

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

Banks Get Comfortable with Chile Merchant Solar Risk

A duo of merchant solar projects in Chile have obtained debt financing without the support of a multilateral institution.

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● MERGERS & ACQUISITIONS

Flurry of Activity in Renewables M&A

It's been a busy period for renewables M&A in the U.S., with solar, wind and biomass assets all changing hands.

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● STRATEGIES

Sponsors Scoop Brazilian Solar Contracts

Enel Green Power, SunEdison Renova, Solatio and Conergy are some of the firms which won 833 MW of solar PPAs in Brazil recently.

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NextEra Shifts Yieldco Strategy Amid Stock Volatility

Ross Lancaster

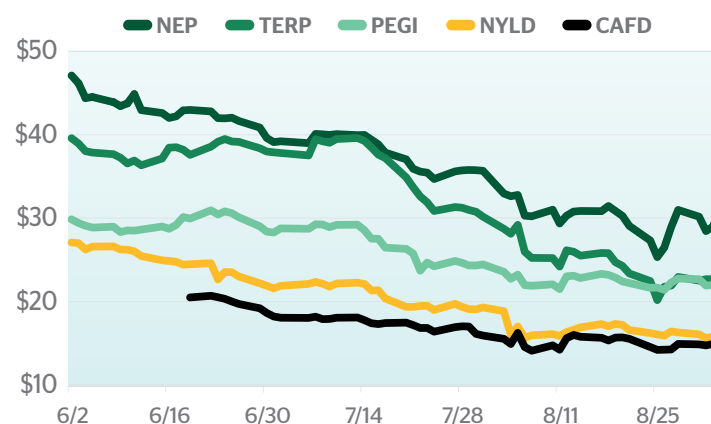
NextEra Energy this week moved to shield its yield company, **NextEra Energy Partners**, from volatility in the equity markets with a change in its financing strategy.

NextEra has opted to raise more debt for the \$1.5 billion of capital needed by its yieldco, NextEra Energy Partners, or NEP, this year.

NEP needs the \$1.5 billion to pay \$950 million of the \$2.1 billion purchase price for its acquisition of **NET Midstream**, the south Texas gas pipeline company, when the transaction closes. NEP will also pay \$250 million to buy a 150MW Canadian wind farm, called Jericho, from NextEra. An additional \$313m is needed to repay a bridge loan used for four wind farm acquisitions earlier this year.

NextEra has decided to meet its \$1.5 billion need by raising \$600 million of non-amortizing two to five year debt through NEP. The yieldco will also issue

Selected Yieldco Stocks, Closing Prices, June 2 to Sept. 2



Source: Nasdaq

around \$900 million of equity, of which NextEra will buy \$700m, while the remaining \$200m will be issued publicly.

That is a significant reduction from initial plans for a \$1.2 billion public equity issuance to back the NET Midstream acquisition. NextEra has also decided to fund future expansion projects with \$300 million of project debt, as opposed to equity, as originally planned.

NextEra has kept plans to denominate a \$900 million portion of the acquisition financing as project debt unchanged.

"It is a significant change in strategy," says **Shahriar Pourreza**, equity analyst at **Guggenheim Partners**, "yieldcos' growth and acquisitions were historically supposed to be predicated on issuing equity at the yieldco level. This is a short term change in strate-

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Ares-EIF Flips Hydro Assets

Olivia Feld

Ares-EIF and **Northbrook Energy** have sold two hydro projects totaling 30.4 MW on the Allegheny River in Pennsylvania to the **Public Sector Pension Investment** Board less than three years after buying the projects.

Allegheny Lock & Dam 8 and Allegheny Lock & Dam 9 are on the Allegheny River in Armstrong and Indiana Counties, Pa.

The projects, described by a deal watcher as "the family jewels," were held in Ares' EIF United States Power Fund IV.

"Hydroelectric facilities fit very well with PSP Investments' long-term investment horizons," a spokesperson for the pension investment manager in Montréal tells *PFR*. The purchase price has not been disclosed. PSP Investments has owned hydro-electric assets since 2011.

In November 2012, before **Energy Investors Fund** was acquired by Ares, it bought the two projects with Northbrook Energy from **U.S.**

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● AT PRESS TIME

Four Commercial Banks Finance Chilean Merchant Solar Projects

Two fully merchant solar projects in Chile with a combined capacity of 146 MW obtained debt financing entirely from commercial banks in August, it has emerged.

EDF Energies Nouvelles secured the \$187 million loan package for the Laberinto Este and Laberinto Oeste projects it co-owns with **Marubeni** in Chile's Atacama Desert.

Norway's **DNB** and Chile's **Corpbanca** were mandated lead arrangers on the deal,

while another Chilean bank, **Banco BICE**, and Spain's **Caixabank** were arrangers.

Rabobank provided a VAT facility as part of the package.

"It was basically a club deal, so it was a first for a project of this size in Chile," said **Skip Rankin**, the head of the global renewable energy group at one of the law firms that advised EDF on the deal, **Baker & McKenzie**, in New York. Unlike previous similarly sized solar deals, this one was not supported by a multilateral development finance institution such as the **International Finance Corp**, he said.

The two projects do not have a power pur-

chase agreement or a power hedge in place, meaning that the banks had to be comfortable with the risks associated with a fully merchant project.

The owners of the projects decided to finance the deal without a power purchase agreement because of volatility in the pricing of such contracts over the last year, says Rankin. "There is of course the possibility that they could enter into a PPA down the road," he adds. "But with some volatility in the pricing it was probably wise not to get locked in."

The financing took about a year to put together. It was signed in April and closed on Aug. 4.

The size of the equity investment made by EDF and Marubeni in the projects, and the percentage provided by each co-owner, was not disclosed.

Philippi Prietocarrizosa & Uriá advised EDF on the Chilean law aspects of the deal, while **White & Case** and **Carey** advised the lenders on U.S. and Chilean law respectively. **Claro & Cía** was Rabobank's legal advisor.

This Chilean solar project financing is unlikely to be the last to be done without the help of a multilateral institution, according to Rankin. "There is a fair amount of focus these days on renewables in Chile," he says. "And my guess is that there will be more deals like this." ■



Chile aims to generate 20% of its power from renewables by 2025. Photo: Fotolia.

PFR Power Finance & Risk

EDITORIAL
Richard Metcalf
Editor
(212) 224-3259

Olivia Feld
Managing Editor
(212) 224-3260

Ross Lancaster
Contributor

Stuart Wise
Data Associate

Kieron Black
Sketch Artist

PRODUCTION
Gerald Hayes
Manager
Caroline Barylak
Designer
Andy Bunyan
Associate

ADVERTISING
James Barfield
U.S. Publisher,
Capital Markets Group
(212) 224-3445

PUBLISHING
Emmanuelle Rathouis
Marketing Director

Vincent Yesenovsky
Head Of U.S. Fulfillment
(212) 224-3057

Nina Bonny
Customer Service Manager
(212) 224-3433

**SUBSCRIPTIONS/
ELECTRONIC LICENSES**
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postage, others outside U.S. add \$75)

Alyssa Rinaldi
Account Executive
(212) 224-3043

REPRINTS
Dewey Palmieri
Reprint & Permission
Manager [New York]
(212) 224-3675
dpalmieri@institutional
investor.com

CORPORATE
Richard Ensor
Chairman

John Orchard
Managing Director,
Capital Markets Group

Customer Service
PO Box 4009, Chesterfield, MO 63006-4009, USA
Tel: 1-800-715-9195
Overseas dial: 1-212-224-3451
Fax: 212-224-3886
UK: 44 20 7779 8704 Hong Kong: 852 2842 8011
E-Mail: customerservice@iintelligence.com

Institutional Investor Hotline
(212) 224-3570 and (1-800) 437-9997 or Hotline@iintelligence.com

Editorial Offices
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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
● Ares-EIF, Northbrook Energy	Allegheny Lock and Dam 8 & 9 (30.4 MW Hydro)	Armstrong and Indiana counties, Pa.		Ares-EIF and Northbrook have sold the projects to the Public Sector Pension Investment Board (see story, page 1).
BayWa r.e.	Beethoven (80 MW Wind)	Tripps, 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).
● Carlyle Group, Goldman Sachs	Cedar Bay (250 MW Coal)	Jacksonville, Fla.		Florida Power & Light, the offtaker, plans to retire the plant after buying it for \$520.5M (see story, page 5).
● ContourGlobal	PowerMinn (64 MW Biomass)	Benson, Minn.		CPV subsidiary Benson Power has acquired the asset (see story, page 5).
Conergy Partners	Portfolio (22 MW Solar)	North Carolina		A NextEra subsidiary is seeking to acquire the projects (PFR 8/31)
Energy Future Holdings	Transmission & Distribution Assets	Texas		Hunt Consolidated is acquiring EIF subsidiary Oncor as part of bankruptcy exit (PFR, 8/17).
● First Solar	Desert Stateline (300 MW Solar)	San Bernardino County, Calif.		Southern Power has taken a controlling stake through a tax equity partnership flip transaction (see story, page 6).
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).
Hanergy	Columbia Solar (25.4MW Solar)	Contra Costa County, Calif.		PSEG Solar Source is buying the project, which it will rename PSEG Pittsburg Solar (PFR 8/31)
IFM Investors	Portfolio (1.08MW Gas, Oil, Hydro)	U.S.	Morgan Stanley	IFM has launched the sale of its Essential Power portfolio (PFR 8/31)
Invenergy	O'Brien (250 MW Wind)	O'Brien County, Iowa		The asset will be transferred to MidAmerica Energy in 2016 (PFR 8/31)
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 (2GW Wind)	U.S.	Marathon Capital	EDF RE is acquiring OwnEnergy and making it a wholly owned subsidiary (see story, PFR 31/8)
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).
● Recurrent Energy	Tranquility (200MW Solar, 51%)	Fresno County, Calif.		Southern Power has acquired a controlling interest in the project (see story, page 5).
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		
● Sumitomo Corp. of Americas	Mesquite Creek (211 MW Wind, 50%)	Lamesa, Texas		Duke Energy Renewables has bought a 50% stake in the project (see story, page 5).
Tenaska Capital Management	Portfolio (4900MW Various)	U.S.	Barclays	The asset sale had been delayed until after the PJM auction (PFR 31/8)
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)
● Wasatch Wind	Pioneer (80 MW Wind)	Converse County, Wyo.		sPower has acquired the asset (see story, page 6).

● 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).
EDF Energies Nouvelles, Marubeni	Laberinto Este, Laberinto Oeste (146 MW Solar)	Chile	DNB, Corpbanca, Banco BICE, Caixabank	Debt	\$187M		Debt financing has wrapped for two merchant solar projects in Chile (see story, page 2).
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 Unknown, Solar)	U.S.	First Niagara Financial Group	Loan	\$165M	TBA	The proceeds will be used to fund small-scale projects across 12 states (PFR, 8/30).
			TBA	Tax Equity		TBA	
Innergex	Mesgi'g Ugju'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, 8/30).
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, 8/30).
			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).

● New or updated listing

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MERGERS & ACQUISITIONS ●

CPV Seals Biomass Project Acquisition

Benson Power, a subsidiary of **Competitive Power Ventures**, has acquired the 64 MW PowerMinn biomass project in Benson, Minn., from **ContourGlobal**.

Benson Power took ownership of the project, which uses turkey litter for fuel, on Aug. 19, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

The completion of the deal comes after a lengthy legal process for ContourGlobal. The project faced a number of financial difficulties over the past two years, a spokesperson for ContourGlobal in Paris, France tells *PFR*.

ContourGlobal transferred full control of the PowerMinn project and related assets and liabilities to its lenders through a receivership process which was completed during the first quarter of 2015, the spokesperson says.

Two subsidiaries of ContourGlobal, **PowerMinn 9090** and **Fibrominn**, were equity owners of the project. Fibrominn tapped the private placement bond market to finance the construction of the project in 2004 (*PFR*, 10/1/04).

Following the sale, ContourGlobal no longer has any assets in the U.S. The shop, which was founded in 2005, develops power projects in underserved markets. "We are focusing on growth areas, which includes everywhere but the U.S.," the spokesperson adds.

The **Prudential Insurance Company of America** has passive, non-managing Class B and Class C membership interests in Benson Power, according to the FERC filing.

Northern States Power, a subsidiary of **Xcel Energy**, has a 21-year power purchase agreement with the project. ■

Duke and Sumitomo JV Picks Up Third Project

Duke Energy Renewables has bought a 50% stake in the 211 MW Mesquite Creek Wind project near Lamesa, Texas, through a joint venture with **Sumitomo Corp. of Americas**.

The project, which began operations in April, has a 20-year offtake agreement with food and drinks manufacturer **Mars Inc.** The McLean, Va.,-based company plans to be carbon neutral by 2040. Mesquite Creek will meet the company's annual U.S. power demand of 800,000 MWh.

Sumitomo Corp. bought the project from **BNB Renewable**

Energy last year. **Bank of Tokyo Mitsubishi UFJ**, **Sumitomo Mitsui Banking Corp.** and **Mizuho Bank** arranged debt financing for the project prior to its construction (*PFR*, 5/2/14).

Duke Energy and Sumitomo also have joint ownership of the 131 MW Cimarron II and 168 MW Ironwood wind projects in Kansas, both which have been operational since 2012. **Kansas City Power and Light Company** and **Westar Energy** have offtake agreements for the two respective projects.

"The JV does not have other deals on the table but will continue to keep its eyes open for projects," a spokesperson for Duke Energy in Charlotte, N.C., tells *PFR*.

A spokesperson for Sumitomo in New York City did not return calls. ■

FPL Wins Approval To Retire Coal Plant

Florida Power & Light has won approval from the **Florida Public Services Commission** to acquire a coal-fired facility with which it has a power purchase agreement and terminate the contract early.

FPL wants to buy the 250 MW coal-fired Cedar Bay facility in Jacksonville, Fla. from its current owners for an expected \$520.5 million and then end the purchase power agreement, which is due to expire in 2024.

Carlyle Group obtained a majority stake in the plant as part of its acquisition of power producer **Cogentrix**, including a portfolio of five coal-fired and solar projects, from **Goldman Sachs** in 2012. Cogentrix continues to run the

projects, and Goldman retained its minority stake in Cedar Bay, the terms of which Carlyle would not disclose when contacted by *PFR*.

In 2013, Carlyle owned a 55% stake in Cedar Bay while Goldman had a 45% share, according to a **Moody's Investor Service** report of March that year.

Once it has acquired the project, FPL will reduce Cedar Bay's operations by around 90% and retire the plant at the end of 2016.

In 1988, FPL entered into the purchase power contract with **Cedar Bay Generating Company**, the facility's direct owner. Fixed payments for capacity, operating and maintenance came to over \$120 million a year, and were set to increase annually until the 2024 expiration.

Through the acquisition and subsequent phasing out of the plant, FPL expects to make savings of \$70 million while avoiding about a million tons of carbon dioxide emissions. ■

Southern Power Nabs Controlling Stake in Tranquility Solar

Southern Power has acquired a controlling interest in the Tranquility solar project in California from developer **Recurrent Energy**.

Canadian Solar subsidiary Recurrent will retain a 49% stake in the 200 MW facility. Southern Power is taking a roughly 51% share in the project, which it bought at an undisclosed price.

Recurrent will continue to be responsible for the construction of the project, which began in July. Canadian Solar has arranged construction and back-leveraged loan facilities to back the transaction. A syndicate of six banks has provided the loans.

Southern Power is considering a wide range of funding options to support the construction, which is expected to finish in the fourth quarter of 2016. Short term debt, securities issuance, term loans and equity contributions as well as operating cash flows are all on the table, said a Southern Power spokesperson.

Southern Power is a subsidiary of **Southern Company**, which announced the acquisition of Atlanta-based natural gas distributor **AGL Resources** on Aug. 26.

Southern Company's debt will rise significantly following the acquisition, according to **Moody's Investor Services**. The rating agency noted already increasing debt to support portfolio growth at Southern Power and funding needs at **Mississippi Power**, another subsidiary, in its assessment. ■

● MERGERS & ACQUISITIONS

Ares-EIF Flips Hydro Assets

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Bank National Association, an affiliate of **State Street** that held the licenses as a trustee for **AT&T Credit Holdings** (PFR, 12/4/12).

Typically, Ares-EIF has a five year investment period for assets, the deal watcher tells *PFR*, noting the strong market for sellers of contracted renewable assets.

The projects, which are fully contracted and began operating in 1990, were sold following a competitive two round auction which started in the fall of 2014, says the deal watcher. "Everyone's looking for contracted assets," he adds. "There's fewer and fewer power purchase agreements and everyone likes renewables."

The shortlist of bidders did not include any yield compa-

nies, according to the observer. Yieldcos, which have typically acquired a significant number of renewables assets, have recently suffered from a downturn in share prices (see story, page 1).

Ares-EIF and Northbrook Energy have held preliminary conversations with market participants about selling a further 52 MW of small scale hydro projects, in addition to the two on the Allegheny River, according to another deal watcher. The assortment of projects is said to include both contracted and non-contracted assets.

"These [Allegheny River projects] might have been easier to sell," the deal watcher notes, making reference to the power purchase agreement that the projects have with the **New York**

State Electric & Gas Corporation that runs until 2030.

During their ownership, EIF and Northbrook added value to the Allegheny projects through a number of improvements at the facility and by selling renewable energy credits in Maryland through **Element Markets**.

H2O Power, controlled by PSP Investments, will manage the assets. H2O Power owns and operates eight contracted hydro assets in Ontario.

TD Securities advised PSP Investments on the acquisition and **Goldman Sachs** advised Ares Management.

A spokesperson for Ares in New York declined to comment on the transaction and calls to Northbrook Energy were not returned. ■

Southern Power Makes Its Largest Solar Acquisition

Southern Power has acquired a controlling tax equity stake in the 300 MW Desert Stateline solar project in California from First Solar.

The facility becomes the largest solar asset in Southern Power's 1,450 MW renewables portfolio.

The **Southern Co.** subsidiary has a 51% interest in the project, and Tempe, Ariz.-headquartered First Solar retains the remaining 49%, a spokesperson for Southern Co. in Atlanta confirmed. The purchase price was not disclosed.

Construction began in San Bernardino County in 2014, and the facility is expected to be fully online by 2016.

The project has a 20-year power purchase agreement with **Southern California Edison** for the electricity and renewable energy credits it generates.

The project uses an unlevered tax equity partnership flip structure, a spokesperson for First Solar explained.

First Solar holds the cash equity through a subsidiary, **FSAM DS Holdings LLC**, which owns 100% of a passive class of membership interests in the project, according to a filing with the **Federal Energy Regulatory Commission** dated Sept. 1.

The deal marks the fourth time Southern Power has entered into shared ownership of a project with First Solar. It is Southern Power's seventh solar acquisition in California. ■

sPower Picks Up Wyoming Wind Project

sPower has acquired the 80 MW Pioneer wind project in Converse County, Wyo., from **Wasatch Wind**.

The transaction closed on Aug. 13, a spokesperson for sPower in Salt Lake City, Utah tells *PFR*. The development-stage project is slated to be online in December 2016 and has a 20-year power purchase agreement with **PacifiCorp**.

The purchase price and how sPower financed the acquisition were not disclosed.

Pioneer is the second wind farm sPower has acquired from Wasatch. The first was the 62.1 MW Latigo wind project in Monticello, Utah that sPower snapped up in June. That project, which was also in the development stage, is slated to be online at the

end of 2015. Latigo has a 20-year PPA with **Rocky Mountain Power**, a Utah based-division of **PacifiCorp** and part of **Berkshire Hathaway Energy**.

The Pioneer acquisition marks sPower's first foray into Wyoming.

"Pioneer offers sPower an opportunity to broaden its renewables portfolio in terms of technology and geography," says a spokesperson for sPower.

sPower is majority owned by **Fir Tree Partners**, a New York-based hedge fund with \$13 billion of capital under management. The independent power producer owns over 150 utility and distributed generation assets in the U.S. and has a further 1.7 GW pipeline of projects.

Wasatch developed the first

commercial-scale operating wind farm in Utah, the 18.9 MW Spanish Fork wind project, which was sold to **Edison Mission Energy** in 2008 for an undisclosed sum (PFR, 12/9/09). The sponsor is developing several projects in Utah, Wyoming, Nevada and Idaho, according to its website.

Earlier this year sPower bought a 63 MW solar portfolio from **FLS Energy** (PFR, 3/27). **CohnReznick Capital Markets Securities** acted as sPower's advisor on the transaction.

sPower did not use an advisor on the Pioneer deal. It could not be established whether Wasatch worked with an advisor.

A spokesperson for Wasatch in Utah did not respond to requests for comment. ■

NextEra Shifts Yieldco Strategy Amid Stock Volatility

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gy until the capital markets free up.”

DOUBLE WHAMMY

Volatility in the energy sector and global equity markets has weighed heavily on the yieldco model.

“It was a double whammy,” says Pourreza, “because the yieldco is illiquid, so it moves much faster than the market does. It doesn’t take much to move the yieldcos, and then investors have a second layer of concern around growth: you can’t finance it by issuing equity and it becomes this circular issue.”

NEP’s stock price has taken a big dip recently, falling from \$31.44 to \$25.33 between August 18 and 25. The price has risen and fallen again since but at \$28.93 on Wednesday it was still well off the \$32.95 the shares

commanded at the beginning of the month.

Investors reacted to NextEra’s announcement of the revised financing plans with a sell-off in the sponsor’s own stock, sending

its price down from \$101.37 to \$98.40 on Aug. 28.

That reaction was overdone, wrote **RBC** equity analyst **Shelby Tucker** in a research note, and Pourreza agrees.

“The fundamentals on yieldcos and what they invest in—the renewable space—is a perpetual growth argument,” he says. “Renewables aren’t going away. Solar is staying. It’s growing very rapidly, so most of the assets within these yieldcos are fundamentally strong, with long term contracts and investment grade counterparties.”

With its adjusted financing strategy, NEP has bought itself until the end of 2015, says Pourreza. The yieldco has no more acquisitions to execute for the rest of the year, he adds.

Besides, he says, if pressure on the yieldco model continues for too long, NextEra is large enough to buy out NEP. ■

NextEra Energy Partners’ Renewables Portfolio

Project	Location	Resource	Capacity	Commercial Operation Date
Stateline	Washington, Oregon	Wind	300 MW	December 2002
Northern Colorado	Colorado	Wind	174.3 MW	September 2009
Elk City	Oklahoma	Wind	98.9 MW	December 2009
Ashtabula III	North Dakota	Wind	62.4 MW	December 2010
Baldwin	North Dakota	Wind	102.4 MW	December 2010
Moore	Ontario	Solar	20 MW	February 2012
Sombra	Ontario	Solar	20 MW	February 2012
Perrin Ranch	Arizona	Wind	99.2 MW	January 2012
Conestogo	Ontario	Wind	22.9 MW	December 2012
Tuscola Bay	Michigan	Wind	120 MW	December 2012
Summerhaven	Ontario	Wind	124.4 MW	August 2013
Genesis	California	Solar	250 MW	March 2014 (125 MW) November 2013 (125 MW)
Bluewater	Ontario	Wind	59.9 MW	July 2014
Mammoth Plains	Oklahoma	Wind	198.9 MW	December 2014
Palo Duro	Texas	Wind	249.9 MW	December 2014
Shafter	California	Solar	20 MW	May 2015

Source: NextEra Energy Partners

Sponsors Scoop Brazilian Solar Contracts

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developer’s first utility-scale solar projects in Brazil, both in Paraíba state.

A long-term leveraged finance market in Brazil has not yet developed, so projects needing loans are likely to be financed through the **Brazilian Development Bank** (BNDES). “The dependence on BNDES may start to decrease, but it will still be the main source of finance for the medium term,” Abreu tells *PFR* from São Paulo.

Conergy is also one of several aiming to develop distributed solar capacity in the country, and could sign its first contracts with commercial and industrial counterparties this year, says Abreu,

noting that the high levels of sunlight in Brazil, combined with high electricity prices, mean there is a lot of potential.

“We’ve already reached grid parity,” says Abreu. “And the distributed generation market is almost unexplored. Some installations have been done, but the potential is huge, so it’s a very interesting market.”

Net metering rules coming into force could also spur C&I solar development in Brazil (*PFR* 8/28).

The country is seeking to diversify its sources of renewable energy after severe droughts in recent years brought its overreliance on hydro to attention. ■

Peru’s IC Power Files for U.S. IPO

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process of building a further 1,200 MW of projects in Latin America, comprising:

- ◆ the 410 MW Cerro del Aguila hydro project in Colcabamba and Surcubamba districts in the Huancavelica region of Peru,
- ◆ the 600 MW Samay I project in Mollendo, in the Arequipa region of Peru, which will run on diesel until it is connected to the under-construction Southern Peru Gas Pipeline, at which point it will begin burning gas, and

- ◆ the 92 MW Kanan oil-fired project near the city of Colon in Panama.

Bank of Tokyo Mitsubishi UFJ, HSBC and Sumitomo Mitsui Banking Corp., provided project financing for the Samay I project earlier this year, according to a statement issued by **Garri-gues**, the legal advisor to the lenders.

The F-1 filing comes amid continuing volatility in the stock market. The **S&P 500** index fell from 2,102.44 on Monday Aug. 17 to 1,867.61 on Tuesday Aug. 25, a drop of more than 11%. The index had recovered to 1,988.87 by Friday, Aug. 28 but dipped again on Monday, the day after IC Power’s filing. ■

● STRATEGIES

Sponsors Scoop Brazilian Solar Contracts

Enel Green Power, SunEdison Renova, Solatio and Conergy were among the firms to secure the rights to 20-year power purchase agreements in a recent solar auction in Brazil.

The Brazilian **Chamber for the Commercialization of Electric Energy** (CCEE) announced on Aug. 28 that it had contracted 833.8 MW of nominal power from 30 facilities after a seven hour process which involved 87 rounds of negotiations.

Sponsors made bids totaling 11.2 GW in an auction described by **Eduardo Abreu**, Conergy's general manager in Brazil, as "one of the most competitive in the world."

The price for each project is established separately through a reverse auction, and the average price across the 30 projects was R\$301.79, 13.5% lower than the initial price cap.

The projects will require a total investment of R\$4.3 billion (\$1.19 billion), according to CCEE.

Italy's Enel Green Power won 410 MW, the largest share of the offtake contracts, which will be fulfilled by three

new projects: the 80 MW Horizonte project in Tobacas do Brejo Velho, Bahia state, the 120 MW Lapa project in Bom Jesus da Lapa, also in Bahia, and the 210 MW Nova Olinda project in Ribeira do Piaui, Piaui state.

EGP estimates that it will invest \$600 million in the three new solar facilities, and expects them to be online by 2017, when the supply contracts are scheduled to come into effect.

EGP recently commissioned the 11 MW Fontes Solar I and II projects, built near its 80 MW operating wind farm, Fontes dos Ventos, in Pernambuco state. Fontes Solar

won a 20-year contract in 2013.

Last year, EGP won a similar contract for its 254 MW Ituverava project in Bahia state.

Spanish developer Solatio meanwhile won a 150 MW contract for its Pirapora project in Minas Gerais, SunEdison Renova was awarded a 60 MW contract for its São Pedro facility in Bahia, and Conergy achieved its goal of obtaining 60 MW of PPAs for the Angico 1 and Malta facilities, the

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Eduardo Abreu

● ALTERNATING CURRENT

Dutch Railroad Turns To Turbine Power



The Netherlands' rail system will run entirely on wind power by 2018.

Dutch energy provider **Eneco** has signed a deal with **VIVENS**, a consortium of 16 passenger and freight rail carriers and the Dutch rail infrastructure manager, to provide wind generation to power the nation's 1,800 miles of electric railroads. The network, which carries 1.2 million passengers a day, is already 50% powered by wind generation.

Wind projects in the Netherlands, Belgium and Scandinavia will provide generation for the 1.5kV DC network, according to a report in **Railway Technology**.

To win the tender, Eneco had to submit a proposal which required the development of new renewables projects.

The deal will see 70% of the rail fleet run on wind in 2016, rising to 95% in 2017, and 100% by 2018.

When the wind isn't blowing, Eneco says it will make sure there is enough green power available on the grid to power the trains.

The 100% target has in part become possible as a result of increasingly efficient train technology. **Nederlandse Spoorwegen**, the Dutch state owned operator, has reduced its electricity consumption per passenger per mile by 30% since 2005. ■

● ONE YEAR AGO



Innergex was talking to prospective lenders about financing its four hydro projects in Canada. At the time, the sponsor had four assets under development in British Columbia. [In June **Manufacturers Life Insurance Company** and **Caisse de Dépôt et Placement du Québec** signed a C\$198 million (\$160.5 million) loan agreement for the 40 MW Big Silver Creek project, the last of the four hydro projects to be financed. (PFR 6/23).]

● QUOTE OF THE WEEK

"It was a double whammy, because the yieldco is illiquid, so it moves much faster than the market does."

Shahriar Pourreza, equity analyst at **Guggenheim Partners** on how recent stock volatility has affected the yieldco model. See story, page 1.

Peru's IC Power Files for U.S. IPO

Lima-headquartered power producer IC Power has filed an F-1 form with the U.S. **Securities and Exchange Commission**.

Bank of America Merrill Lynch and **Credit Suisse** are bookrunners on the planned initial public offering, through which IC Power's current 100% owner **Kenon** will float an as yet undisclosed number of shares.

Kenon can expect to receive \$220 million in exchange for the stake it sells publicly, according to the preliminary filing.

Kenon, a spin-off of Tel Aviv-based holding company **Israel Corp.**, completed its own IPO in January this year with a dual listing on the New York and Tel Aviv stock exchanges.

IC Power owns a 2,242 MW generation portfolio spanning Latin America and the Caribbean through its wholly owned subsidiary, **Inkia Energy**, and a 440 MW gas-fired plant in Mishor Rotem, in the Negev Desert in Israel, through another wholly owned subsidiary, **IC Power Israel**.

Inkia Energia is in the

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