOs provide investors with access to a diversified portfolio of PF debt obligations, project lenders may find it easier to refinance by selling to such a CDO than if each specific credit exposure had to be individually sold or refinanced. As such, the sale of a PF portfolio expands the seller's opportunity to undertake additional PF business with favored existing clients or new borrowers. In addition, PF CDOs enable financial institutions to better manage their exposures to particular countries, industries, technologies and/or credits, enabling banks to achieve better economic results than they could if they sold the loans in secondary transactions. In addition, the sale of the PF portfolio will usually release excess regulatory capital, since under current Basel requirements, PF loans are usually perceived as having an excess of related economic capital requirements.

From an investor's perspective, a PF CDO provides diversification and other portfolio management benefits, including a relatively low correlation to typical corporate bond portfolios held by most institutional investors. The tranched structure of CDOs, moreover, enables investors to determine their preferred risk/return.

PF loans, leases, and other debt obligations are viewed as attractive assets for CDOs because they have higher assumed recovery rates and shorter recovery periods than comparably rated corporate debt obligations. This allows PF CDO securities to be issued at a correspondingly lower cost (because less credit enhancement is required to obtain the same credit ratings), which effectively "expands" the arbitrage opportunity.

The higher assumed recovery rates and shorter recovery periods of PF debt are primarily attributable to the tighter covenants and events of default under typical PF documentation. These assumptions are intuitively reasonable and, most importantly, the rating agencies concur with them, even though there appears to be no great weight of authoritative research to support them.

THE FINANCIAL CRISIS

Most of the significant 2007 and 2008 losses occurred on structured credit products (including asset-backed CDOs) with material exposures to subprime mortgages or related mortgage-backed securities. Yet the entire CDO and CLO markets have suffered from "guilt by association." New issuance of both CDOs and CLOs plummeted in 2008 as investors fled the CDO market and widening credit spreads made the opportunity for yield arbitrage impossible. However, while asset-backed CDO issuance remains muted, BSL CLOs have successfully re-emerged and are setting new issuance records. U.S. BSL CLO issuance so far this year has already exceeded total 2017 issuance, which was the highest level of BSL CLO activity since the crisis other than 2014.

As the RIN and Bayfront PF CLOs demonstrate, there is evident investor interest in the specific PF CDO sector and both **RREEF America** and **Clifford Capital** are reportedly discussing further PF CLO offerings. Time will tell if the robin (or swallow) foretells spring, but the recent signs for PF CLOs are promising. ■

TWO RECENT PF CLO TRANSACTIONS

Name	RIN	Bayfront Infrastructure
Date of Offering	October 2017	July 2018
Manager	RREEF America, a wholly-owned subsidiary of Deutsche Asset Management	Clifford Capital
Offered Classes/ Ratings	$273.3 million Class A/AAA(sf); $51.8 million Class B/Aa3 (sf); $57.4 million Class C/Baa3 (sf) $67.5 million Preferred Shares/Not rated	$320 million Class A/AAA(sf); $72.6 million Class B/Aa3 (sf); $19 million Class C/Baa3 (sf) $45.8 million Subordinated Notes/ Not rated
Portfolio/ Limitations	$431.3 million comprising both project finance loans and broadly syndicated loans	$458 million comprising, initially, 32 loans to 30 different projects with an aggregate par amount of $458 million,
Industries/ Geographies	At least 60% must be project finance loans and eligible investments, with various concentration limitations, including up to 45% of such loans in electricity (thermal) contracted and merchant sectors together (with up to 25% for electricity (thermal) merchant sector), up to 30% in large infrastructure and up to 15% in regulated assets/utilities sectors	Projects are in eight different industry sectors and are also diversified by being located in 16 different countries (although the primary project obligors are based in 22 countries) and approximately 38.2% of the portfolio is supported by multilateral financial institutions and export credit agencies

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STRATEGIES

Sunrun Plans Second ABS Issuance

Residential solar developer Sunrun will launch a securitization backed by leases and power purchase agreements within the next month, say deal watchers.

The San Francisco-based company plans to securitize a pool of 8,000 contracts associated with residential solar systems, at least some of which include lithium-ion battery storage.

While the number of storage assets in the collateral pool could not immediately be learned, it is expected that it will be one of the largest proportions of battery systems in a solar securitization to date.

Credit Suisse is leading the deal and **Kroll Bond Rating Agency** has been tapped to rate it, though a review has not yet been conducted.

Most solar securitizations thus far have pooled loans rather than leases and PPAs, something Kroll senior director **Cecil Smart** attributed to PPA and lease originators "financing themselves through other means," in an interview last October (PFR, 10/25/17).

As a case in point, Sunrun itself opted to finance a lease-and-PPA portfolio with a $304 million seven-year dual-tranche term loan last year (PFR, 10/26/17).

Sunrun's first securitization, a $111 million deal, was priced in the summer of 2015.

Representatives of the issuer in San Francisco did not immediately respond to an inquiry about the upcoming deal. ■

A version of this story first appeared in PFR's capital markets sister publication, GlobalCapital.

PEOPLE & FIRMS

New Finance Director at Innergex

Canadian independent power producer Innergex has hired a former financial advisory professional as its new director, finance.

Frederic Lévesque, who joined in July, will be based in Longueuil, Quebec, near Montreal where he worked at project finance boutique **Cosime Infrastructure & Energy** until recently.

He will report to **Philippe Poirier**, a former **SNC-Lavalin** stalwart, who serves as Innergex's senior director, finance.

He spent four years with Cosime, as finance director and then as vice president, following a five-year spell with **Ernst & Young**.

Lévesque joined the bean counter's Canadian branch, **EY Orenda Corporate Finance**, in 2009 and was senior associate, infrastructure advisory, by the time he left the firm.

He has also worked on the buyside at Canadian institutional investors—in **PSP Investments**' real estate risk management from 2007 to 2009 and as a financial analyst for structured products at **Caisse de dépôt et placement du Québec** the year before that.

Innergex has been on an acquisition spree in recent months, snapping up **TransCanada Corp.**'s 62% stake in the 590 MW Cartier wind portfolio earlier this month (PFR, 8/2) and **Longroad Energy**'s 250 MW Phoebe solar project in Texas in July (PFR. 7/3). ■

FirstEnergy Units Iron Out Deal, Cancel Retail Biz Sale

As a settlement deal emerges in the bankruptcy case of several **FirstEnergy Corp**. subsidiaries, the debtors have called off an auction that was set to take place this week for its retail sales business.

The proposed final settlement includes extra cash for creditors of the distressed FirstEnergy companies, chief among which is **FirstEnergy Solutions**, and leaves the door open to further sales of generation assets such as the 1.3 GW Pleasants coal-fired plant in West Virginia.

FirstEnergy will hand over $225 million in cash, $628 million in four-year unsecured bonds and ownership of the Pleasants facility—or the proceeds if it is sold—to extricate itself from potential future claims and costly litigation.

"In my experience and opinion, with the uncertain financial outlook of the Pleasants Power Plant, it is difficult to assign a value to this asset," noted **Charles Moore**, managing director at **Alvarez & Marsal**, who is acting as chief restructuring officer for the debtors, in a declaration supporting the settlement motion.

FirstEnergy put the book value of Pleasants, which it owns through its **AE Supply** subsidiary (which is not one of the debtors in the Chapter 11 case), at about $70 million in March.

It had attempted to transfer the plant to a regulated utility subsidiary, **Monongahela Power Co.**, for $195 million in 2017, but regulators effectively blocked the plan.

"I very much doubt the creditors are ascribing $195 million to it," says a restructuring banker who is not directly involved.

The banker also notes that the settlement provides for the potential sale of the 545 MW West Lorain dual-fuel plant in Lorain, Ohio. **Lazard Frères & Co.**, as the debtors' investment bank, would probably advise on any sale, he adds.

Representatives of FirstEnergy and Alvarez & Marsal's Moore did not immediately respond to inquiries about the West Lorain plant. **Gregory Hort**, who is working on the case for Lazard in New York, declined to comment.

NO BIDS

Meanwhile, FES has canceled an auction that was due to be held this week for its retail power sales business after receiving no competitive qualifying bids.

The company will therefore proceed with the sale of the business to **Exelon Generation Co.** for its $140 million stalking horse offer (PFR, 7/12). ■

QUOTE OF THE WEEK

"We are bullish about solar, and Swiss Re is committed to providing innovative risk transfer solutions,"

Brian Beebe, the insurer's Houston-based head of North America weather and energy origination (see story, page 8).

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