

Power Finance & Risk

The weekly issue from **Power Intelligence**

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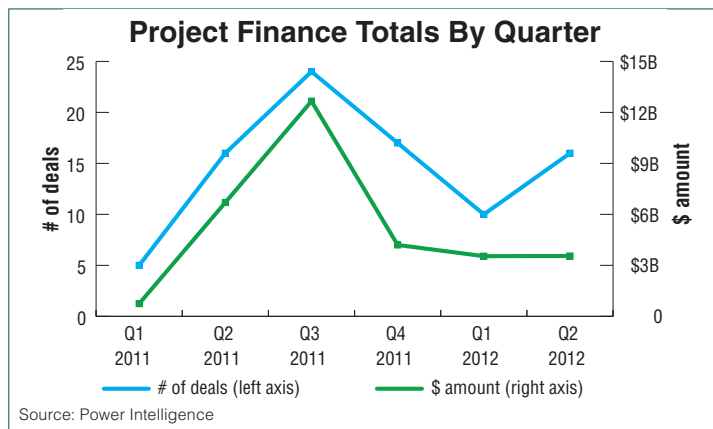
Q2 Recap

PF Deal Flows Continue To Trickle

The second quarter saw arrangers wrap \$3.55 billion in deals, right in line with the \$3.54 billion in deals that closed in the first quarter, according to *PI*'s Project Finance Deal Book. But that total represents a 47% slide from the \$6.7 billion booked in the second quarter of 2011.

"The first half of 2012 was severely affected in the U.S. by the sun setting of cash grants for solar projects and production tax credits for wind projects," **Jay Worenklein**, co-chair of global project finance at **Akin Gump Strauss Hauer & Feld** in New York, says. The PTC is more commonly utilized by wind projects and is set to expire at year-end, while the investment tax credit, which is more commonly utilized by solar projects, will be available through

(continued on page 11)



THE BUZZ

Prospective buyers of gas-fired plants all around the country are busily figuring out the arithmetic on a variety of assets, preparing to send in offers. First or binding bids will be due for a variety of assets in September, including **Energy Investors Funds'** portfolio, a consortium-owned Delta Person peaker in New Mexico and **EQT Infrastructure Partners'** Midland Cogeneration facility, as sellers push to wrap deals by year-end.

The number of deal closures late in the year could outpace the number of deals closed earlier in 2012 as several shops opted to take the leap that buyers would go for the right assets. A variety of contracted gas-fired plants in regions around the country have been put on the

For PFR's take on these stories and the rest of the market, see page 2.

Fortress Targets Mezz Lending

Fortress Investment Group is trying to corral prospective investors into a planned energy mezzanine fund.

Managing Directors **Kenneth Blackman**, **Peter Petricone** and **Tony Shizari** are leading the fund and have been out talking with potential investors for over a year. They are nearing their first close, officials say. New York-based Fortress is aiming to hit the \$300-500 million mark.

The rise in mezzanine funds—at least five including Fortress have been established in the last year—reflects the changing project finance landscape. Macro economic volatility over the last few years has clipped the number of banks that can write checks and tightened the credit committees' reins on others. Private equity shops often remain wary of construction risk—leaving a window open for a flexible type of capital.

The Fortress fund will look for energy distribution and

(continued on page 12)

North American Energy & Infrastructure Finance Forum

Check out our coverage of the event in New York, Sept. 11-12.

Visit the Conference Buzz at www.powerintelligence.com



New Project Finance Loans

We've added updates to our weekly round-up of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

Generation Sale DATABASE

Get the rundown on the latest asset trades in *PI*'s weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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THE BUZZ

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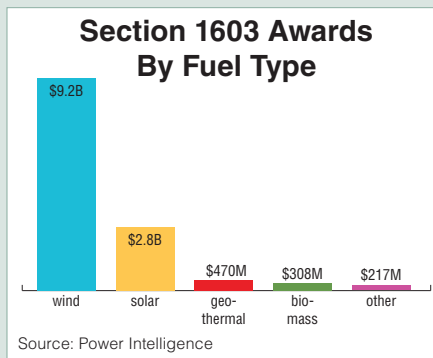
market as sellers determine which facilities are likeliest to kindle interest; investors are trending toward long-term contracts. The market remains limited for merchant generation as most regions battle with lower power prices and demand—even ERCOT logged lower wholesale prices this summer on mild weather.

EverPower is nearing the settlement of a 23-year, \$245 million private placement to finance the acquisition of a wind farm from **Terra-Gen Power**, marking another instance in which developers are tapping new sources of capital. Bonds are becoming more frequent as investor appetite grows while other sources are beginning to fire up, including mezzanine lending. **Fortress Investment Group** is on the hunt to join other shops including **The Carlyle Group** and **Energy Capital Partners** on the mezz lending campaign.

U.S. government subsidies continue to dominate the project finance discussion as the industry bears down on the specter of expiring production tax credits at year-end. Coverage this week of **NextEra Energy Resources** and **Western Wind** highlight the sharp differences in the subsidies' significance for large, household names and smaller shops.

Senior Reporter **Nicholas Stone** writes about Vancouver, B.C.-based **Western Wind** pressing the U.S. **Department of Treasury** for an alleged shortfall in a grant for its 120 MW Windstar wind project in Tehachapi, Calif. **Western Wind**, which is also in the process of a North American asset sale ([PI, 8/15](#)), is looking at delaying a corporate loan repayment and finding equity investors for the project after the cash grant fell roughly \$13 million short of the requested amount. The Treasury has come under criticism recently because of how it values projects that involve related parties, such as subsidiaries or tax equity investors, and is contending with a law suit from a solar shop ([PI, 8/17](#)).

NextEra, meanwhile, is looking for tax equity investors for 400 MW of wind across its Limon I and II projects in Colorado. The sponsor has a track record of working with **JPMorgan**, the most active tax equity player in wind.



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GENERATION AUCTION & SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comments
Agile Energy	Silverleaf (160 MW Solar PV)	Imperial County, Calif	None	Tenaska Solar Ventures has bought the project (PI, 9/3).
ArcLight, Olympus Power, John Hancock, Atlantic Power Corp.	Delta Person (140 MW Gas Peaker)	Albuquerque, N.M.	Fieldstone Private Capital Group	Shortlist to emerge by October (see story, page 7).
Bicent Power	BIV Generation (147 MW CCGT) Colorado Power Partners (90 MW CCGT)	Brush, Colo. Brush, Colo.		A unit of Xcel is buying the facilities (PI, 8/13).
Duke Energy	Various (7.5 GW Coal, Gas, Oil)	Ill., Ohio, Pa.	Citigroup, Morgan Stanley	Tagged Citi, Morgan Stanley to run the sale.
EQT Infrastructure Fund, Fortistar	Midland (1.56 GW Gas Cogen)	Midland, Mich.	Credit Suisse, Royal Bank of Canada	Binding bids due Sept. 21 (PI, 9/3).
Energy Investors Funds	Rathdrum (275 MW Gas) Plains End 1 & 2 (228.6 MW Gas) Stakes Cottage Grove (245 MW Gas) Stakes Whitewater (249 MW Gas)	Rathdrum, Idaho Arvada, Colo. Cottage Grove, Minn. Whitewater, Wis.	Scotiabank	Initial bids due by Sept. 12 (see story, page 7).
Exelon	Stakes (140 MW Biomass, Coal)	California	No advisor	Japanese engineering firm IHI Corp. is buying Exelon's stakes totaling 70 MW in five plants (PI, 8/27).
Exelon	Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal)	Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md.	Citigroup, Goldman Sachs	Riverstone is buying the plants for \$400M, will look to finance (PI, 8/20)
GSO Capital, Starwood Energy, Tyr Energy	Vaca Dixon (49 MW Peaker) Panoche (49 MW Peaker) Border (49 MW) Enterprise (49 MW)	Vacaville, Calif. Firebaugh, Calif. San Diego, Calif. Escondido	Scotiabank	Teasers are out (PI, 7/3).
GSO Capital, Strategic Value Partners	San Joaquin (48 MW)	Lathrop, Calif.		San Joaquin, from Bicent, is part of the CalPeak sale (PI, 7/3).
Harbert Power	Hanford (95 MW Gas) Henrietta (97 MW Gas) Tracy (314 MW Gas)	Kings County, Calif. Kings County, Calif. Stockton, Calif.	Morgan Stanley, Merit Capital Advisors	July 13 pegged for first round bids (PI, 7/3).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	CIBC	The sale has entered the second round (PI, 9/3).
Iberdrola Renewables	Various (wind, solar)	Various	JPMorgan, Blackstone	The Spain-based parent is driving the sale of 700 MW of spinning wind plus wind, solar development assets (PI, 7/16).
Iberdrola Renewables	Klamath (636 MW CoGen)	Klamath Falls, Ore.	Royal Bank of Canada	First round bids are in (PI, 6/4).
Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Auction is extended to accommodate latecomer Calpine (PI, 9/3).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	The facility has drawn utility eyes (PI, 7/16)).
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (PI, 3/5).
Olympus Power, John Hancock	Stakes (123 MW Michigan Power Cogen)	Ludington, Mich.	TBA	ArcLight is buying out what it doesn't already own in the facility (PI, 8/20).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas)	Brooklyn, N.Y.	Credit Suisse	High competition for the facility as management presentations get underway (PI, 7/27).
Perennial Power	Mid-Georgia (300 MW Cogen)	Kathleen, Ga.	Fieldstone Private Capital Group	Consortium is set to ink the deal soon; Georgia Power declined first right of refusal (PI, 8/20).
Rockland Capital, John Hancock Life Insurance and Atlantic Power Corp.	Gregory Power Partners (400 MW CCGT Cogen)	Gregory, Texas	TBA	Rockland has been listening to pitches from prospective advisors (PI, 8/13).
Sempra Energy	50% Stake (156 MW Wind development)	Baja California Norte, Mexico	TBA	BP Wind taking an equal stake as Sempra looks to finance the project (PI, 8/27).
Starwood Energy	Neptune (65-mile Transmission)	Sayreville, N.J. to Long Island, N.Y.	Barclays	Recently hired Barclays to run the sale (PI, 6/11).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial County, Calif	Royal Bank of Canada	Tenaska is looking to bring in a minority owner that has tax appetite (PI, 6/4).
Western Wind Energy Corp.	Windstar (120 MW Wind) Windridge (4.5 MW Wind) Mesa (30 MW Wind) Kingman (10.5 MW Wind, Solar) Yabucoa (30 MW Solar)	California California Arizona Puerto Rico	Rothschild, PI Financial	Recently mandated co-advisors to sell itself (PI, 8/20).

New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@iintelligence.com.

PROJECT FINANCE DEAL BOOK

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Gener	Cochrane (532 MW Coal)	Chile	TBA	TBA	\$1B	TBA	Sponsor taps HSBC as financial advisor ahead of deal and eyes equity (PI, 6/11).
	Alta Maipo (531 MW Hydro)	Chile	TBA	TBA	TBA	TBA	IFC, IDB and OPIC are participating in multilateral tranche. Sponsor also talking to commercial lenders (PI, 7/2).
AES Solar, 8minutenergy Renewables	Mount Signal (200 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	\$700M	TBA	Mandates expected soon (PI, 5/21).
Alterra	Upper Toba (124 MW Hydro)	Toba Valley, B.C.	TBA	TBA	\$40M	TBA	Sponsor is looking for project equity (See story, page 6).
BP, Sempra	Flat Ridge 2 (419 MW Wind)	Wichita, Kan.	Banco Santander, Bank of Tokyo-Mitsubishi, Prudential Financial	TBA	\$500-600M	TBA	The deal will hit the market next month. Structure will include bonds (PI, 8/10)
BrightSource	Rio Mesa (500 MW Solar)	Riverside County, Calif.	TBA	TBA	TBA	TBA	Sponsor is tapping banks in New York and hopes to close by end of Q2 next year (PI, 9/3).
	Hidden Hills (500 MW Solar)	Hidden Hills, Calif.	TBA	TBA	TBA	TBA	Sponsor has an offtake agreement with Southern California Edison for both projects.
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound,	Barclays	TBA	TBA	TBA	Financing to be re-ignited (PI, 4/16).
Cogentrix	Portsmouth (110 MW Coal)	Portsmouth, Va.	RBC, Scotia	Refi	\$120M	5-yr	Sponsor tags RBC to lead refi, with Scotia as co-lead (PI, 5/7).
Competitive Power Ventures	St. Charles (650 MW Gas)	Charles County, Md.	TBA	TBA	\$500M		Sponsor talking with banks for a club deal (PI, 7/9).
Dalkia Canada, Fengate Capital	Ft. St. James (33 MW Biomass)	Ft. St. James, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
	Merritt (33 MW Biomass)	Merritt, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
Diamond Generating Corp.	Mariposa (200 MW Gas)	Alameda County, Calif.	SMBC, DZ, CoBank, Sumitomo Trust	TBA	\$150M	10-yr	Sponsor mandates four lenders (PI, 5/14).
Duke Energy Renewables	Los Vientos (402 MW Wind)	Willacy County, Texas	BBVA, Citigroup	TBA	\$600-\$800M	7-yr	BBVA and Citi tapped as leads (PI, 9/3). Sponsor looking for pricing below 250 bps over LIBOR. (PI, 8/17).
Energy Investors Funds	Pio Pico (300MW Gas)	San Diego County, Calif.	TBA	TBA	\$300M	TBA	Sponsor has a favorable reputation with lenders (PI, 7/23)
Finavera Wind Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (PI, 4/2).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	Deal to wrap this week (PI, 5/28).
InterGen	Unidentified (Gas Pipeline)	Zacatecas, Mexico	TBA	TBA	\$200M	TBA	Sponsor considering club deal (PI, 6/11).
LS Power	Centinela(100 MW Solar)	California	Santander, Prudential	400	\$100M	TBA	Sponsor mandates due for bank bond deal (PI 8/16).
Odebrecht	Chaglia (406 MW Hydro)	Peru	BNP Paribas	Term	\$650M	17.5-yr, 20-yr	Pricing set at roughly 350 over LIBOR (PI, 7/9).
Ocean Renewable Power Company	Maine Tidal Power (5 MW Tidal)	Eastport, Maine	TBA	TBA	\$25M	TBA	The company is looking for equity financing to complete its maiden project (PI, 9/3).
Panda Power Funds	Sherman (500 MW Gas)	Sherman, Texas	Goldman Sachs, Credit Suisse	Construction	\$520M	Const. + 4-yrs	The package is being floated at LIBOR + 800 bps with a floor of 150. (PI, 8/21).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	Mini-Perm	\$400M	C+ 7-yr	Sponsor targets \$400 million financing; 10 lenders eye deal (PI, 5/14).
Ridgeline Energy	Meadow Creek (120 MW Wind)	Bonneville County, Idaho	TBA	TBA	\$180-200M	TBA	Sponsor discusses financing with lenders, equity with Diamond Generating Corp. (PI, 5/28).
Rockland Capital, Broadway Electric Co.	Mass Solar (Solar PV)	Massachusetts	TBA	TBA	\$200M	TBA	Sponsors talking to four lenders about financing (PI, 5/14).
Sempra U.S. Gas & Power	Copper Mountain 2 (92 MW PV)	Boulder City, Nev.	TBA	TBA	\$130M	18-yr	Deal wraps, priced at LIBOR + 250 bps (PI, 7/2).
Solarpack	Various (22 MW Solar PV)	Tacna and Moquega, Peru	TBA	TBA	\$120M	20-yr	Sponsor is talking to lenders for funds for two projects (PI, 4/30).
Standardkessel, Green Energy Team	Unidentified (6.7 MW Biomass)	Koloa, Hawaii	TBA	TBA	TBA	TBA	WestLB exits deal; sponsor tap another bank as lead (PI, 5/21).

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PROJECT FINANCE

NextEra Hunts Tax Equity Investors

NextEra Energy Resources is looking to secure tax equity investment in its Limon I and II wind farms totaling 400 MW in Colorado. The company has a store of tax credits that it hasn't used and doesn't have enough tax appetite itself to utilize fully, says a deal watcher.

This appetite means a number of similar deals are potentially in the offing. NextEra has \$1.813 billion worth of federal tax credit carryforwards, according to its 2011 annual report. Given the size, it makes sense for the company to seek tax equity investors for new projects rather than adding the production tax credits or investment tax credits to its carryforward, says an official familiar with NextEra's search.

The Limon deal follows a recent **JPMorgan Capital Corp.** tax equity investment in NextEra's 79.6 MW High Majestic II project in

Carson County, Texas ([PI, 7/12](#)). The two also worked together on three previous tax equity deals on wind farms totaling 205 MW in California ([PI, 11/15/2011](#)).

NextEra did not respond to inquiries before press time.

NextEra Tax Equity Deals last year include:

- 79.6 MW High Majestic II project in Carson County, Texas, which has a power purchase agreement with **AEP Southwestern Electric Power**.
- 78.2 MW Montezuma II in Solano County, which has a PPA with **Pacific Gas & Electric**;
- 78.2 MW Vasco in Contra Costa County, which also has a PPA with PG&E; and
- 49.5 MW San Geronio in Riverside County, which is contracted to **Southern California Edison**.

Western Wind Presses Cash Grant Shortfall

Western Wind Energy is pushing to increase the amount of a cash grant from the U.S. **Department of Treasury** which came in \$13,221,994 below the amount it requested. The shortfall has led the company to delay the repayment of a corporate loan.

The Vancouver-based company requested \$91,556,707 from the Treasury's section 1603 grant program for its 120 MW Windstar wind project in Tehachapi, Calif., via its wholly owned subsidiary **Windstar Energy**, on March 22 this year. Treasury took longer than the allotted 60 days to make its decision, says **Chris Thompson**, cfo of Western Wind. Treasury officials told the company that it selected a lower amount due to revised considerations on the amount of the developer fee—which is how much a company pays a subsidiary to build a project—that can be included in the 30% cash grant total.

"We went to Washington and found that we differed with Treasury on the development fee," says Thompson, referring to a visit to D.C. last month. "We had to explain to Treasury that the costs for our project were different than for easier projects, due to it being in California, amendments to the PPA, environmental work and hooking up to a private transmission line." The \$313 million project has a fixed-price power purchase agreement with the **Southern California Edison Company**, which expires Jan. 28, 2032.

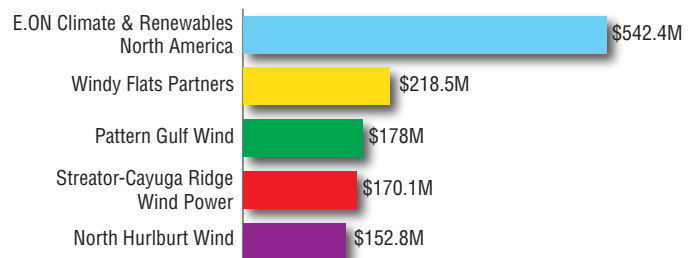
The different valuations for projects reached by Treasury and sponsors have left some unable to meet loan requirements and given rise to at least one court case ([PI, 8/17](#)). Thompson says Western Wind came away from the meeting believing Treasury would increase the amount, although as of press time it has not seen any extra cash. The Treasury did not respond to inquiries about this case. A spokesman in Vancouver says the company

is working on a line of credit with an undisclosed institution and should manage to meet the corporate loan requirements.

The issue highlights the criticality of the cash grants for project financing for small to mid-size developers like Western Wind. "Small cap companies like us can only get so much long-term debt," Thompson says. "The grant allowed us to finance this larger project as we were able to get cash grant bridge loans. Now we will have to look to include equity partners in projects."

Details of the company's plans for equity investment in the project were not disclosed and are currently being overshadowed by its imminent sale, which should go through in the next six months, the spokesman says. Western Wind tapped **Rothschild** and boutique **PI Financial** to lead the sale of its North American assets ([PI, 8/15](#)). **Brookfield Renewable Energy Partners**, a Toronto-based company, acquired a 16.2% minority stake in the company at the end of August.

Five Largest Section 1603 Wind Cash Grants



Source: Power Intelligence

Alterra Scouts Hydro Funds

Alterra Power Corp. is exploring a number of options to secure \$40 million in project equity to back an expansion of its 235 MW Toba Montrose hydro plant in British Columbia. The Vancouver, B.C.-based company, which was created from **Magma Energy Corp.**'s purchase of **Plutonic Power** ([PI, 3/15/11](#)), is hoping to complete the financing for the approximately 124 MW expansion called Upper Toba by year-end, say bankers familiar with the deal.

"We've been busy determining an optimal means of supplying that capital for the project and to that end we have advanced certain discussions to the term sheet stage for potential transactions that would supply this capital on a non-diluted basis," said **John Carson**, ceo of Alterra, on the expansion project during an Aug. 14 conference call.

The original plant and the expansion have long-term power purchase agreements with **BC Hydro**. Toba Montrose is co-owned by **GE Energy Financial Services**, which has a 60% stake in the project. Alterra is still in discussions with GE on the final details of the partnership agreement for owning Upper Toba, Carson said. Those discussions are separate to Alterra's hunt for equity investment for the expansion.



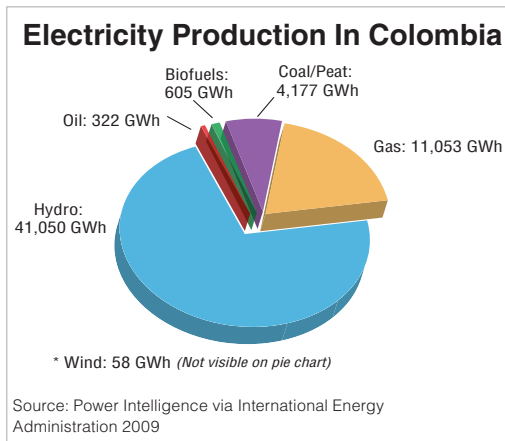
Toba Montrose Plant

A spokesman from GE in Stamford, Conn., declined to comment on the expansion. Alterra aims to commence construction on the expansion in April. The expansion is slated for operation in the second quarter of 2015.

Colombian Shop Targets Coal-Fired Expansion

Termotesajara is looking to mandate lenders to lead a \$330 million financing backing a 180 MW expansion to its 163 MW coal-fired generation plant in northern Colombia. The Bogota-based developer received financing proposals from lenders late last month.

The plant in Norte de Santander will reportedly receive fixed payments from a pool of distribution companies for being available to the grid over 20 years on top of revenues from selling the generation, a banker says, adding that the arrangement is attractive to lenders. **Colgener**, an investment company, is the majority owner of Termotesajara.



Bogota-based Colgener is comprised of Chilean private equity funds **Inversiones MG Energy**, **Inversiones Quitalmahue Tres** and Colombian pension funds **Porvenir**, **Protección**, **Skandia** and **Colfondos**. The **Solari** family of Chile also has a stake in the plant, the banker adds. The Solaris are behind **S.A.C.I. Falabella**, which owns department and home improvement stores and malls throughout Chile, Peru, Argentina and Colombia. The family also

has interests in three water utilities in Colombia and in the Santiago, Chile-based **LAN Airlines**.

Hyundai is the EPC contractor on the project and construction is expected to start this year. Officials at Termotesajara and Colgener did not respond to e-mails by press time. Whether Termotesajara has interests in other generation assets could not be learned.

Greengate Taps Citi For Alberta Wind

Greengate Power is working with **Citigroup** to consider options for financing its roughly \$600 million 300 MW Blackspring Ridge I wind project near Lethbridge, Alberta. The Calgary-based shop had been looking at selling a stake or the whole development project a few months ago, a banker notes, adding Citi's role in Blackspring would make sense given its activity in the M&A space.

Greengate unveiled project and financing plans earlier this year ([PI, 2/24](#)). Whether Greengate is working on a financing or a sale with Citi could not be learned. A Citi official in New York declined to comment. Spokespeople for Citi and Greengate, as well as Dan Balaban, president and ceo of Greengate, did not return calls by press time.

Blackspring Ridge I lacks an offtake contract because the province established a merchant market in the 1990s. Greengate plans to sell renewable energy credits to **Pacific Gas & Electric** over 20 years.

The project will use **Vestas V90 1.8 MW** turbines and is slated for operation next year.

MERGERS & ACQUISITIONS

Delta Peaker Shortlist To Emerge By October

A consortium of strategic and financial players selling the Delta Person gas-fired peaker near Albuquerque, N.M., are looking to wrap up the first round by the end of this month.

Owners **Olympus Power**, **John Hancock Life Insurance**, **Atlantic Power Corp.** and **ArcLight Capital Partners** expect bids will come in to advisor **Fieldstone Private Capital Group** this month with enough time to whittle down prospective buyers to a shortlist, says a deal watcher. A final sale is expected to be complete by year-end.

The 140 MW plant is contracted to **Public Service Company of**

FAST FACT

▶ The 140 MW plant is contracted to **Public Service Company of New Mexico** through July 2020 and has the option for extension.

New Mexico through July 2020 and has the option for extension. How much power the utility takes and for how many months of the year could not be learned.

The facility started out as one of six assets in the Morristown, N.J.-based Olympus Power portfolio when it spun out of **Delta Power Co.**, which was sold to **Arroyo Energy Investors**—then a unit of **Bear Stearns** ([PI, 2/2/07](#)). The plant went online in 2000. Whether there is any existing project level debt could not be learned.

The exact deadline for bids could not be learned.

Deadline Set For EIF Quartet Bids

First round bids for four **Energy Investors Funds** gas-fired plants totaling 997 MW will come in this month. **Scotiabank**, the advisor, will take indicative offers by Sept. 12, says a deal watcher.

The portfolio, called Polaris, is attracting a variety of players looking to put capital to work, says one attorney. Its geographic diversity—plants are located in four different states—balances out the California-heavy offerings that are also on the market, notes one official, referencing **Harbert Power's GWF Energy** and **Starwood Energy's CalPeak Power**.

The plants, part of the **Calypso Energy Holdings**, have offtake agreements with maturities ranging from 2022 to 2028 ([PI, 8/3](#)).

The plants are:

- 275 MW Rathdrum, in Rathdrum, Idaho, which has a tolling agreement with **Avista Corp.** until 2026;
- 228.6 MW Plains End I & 2 in Arvada, Colo., which has a

tolling agreement with **Public Service Co. of Colorado** until 2028;

- 245 MW Cottage Grove in Cottage Grove, Minn., which has a PPA with **Northern States Power** until 2027 along with a steam contract with **3M Manufacturing Co.** with the same maturity; and
- 249 MW Whitewater in Whitewater, Wis., which has a PPA with **Wisconsin Electric Power** until 2022 and steam contracts of the same length with **University of Wisconsin** and **Whitewater Greenhouse**.

EIF is looking to sell the Rathdrum and Plains End facilities outright and 35% stakes in Cottage Grove and Whitewater. Prospective buyers will have the opportunity later in the auction to buy up to 75% of Cottage Grove and Whitewater, according to the teaser.

The identity of shops looking to bid could not be learned.

BORROWERS STRATEGIES

Pricing Emerges On EverPower Wind Notes

EverPower is targeting a 5.15% coupon on a \$245 million private placement financing its purchase of a 150 MW wind farm from **Terra-Gen Power**. The issuance is expected to close by the end of the month.

The tenor is 23 years and change, says a banker, explaining that the 150 MW farm in Tehachapi, Calif. is already online so it comes in below the 24-year power purchase agreement. **Southern California Edison** is the offtaker.

JPMorgan, **Royal Bank of Scotland** and **Key Bank** are the underwriters on the deal named Mustang Hills ([PI, 8/9](#)). EverPower agreed to buy Alta VI in April just before the project came online, marking the wind shop's debut in California ([PI, 4/9](#)).

The identity of the entities buying notes could not be learned. An EverPower spokesman declined to comment, citing company

policy. Bank officials or spokespeople either declined to comment or were not immediately available.

Alta Wind Phases: Where are they now?

150 MW I	Sale leaseback	with GE Energy Financial Services and Union Bank
150 MW II	Sale leaseback	with Citigroup and Google*
150 MW III	Sale leaseback	with Citigroup and Google*
102 MW IV	Sale leaseback	with Citigroup and Google*
168 MW V	Sale leaseback	with Google and ING Capital
150 MW VI	Sold	to EverPower
150 MW VII	In financing	N/A
150 MW VIII	Sold	to Brookfield Americas Infrastructure Fund
150 MW IX	In financing	N/A

Source: Power Intelligence

*Citi and Google have sold down some of these stakes.

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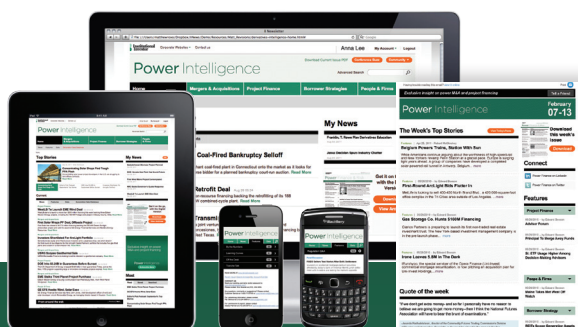
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NEWS IN BRIEF



News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but **PFR** does not guarantee its completeness or accuracy.

- A trend known as ‘turbine scaling’ would allow wind power to make economic sense in lower elevations and in locations that don’t have the highest wind speeds, according to **Mark Bolinger**, a research scientist from the **Lawrence Berkeley National Laboratory**. Areas such as the rolling hills near Eastbrook, Maine where Boston-based **First Wind** is now building a 19-turbine project called Bull Hill, is a prime example of an area that could benefit from the technology, Bolinger says at the first day of the **American Wind Energy Association’s** regional summit in Portland, Maine (*The Portland Press Herald*, 9/6).

- Juno Beach, Fla.-based NextEra Energy intends to sell \$650 million of equity units. Each equity unit will be issued in \$50 amounts and will consist of a contract to purchase common stock in the company and a 5% undivided beneficial ownership interest in a **NextEra Energy Capital Holdings** debenture due Sept. 1, 2017. The net proceeds from the sale of the equity units will be added to the “general funds” of NextEra (*Red Orbit*, 9/5).

- **Dominion Virginia Power** is proposing a \$53.4 million coal-fired to gas-fired conversion for its 227 MW Bremono plant (*Herald Online*, 9/5).

- The Chelan County public utility district in Washington won’t have to buy wind or solar power to comply with new state targets for renewable energy and will avoid an estimated fine of more than \$2 million. The Washington state **Department of Commerce** confirmed in an Aug. 23 letter that both the fish bypass and turbine/generator upgrades completed at Rocky Reach Dam after March 1999 create energy efficiencies that the utility can count toward its state renewable energy targets (*The Wenatchee World*, 9/5).

- **Solon** has hired **Jared Schoch** from **SunEdison** as its v.p. and general manager of power plants as the company looks to expand its footprint in the U.S. and enter Caribbean markets (*pv magazine*, 9/5).

- **EDF Renewable Energy**, nee **enXco**, has hired **Ryan Pfaff** as executive v.p. of transactions for its wind and solar units. Pfaff was formerly the v.p. and head of global wind development for **AES Corp** (*Energy Central*, 9/4).



Ryan Pfaff

- **Toshiba**, **Exelon** and the **Shaw Group** are working on a natural gas-fired plant under development by **NET Power** in Durham, N.C., that allegedly will not emit pollution. The emissions-free concept exists only on paper today, but a key mechanical component is getting readied for testing in about four months. The technology elevates the pressure at which natural gas is burned by a factor of several times, a thermodynamic feat that has only been achieved in the aerospace industry thus far, in order to remove emissions (*The Charlotte Observer*, 9/4).

- Heavy lobbying by **Pacific Gas & Electric** and **Southern California Edison** has helped to stop Senate bill 843 from going through an Assembly Committee in California.

The bill would have increased access to solar electricity for renters and others unable to install panels on their property, by allowing them to buy some of their power from small- to medium-scale ‘solar gardens’ or projects operated by third parties (*KCET*, 9/4).



iStockPhoto/ThinkStock

- The **Alberta Utilities Commission** has approved the merchant 78 MW Hand Hills wind project being developed by **Joss Wind Power**. Construction will begin in 2013 (*Renewables Biz*, 9/4).

- The first grid-connected, wave energy project in the nation, designed by a New Jersey company **Ocean Power Technologies**, is in its final weeks of testing before a planned launch in October. The launch is in the wake of the nation’s first tidal energy project developed by **Ocean Renewable Power Company** coming online in Maine (*The New York Times*, 9/4).

- The New Orleans **City Council** has called a hearing to get answers from **Entergy** officials after many residents in the city were left without power when Hurricane Isaac pounded the Gulf Coast last week. As of Sept. 4, Entergy had restored power to 89.6% of the homes and businesses in New Orleans that lost power after the storm, leaving 16,772 still in the dark (*The Times Picayune*, 9/4).

- The infrastructure arm of **Morgan Stanley** has led a private equity consortium in investing \$300 million in Chinese hydro operator **Zhaoheng Hydropower**. It represents the largest foreign investment in China’s renewable energy sector to date. MS teamed up with Chinese private-equity firm **Fountainvest Partners** and Asia-based private-equity firm **Olympus Capital** on the deal (*The Wall Street Journal*, 9/4).

- **Clean Line Energy** is on a road show to talk to prospective contractors in Iowa about its 500-mile transmission project called Rock Island Clean Line that would ship power across Iowa to Illinois (*Waterloo-Cedar Falls Courier*, 9/3).

- While campaigning in Iowa this holiday weekend, President **Barack Obama** described opponent **Mitt Romney’s** energy plan as better suited for “last century.” He raised the key election issue for the renewable energy industry, the tax credit, and pointed to its benefit to the job market and energy independence (*United Press International*, 9/1).

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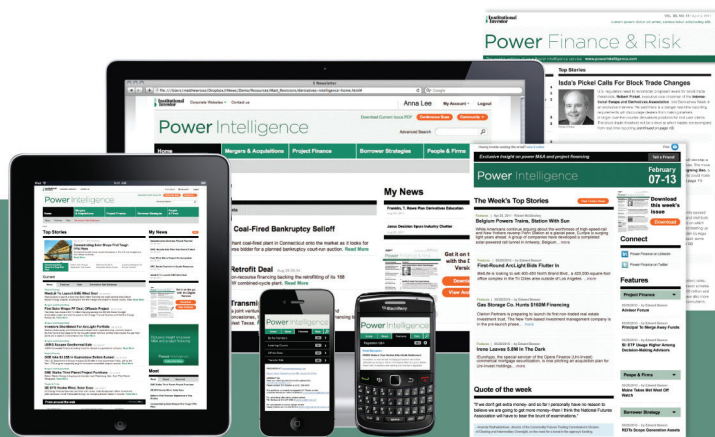
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PF Deal Flows *(Continued from page 1)*

2016. Sponsors can choose to monetize the PTC or the ITC via the U.S. **Department of Treasury's** cash grant program until the credits expire at year-end or 2016, respectively. Wind financings made up the bulk of activity in the second quarter, with 10 of the 16 deals this quarter backing wind projects.

While deal flow over the first two quarters of 2012 is worth roughly the same amount, the number of closed deals in the second quarter (16) was up by six compared to the first quarter.

The quarter's biggest deal was driven by **Terra-Gen Power**, which closed a \$650 million financing backing its 300 MW Alta wind project in Tehachapi, Calif. Commitments ranging from \$20-100 million came from 11 lenders, with **Royal Bank of Scotland** and **Union Bank** acting as co-bookrunners ([PI, 4/18](#)). Other notable

deals include **Tenaska Energy** and **Invenergy** inking deals for maiden solar projects. Tenaska secured \$500 million for its 130 MW project in Imperial Valley, Calif., while Invenergy raised more than \$60 million for its 20 MW Grand Ridge project in LaSalle County, Ill.

Union Bank and affiliates **Mitsubishi UFJ Financial Group** and **Bank of Tokyo-Mitsubishi UFJ** participated in 50% of the deals that closed in Q2. Japanese banks have emerged as game-changers in deals as they can offer longer tenors and lower prices than European lenders that are reigning in spending in light of uncertainty in Europe and impending Basel III regulations.

"Deals are still getting done," says **Tom Murray**, former global head of energy at **WestLB**. "We are seeing the Japanese banks open to giving 18-year tenors that traditional lenders won't give and seeing regional guys that are stepping up to fill the void."

—**Nicholas Stone & Sara Rosner**

PROJECT FINANCE DEAL WRAP SHEET Q2

The following power project finance deals closed between April 1 and June 30. For a complete listing of active and closed deals, please visit <http://www.powerintelligence.com/ProjectFinanceDeal.html>.

Sponsor	Project	Location	Lead(s)	Loan	Amount	Tenor
Terra-Gen Power	Alta Phases 7 and 9 (300 MW Wind)	Tehachapi, Calif.	MUFG, RBS	Mini-Perm	\$650M	C+ 7-yr
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial Valley, Calif.	BTMU, Union Bank	TBA	\$500M	10-yr
Invenergy	California Ridge (214 MW Wind)	Vermillion and Champaign, Ill.	Santander, Prudential	Construction/ Institutional	~\$500M	C+ 10-yr
Atlantic Power	Canadian Hills (298 MW Wind)	Oklahoma City, Okla.	Morgan Stanley	Credit Facility	\$310M	TBA
Duke Energy, Sumitomo Corp.	Cimarron II and Ironwood (131 and 168 MW Wind, respectively)	Gray and Ford counties, Kan., respectively	BTMU, SMBC, Mizuho	TBA	\$250M	TBA
Elecnor	L'Erable (100 MW Wind)	L'Erable, Quebec	National Bank Financial, Sun Life Assurance	Private Placement	\$250M	21-yr
BP Wind Energy and Sempra U.S. Gas & Power	Mehoopany (141 MW Wind)	Wyoming County, Pa.	BoTM, Mizuho	TBA	\$170M	18-yr
enXco	Shiloh 3 (102.5 MW Wind)	Solano County, Calif.	BayernLB, NordLB, Rabo, Union Bank	Mini-Perm	\$150M+	7-year
Sempra Gas & Power	Cooper Mountain 2 (92 MW Solar)	Boulder City, Nev.	BTMU, Crédit Agricole and SMBC	TBA	\$130M	18-yr
RPM Access	Various (136 MW Wind)	Iowa	BayernLB and Rabobank	Construction/ Term loan	\$116M	TBA
Edison Mission Energy	Various (120 MW Wind Portfolio)	Nebraska	BBVA, Key Bank	TBA	\$113.5M	TBA
Primary Energy Recycling	Various (Cogen)	Indiana	RBC, Scotia	Refi	\$110M	5-yr
Cardinal Gas Storage	Cadeville (16.5bcf Gas Storage)	Monroe, La.	CIT, RBC, SunTrust	TBA	\$100M	TBA
First Wind	Bull Hill (34 MW Wind)	Hancock County, Maine	Union Bank	Construction, LOC	\$76M	TBA
SunEdison	Unidentified (20 MW Solar PV)	Picture Rocks, Ariz.	NADB	TBA	\$65M	TBA
Invenergy	Grand Ridge (20 MW Solar)	LaSalle County, Ill.	Union Bank	Construction/ Bridge/Term	\$60M+	TBA

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Fortress Targets *(Continued from page 1)*

generation assets broadly although whether there are targeted sector quotas could not be learned. The fund is expected to resemble the mezzanine funds recently raised by teams at **Ares Management**, **Babson Capital Management**, **The Carlyle Group** and **Energy Capital Partners**, meaning it will scope debt and equity opportunities.

Mezzanine funds have the flexibility to come into the capital structure where other lenders or investors are still absent. Carlyle's mezzanine fund bought into **Enova Energy Group's** biomass project after it was stranded upon the departure of a project finance bank. Industry officials anticipate seeing a mezzanine player step into **Cape Wind's** funding too.

Most of the recently minted teams would be comfortable taking an active role in the management or development of the project and are willing to work with the sponsor on what the project needs, says one mezzanine investor who is willing to be as hands-on or -off as required.

That Fortress has been out presenting to investors for over a year is indicative of the sweat equity required to bring investors into a new fund, says one industry official, explaining that the process is relationship-driven.

The shops that have raised funds have officials that are steeped in power and energy deals—the three MDs joined Fortress from **GE Energy Financial Services** ([PI, 5/23/07](#)). It would be difficult for a shop without industry experience to branch out without bringing on lead officials that bring a deep rolodex, officials say. Ares and Babson stepped into the space by hiring existing teams ([PI, 7/20](#) & [7/8/11](#)).

Fortress has made power and energy investments from other funds, including a stake in the 507 MW Bosque gas-fired plant in Texas ([PI, 4/24](#)).

A Fortress spokesman declined to comment.

—Holly Fletcher

CONFERENCE CALENDAR

Euromoney Seminars and **Project Finance Magazine** will host the 7th Annual North American Energy and Infrastructure Finance Conference Sept. 11-12 at The Westin New York at Times Square, New York.

QUOTE OF THE WEEK

"Small cap companies like us can only get so much long-term debt. The grant allowed us to finance this larger project as we were able to get cash grant bridge loans. Now we will have to look to include equity partners in projects."—**Chris Thompson**, cfo of **Western Wind** in Vancouver, B.C., on the company's push to recoup an alleged shortfall in a cash grant it received from the U.S. **Department of Treasury** (see story, page 5).

ALTERNATING CURRENT

Harnessing The Power Of Insects

The majority of the human race shares an inherent dislike of insects. They bite you, they make you itch and they are generally not nice to be around, unless of course you are armed with a freshly rolled magazine. But it is a recent discovery in our insect brethren is leading some to ask whether or not human beings will ever become power producing organisms using sunlight.

Alain Robichon at the **Sophia Agrobiotech Institute** in France reported last month on a species of aphids that use pigments on their bodies called carotenoids to harness the sun's energy and make a molecule that can store chemical energy. His study follows a 2010 work in the venerable German publication, *Naturwissenschaften*, which found the Oriental hornet uses a pigment called xanthopterin to convert light to electrical energy. Both insects use this ability as a sort of back-up source of power when normal avenues



Oriental Hornet

have been exhausted and demand is high – tiny arthropodic peakers, if you will.

There is one back-boned example, the spotted salamander, which has left scientists wondering whether humans will ever be able to produce their own power from the sun. But this comes with its fair share of issues.

Problematically, humans are opaque and normally clothed columns of flesh. In order to make the most of any ability to turn the sun's rays into energy, we would have to develop extra surface areas and limbs to capture it, at which point we would start looking like trees. The idea of human production tax credits is also a minefield. If I sit on the beach all day in the sun and then sell my energy to the grid, how much money will I make? And what if those production tax credits end, am I now just really sun burnt? Who will compensate me?

Maybe it's better if the solar energy stays with the plants and insects for now.

ONE YEAR AGO

Edison Mission Energy was reviewing refinancing options ahead of maturities totaling \$1.5 billion in 2012 and 2013. [Parent **Edison International** retained restructuring boutique **Moelis & Co.** to advise on a process that may result in bankruptcy protection filings for EME and **Midwest Generation** ([PI, 5/25](#) & [8/1](#)).]