

# Power Finance & Risk

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

By the publisher of GlobalCapital

## ● MERGERS &amp; ACQUISITIONS

## ● PPA PULSE

## ● PROJECT FINANCE

## Oaktree to Sell Arlington Valley for \$300 Million

**Oaktree Capital Management** has found a buyer for its 580 MW Arlington Valley CCGT near Phoenix.

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## Exxon Invites PPA Bids for Texas Renewables

**Exxon Mobil Corp.** has solicited bids for at least 100 MW of wind and solar capacity in Texas.

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## Dominion Draws Lenders for LNG Export Terminal

Over 20 lenders committed \$3 billion to fund a 3-year term loan for **Dominion Energy's** Cove Point LNG terminal.

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# NRG Yield Renamed Clearway Energy as GIP Acquisition Closes

Shravan Bhat, Taryana Odayar

Fund manager **Global Infrastructure Partners** has closed its acquisition of **NRG Energy's** renewables business, including its sponsor stake in yield company **NRG Yield**, and is renaming the entire group **Clearway Energy Group**.

The \$1.375 billion transaction, announced in February (PFR, 2/7), closed on Aug. 31.

**Bank of America Merrill Lynch** and **Credit Suisse** advised GIP on the deal while **Barclays** and **JP Morgan** worked with NRG.

**Crédit Agricole** and **Natixis**, meanwhile, were coordinating lead arrangers on a club-style corporate loan package with other banks as joint lead arrangers as part of the financing of the acquisition, says a person familiar with the transaction.

The debt comprises a term loan and a revolving credit facility, says the source, who declined to disclose further details, such as the

size and tenor of the loans. Spokespeople for the banks in New York did not respond to inquiries and a representative of GIP, also in New York, and Clearway in Washington, D.C., declined to comment.

The acquisition is being carried out through a portfolio company of GIP called **Zephyr Renewables**.

NRG Yield is notably the owner of the massive Alta Wind complex in California, which is at the center of a long-running legal dispute with the **U.S. Department of Treasury** that could have major repercussions for tax equity deals, although the yieldco is not a plaintiff in the case (PFR, 8/16).

### GREEN ENERGY RYDER

Meanwhile, **Steve Ryder**, the former cfo of Chicago-based wind and gas-fired developer and independent power producer **Invenergy**, is joining Clearway in San Francisco as cfo and will work alongside the group's ceo, **Craig Cornelius**. Ryder will be starting his new role within the next 30

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# NextEra Plots Dropdown with "Convertible Equity" Financing

Shravan Bhat

**BlackRock** has agreed to provide a \$750 million "convertible equity portfolio financing" to fund the dropdown of a 1,388 MW portfolio of mostly wind projects from **NextEra Energy Resources** into its yield company.

**NextEra Energy Partners** will

pay its sponsor \$1.275 billion and assume \$930 million in tax equity liabilities and \$38 million of existing debt associated with the projects under the terms of the deal.

The yieldco will use its proceeds from the sale of a portfolio of wind and solar projects in Canada to fund part of the dropdown.

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# BP Wind in Talks with Potential Buyer of Texas Wind Portfolio

Taryana Odayar

**BP Wind Energy North America** is in exclusive talks with a potential buyer for its stakes in the Silver Star I, Sherbino II and Trinity Hills wind farms in Texas, a portfolio totaling 430 MW, with a view to closing a deal by Christmas.

**Phoenix Wind Repower**, a repowering company based in Needham, Mass., is the would-be purchaser, according to paperwork filed with the Texas **Public Utility Commission** on Aug. 28. "The terms and conditions of the

Transaction are currently being negotiated," reads the filing.

The talks are the result of a process run by **Bank of America Merrill Lynch**, which BP Wind hired to market the project to investors earlier this year. The projects will probably be completely refurbished and qualify for production tax credits, says a deal watcher.

Kansas City, Mo.-based law firm **Husch Blackwell** is advising Phoenix Wind Repower on the potential acquisition.

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## ● MERGERS & ACQUISITIONS

# DIF Closes Sale of Canadian Solar Portfolio

**Dutch Infrastructure Fund** has closed its sale of a 38.5 MW portfolio of four operational solar plants in Ontario to a union-backed fund.

The €800 million (\$930 million) **DIF Infrastructure III**, one of DIF's seven funds, announced the sale of the portfolio to **Ullico's** infrastructure investment business on Sept. 3.

**Raymond James** was financial adviser to DIF on the deal, which marks DIF's first exit in North America, while **Osler, Hoskin & Harcourt** provided legal counsel.

**Andrew Freeman**, DIF's London-based managing director and head of exits declined to disclose the financial terms. Ullico representatives in Washington, D.C., did not respond to inquiries by press time.

The projects have long-term power purchase agreements with **Ontario Power Authority** and were brought online between 2012 and 2015.

They are:

- the 10 MW CSI Glenarm plant in Kawartha Lakes,
- the 10 MW Goldlight plant in Pefferlaw,
- the 10 MW Illumination plant in Scugog, and
- the 8.5 MW Stone Mills Solar Park near Napanee.

DIF launched a sale process for the plants earlier this year.

"It was a competitive auction process with local, global, specialised RE, etc. potential type of buyers whereby Ullico was selected as the

preferred buyer," said Freeman in an emailed response to *PFR*. DIF intends to continue its strategy of selling assets from its more mature funds, he added in a statement.

Glenarm, Goldlight and Illumination were developed by **Canadian Solar**, which agreed to sell them to DIF in 2013 but did not close on the sale until two years later, at which point they became the Dutch asset manager's first North American investments (*PFR*, 11/26/13).

At the time, Glenarm was bought for over C\$60 million (\$49 million), GoldLight for C\$68 million (\$54 million) and Illumination for C\$65.9 million (\$48.4 million).

**Natixis** was an arranger with **Rabobank** and **NordLB** on the original financings for the three plants. Earlier this year, Natixis arranged a C\$184 million (\$147 million) senior debt refinancing for them at 162.5 basis points over Libor (*PFR*, 1/12).

Meanwhile, DIF bought Stone Mills from **Northstar Renewable Power Corp.**, a **Stonepeak Infrastructure** subsidiary, in 2014 (*PFR*, 9/4/14). **Manulife Financial** financed the project with a long-term loan. It has an operations and maintenance contract with a **Canadian Solar** affiliate.

"The Portfolio (was) successfully optimized by acquiring individual projects, bringing them through construction, completing two refinancings in 2015 and 2017, recontracting and the exit via a competitive portfolio sales process," said **Paul Huebener**, partner and head of DIF Americas, in a statement. ■

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Do you have questions, comments or criticisms about a story that appeared in **PFR**? Should we be covering more or less of a given area? The staff of **PFR** is committed as ever to evolving with the markets and we welcome your feedback.

Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## GENERATION AUCTION &amp; SALE CALENDAR ●

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

## Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
7X Energy	Lapetus (35 MW Solar)	Texas	CohnReznick	Duke Energy Renewables Solar is in talks to buy the project, which is due online by the end of 2019 (PFR, 9/4).
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 Dawoo is buying the interest (PFR, 9/4).
BP Wind Energy North America	Portfolio (430 MW Wind)	Texas	BAML	Phoenix Wind Repower is in exclusive talks to buy the merchant projects (see story, page 1).
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 (PFR, 9/4).
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 it seeks to hit corporate debt reduction targets (PFR, 7/23).
Dutch Infrastructure Fund	Portfolio (38.5 MW Solar)	Ontario	Raymond James	Ullico is the buyer, marking DIF's first exit in North America (see story, page 2).
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 (PFR, 9/4).
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.		
NextEra Energy Resources	Portfolio (1,388 MW Wind, Solar)	U.S.		NextEra is using convertible equity financing from BlackRock to drop the projects down into its yieldco (see story, page 1).
Noble Environmental Power	Portfolio (612 MW Wind)	Clinton, Wyoming and Franklin counties, N.Y.	Greentech Capital Advisors	The Carlyle Group agreed to make its first wind investment for the Zephyr portfolio (see story, page 6).
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.		
NRG Energy	NRG Yield	U.S.	BAML, Credit Suisse (buyer), Barclays, JP Morgan (seller)	Global Infrastructure Partners has closed its acquisition of the yieldco stake and the renewables development arm (see story, page 1).
Oaktree Capital Management	Arlington Valley (580 MW Gas)	Arlington, Ariz.	Guggenheim (seller)	Capital Power Corp. has agreed to buy the project for \$300 million (see story, page 5).
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 (PFR, 9/4).
Sempra Energy	Portfolio (2.6 MW Wind, Solar)	U.S.		Sempra is selling its U.S. renewable assets (PFR, 7/2).
SNC-Lavalin	Astoria II (575 MW Gas, 6.3%)	Queens, N.Y.		Northwestern Mutual and Harbert Management Corp. are buying the stake (PFR, 9/4).
Windlab	Greenwich (60 MW Wind)	Ohio		Swift Current Energy has agreed to buy the project with financial close expected next year (PFR, 9/4).

## ● 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 Taryana Odayar at (212) 224 3258 or e-mail [taryana.odayar@powerfinancerisk.com](mailto:taryana.odayar@powerfinancerisk.com)

## PROJECT FINANCE

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

## Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
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 (PFR, 9/4).
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 (PFR, 9/4).
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 (PFR, 9/4).
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 (PFR, 9/4).
	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).
Covanta Energy	Corporate	U.S.	Citizens, Crédit Agricole, JP Morgan, BAML, MUFG, SMBC	Term Loan	\$400M	5-yr	The refinancing package extended the facilities' maturities and was priced at 200 bp over Libor (see story, page 8).
				Revolving Credit Facility	\$900M	5-yr	
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).
Dominion Energy	Cove Point (LNG Terminal)	Lusby, Md.	TBA	Debt	\$3B	3-yr	Over 20 lenders have committed funding with financial close expected by month-end (see story, page 8).
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 (PFR, 9/4).
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 (PFR, 9/4).
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)	Armstrong 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. (PFR, 9/4).
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 (PFR, 9/4).
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).
Morgan Stanley Infrastructure Partners	Bayonne Energy Center (644 MW Gas)	Bayonne, N.J.		Mini-perm	\$450M-\$500M	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 of Libor (PFR, 9/4).
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).

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## MERGERS &amp; ACQUISITIONS ●

## Oaktree to Sell Arlington Valley for \$300 Million

**Oaktree Capital Management** has found a buyer for its 580 MW combined cycle, gas-fired Arlington Valley facility, located approximately 50 miles southwest of Phoenix.

Edmonton, Canada-headquartered **Capital Power Corp.** is paying \$300 million for the facility, subject to working capital and other closing adjustments.

The transaction, which is the result of an auction process, is expected to close in the fourth quarter pursuant to regulatory and other approvals.

**Guggenheim Securities** is advising Oaktree on the sale, say deal watchers. Capital Power

did not use an external adviser, according to a company representative in Edmonton. An Oaktree spokesperson in New York declined to comment.

Capital Power, which typically funds acquisitions from its balance sheet, is financing the deal initially with its existing credit facilities with a view to putting permanent debt financing in place later.

"Arlington is a well-positioned asset in the attractive **Desert Southwest** (DSW) power market with growing demand and a low investment risk environment," said Capital Power's president and ceo, **Brian Vaasjo**, in a statement.

### SECOND CHANCE

The independent power producer has had its eye on Arlington Valley since at least 2011, when it bid aggressively for the facility in a closely contested auction run by **LS Power** (PFR, 3/29/11).

**Highstar Capital** was the successful buyer that time, outbidding Capital Power, **ArcLight Capital Partners** and **Quantum Utility Generation** with its \$906 million combined offer for the facility together with the 579 MW Griffith combined-cycle facility in Kingman, Ariz., which was being sold.

Three years later, Oaktree acquired Highstar and its 2,057 MW fleet of gas-fired generation in the U.S., most of which (including Arlington Valley) was arranged under portfolio company **Star West Generation** (PFR, 6/9/14).

### SUMMER-ONLY CONTRACT

The Arlington Valley project has been online since June 2002 and is fitted with two **General Electric** 7FA combustion turbines, two **Aalborg** (CMI) heat recovery steam generators and a single GE D11 steam turbine.

It is contracted under a summer-only tolling agreement that expires in 2019. A replacement

contract, also covering the summer months only, comes into effect in 2020 and expires in 2026 (PFR, 3/8/17).

Oaktree signed the replacement tolling agreement in 2016 with **Pinnacle West Capital Corp.**, and Capital Power believes there is a "high probability of re-contracting as confirmed through third-party market assessments," according to Vaasjo's statement.

In the meantime, the IPP intends to pursue additional contracts expiring in 2025 to cover the non-summer months.

Combined with the existing tolling arrangements, Capital Power expects these to generate approximately 60% of the value of the purchase price, with the balance of the value to be captured through re-contracting opportunities after 2025.

The facility is supplied by two natural gas pipelines, El Paso and Transwestern Gas Pipeline, and interconnected at a major substation and the Palo Verde power pricing hub. Its location adjacent to the Hub allows for additional capacity to be sold into the DSW or **California Independent System Operator** wholesale markets outside of the contracted summer months. ■

## NRG Yield Renamed Clearway Energy as GIP Acquisition Closes

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days.

Ryder had worked at Invenegy for 12 years before leaving earlier this month (PFR, 8/14).

Cornelius, meanwhile, worked for five years at **Hudson Clean Energy** on the East Coast before joining NRG Energy in 2013. He previously held government agency positions—with the **U.S. Department of Energy** and **NASA**—in Washington, D.C.

### GOLDEN FIELDS

In conjunction with the closing of the acquisition, the development arm of the newly renamed Clearway group, which had formerly operated as **NRG Renew**, announced that it had agreed to buy 4.7 GW of development-stage, utility-scale solar projects spanning 16 states from **SunPower**.

This transaction is expected to close by Oct. 15, according to paperwork filed with the U.S. **Federal Energy Regulatory Commission** on Aug. 31.

The portfolio includes the Golden Fields Solar II, III, IV and V projects in Kern County, Calif.

The 86 MW Golden Fields Solar III, 84 MW Golden Fields Solar IV and 22 MW Golden Fields Solar V projects are expected to come online in late 2019, and will be interconnected to the **Southern California Edison Company** transmission system.

The 170 MW Golden Fields Solar II facility, meanwhile, is slated to come online in 2021, and will be interconnected with the **Los Angeles Department of Water and Power** transmission system.

The planned offtake arrangements for the other projects could not immediately be established.

In 2016, SunPower sold its interests in the first 54 MW phase of the Golden Fields complex, Golden Fields Solar I, to Sydney-based asset manager **Walsh & Co.** (PFR, 11/22/16). The facility has a 20-year power purchase agreement with **TID Water & Power**. ■

## BP Wind in Talks with Potential Buyer of Texas Wind Portfolio

◀ FROM PAGE 1

three projects, the 60 MW Silver Star I facility in Eastland and Erath counties, has been online since 2008, while the 145 MW Sherbino II project in Pecos County came online in 2011 and the 225 MW Trinity Hills project in Archer and Young counties followed in 2012.

**UpWind Solutions**, a San

Diego, Calif.-based **Vestas** subsidiary, is the operations and maintenance contractor for all three projects, which are merchant and sell their output into **ERCOT**.

BP Wind Energy officials in Houston declined to comment and Bank of America Merrill Lynch officials did not respond to inquiries by press time. ■

## ● MERGERS & ACQUISITIONS

# Noble Reaches Deal for Upstate N.Y. Wind Assets

**Noble Environmental Power** has reached an agreement with a private equity firm for the sale of its six-project wind portfolio in upstate New York, following negotiations reported in *PFR* a few weeks ago (*PFR*, 8/21).

**The Carlyle Group** is the buyer of the 612 MW portfolio, which will be its first wind investment, following a successful bid in an auction run for Noble by **Greentech Capital Advisors**.

The equity for the acquisition will come from Carlyle's \$1.5 billion **Carlyle Power Partners**

**II** fund, which invests primarily in North American power generation.

The firm has created a portfolio company, **Zephyr Wind Energy**, to hold the portfolio and to act as an operations platform.

Carlyle's legal adviser on the transaction is **King and Spalding**, while **Morgan Lewis** is advising Noble, a person close to the deal tells *PFR*.

The sale is expected to close in October, subject to regulatory approvals, including those of the **New York Public Service Com-**

**mission** and the U.S. **Federal Energy Regulatory Commission**.

The portfolio comprises:

- the 81 MW Noble Ellenburg Windpark in Ellenburg, Clinton County,
- the 97.5 MW Noble Altona Windpark in Altona, Clinton County,
- the 100.5 MW Noble Clinton Windpark in Clinton, Clinton County,
- the 100.5 MW Noble Bliss Windpark in Eagle, Wyoming County,

- the 106.5 MW Noble Cha-teaugay Windpark near Cha-teaugay, Franklin County, and
- the 126 MW Noble Wethers-field Windpark near Wethers-field, Wyoming County.

The projects, which sell their output into the **New York Independent System Operator** grid, account for 29% of New York State's wind generation, according to a statement announcing the deal. The acquisition will round up Carlyle's total generation capacity to 7 GW. ■

# NextEra Plots Dropdown with "Convertible Equity" Financing

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**Investment Board** agreed to buy the 396 MW portfolio for C\$741 million (\$582.3 million) in April (*PFR*, 4/2).

The funds raised through the convertible equity deal with BlackRock will cover the rest.

The financing structure involves the transfer of the portfolio to a newly created holding company with two classes of shares, one of which, Class A, is held entirely by the yieldco, while the other, Class B, is held by a BlackRock fund.

For the first three years, the financing acts somewhat like debt. The BlackRock fund will receive monthly distributions from the portfolio that it expects to yield an effective coupon of 2.5%.

In the fourth year, NextEra Energy Partners has the option to repay BlackRock's principal, making good on the loan, but only if it makes an additional fixed payment that would top up BlackRock's pre-tax return, including prior distributions, to 7.75%.

The yieldco is allowed to pay at least 70% of this in its own common stock, issued at no discount to the market price when the payment is made, while the rest is to be paid in cash.

If it elects not to repay the principal at that time, however, BlackRock's share of the dis-

tributable cash flows from the portfolio would jump up from 15% to 80%.

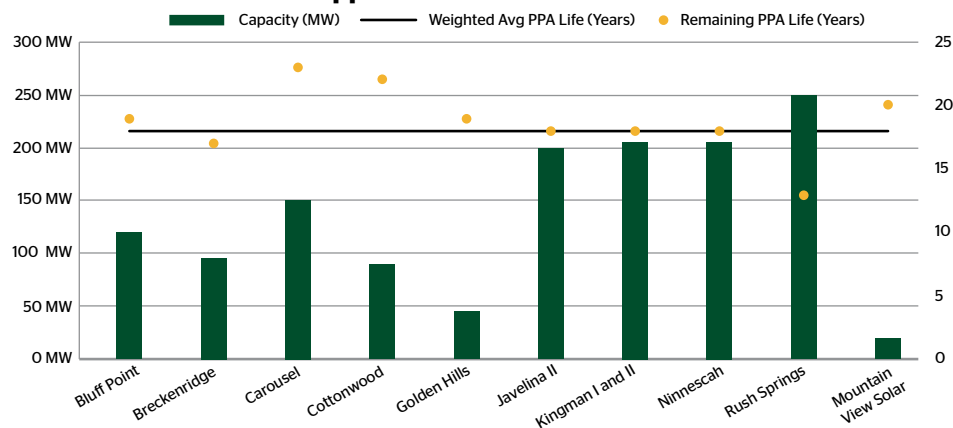
The deal was executed by the BlackRock global energy and power infrastructure team led by **Mark Florian**, which the firm brought over from **First Reserve** last year (*PFR*, 2/7/17). The portfolio has a weighted remaining contract life of about 18 years. It comprises:

- the 120 MW Bluff Point wind project in Jay and Randolph counties, Ind.,
- the 98 MW Breckenridge wind facility in Garfield County, Okla.,
- the 150 MW Carousel wind project in Kit

Carson County, Colo.,

- the 90 MW Cottonwood wind project in Webster County, Neb.,
- the 46 MW Golden Hills North wind facility in Alameda County, Calif.,
- the 200 MW Javelina II wind project in Webb County, Texas,
- the Kingman I and II wind projects, which total 206 MW, in Kingman County, Kan.,
- the 208 MW Ninnescash wind project, which is spread across Pratt, Kingman and Sedgwick counties, Kan.,
- the 250 MW Rush Springs wind project in Grady and Stephens counties, Okla., and
- the 20 MW Mountain View project, the sole solar facility in the portfolio, which is in Clark County, Nev. ■

## NextEra Portfolio to be Dropped down



Source: NextEra Energy Partners press release

# Oil and Gas Players Emerge as Prospects for PPAs

Corporations better known for their roles in gathering, processing and distributing oil and natural gas are increasingly—and perhaps surprisingly—procuring renewables through power purchase agreements, presenting a new opportunity for wind and solar developers.

**Exxon Mobil Corp.**, for example, recently solicited bids for at least 100 MW worth of wind and solar capacity in Texas, while **EDP Renewables** has signed up an “energy sector” company as the offtaker for a wind project in Illinois.

In June, Korean-owned upstream energy services provider **SK E&S** signed a 20-year PPA with **E.On** for generation from a 100 MW solar project in Texas (PFR, 6/12).

## “ARMS RACE”

Cost savings have been a driving factor behind the broader trend of corporations such as Exxon seeking long-term power purchase agreements for wind and solar generation, says **Colin Smith**, a senior analyst at **Wood Mackenzie Power & Renewables**.

“I view it as an arms race because corporations have to do this in order to match their competitors,” he says. “Roughly 12% of projects currently in development have a corporate offtaker.”

Exxon Mobil invited wind and solar suppliers

to pitch contracts lasting 12, 15 or 20 years by June 8, according to an Aug. 24 *Bloomberg* report. The company is willing to consider proposals for over 250 MW.

“We continually evaluate opportunities to supply power for our facilities,” an Exxon spokesperson in Houston told *PFR*.

Besides cutting its electric bill, the oil major’s push into renewables could also be a public relations ploy.

“In addition to lowering costs and being a financially good move, it gives them the ability to say they are being environmentally conscious, so it comes with the added benefit of being a socially responsible move,” says Smith. “It’s possible, but unclear, if Exxon will move from being an oil and gas giant to being someone who brokers energy sales,” he added.

The PPA that EDP Renewables has signed with “a company from the energy sector”, meanwhile, is for 50 MW from its 200 MW Broadlands wind project in Douglas County, Ill.

It follows the signing of two agreements in May for the other 150 MW of Broadlands’ output. One is a 20-year PPA with **Wabash Valley Power Association** for 100 MW, while the other is a 15-year, 50 MW contract with an unidentified corporation (PFR, 5/11). The project is expected to start operations next year.

## BRAZIL SHUNS SOLAR

In other PPA news, Brazil’s **National Electric Energy Agency** (Aneel) has assigned contracts totaling 835 MW in its latest auction.

The PPAs are split between 62 projects or project phases, of which 11 are hydro projects, 48 are wind farms, two are biomass facilities and one is a 326.4 MW gas-fired project (see table).

The PPAs run for 30 years for the hydro projects, 25 years for the thermal projects and 20 years for the wind farms.

The projects will require a total investment of roughly \$5.7 billion, according to Aneel.

One of the winners was **EDP Renováveis Brasil**, which was awarded contracts for two projects in the state of Rio Grande do Norte.

The PPA for the developer’s 176 MW Jerusalem project was set at R\$94/MWh while the contract for its Monte Verde project was priced at R\$87/MWh. Both are indexed to Brazilian inflation.

Under the conditions of the PPAs, all of the facilities have to start supplying electric power from Jan. 1, 2024.

The average PPA price in the auction was R\$140.87/MWh, which represents a 46.89% discount to existing prices, according to Aneel. ■

Sponsor(s)	Project	Type	State	Investment	Capacity
GERAÇÃO CÉU AZUL	BAIXO IGUAÇU	Hydro	PR	R\$0	350 MW
EDF EN DO BRASIL, VENTOS DE SÃO JANUÁRIO ENERGIAS RENOVÁVEIS	VENTOS DE SAO JANUARIO 3, 5, 6, 10, 11	Wind	BA	R\$661,505,000	147 MW
VENTOS DE SÃO JANUÁRIO ENERGIAS RENOVÁVEIS, SALUS FUNDO DE INVESTIMENTOS EM PARTICIPAÇÕES MULTISTRATÉGIA	VENTOS DE SAO JANUARIO 20, 21, 22, 23	Wind	BA	R\$151,200,000	34 MW
EDP RENOVÁVEIS BRASIL	JERUSALEM I-VI	Wind	RN	R\$994,866,780	176 MW
EDP RENOVÁVEIS BRASIL, GESTAMP EÓLICA BRASIL	MONTE VERDE I-V	Wind	RN	R\$882,871,000	253 MW
PARQUE EÓLICO VENTOS DE SÃO JANUÁRIO	VENTOS DE SAO JANUARIO 1, 13, 14, 04	Wind	BA	R\$514,800,000	114 MW
JARDIM BOTANICO GERAÇÃO DE ENERGIA E PARTICIPAÇÕES	SERRA DA BABILONIA A, C, E, F	Wind	BA	R\$296,100,000	85 MW
ENERFIN DO BRASIL SOCIEDADE DE ENERGIA, ENERFIN ENERVENTO EXTERIOR, EÓLICA SÃO FERNANDO	SAO FERNANDO 2	Wind	RN	R\$346,500,000	69 MW
VOLTALIA ENERGIA DO BRASIL	VILA MARANHÃO I-III	Wind	RN	R\$383,692,530	94 MW
VDB F3 GERAÇÃO DE ENERGIA, PARQUE EÓLICO VDB DEV	VENTOS DA BAHIA XIII, XIV, XXIII, XXVII	Wind	BA	R\$710,776,360	129 MW
VENTOS DE SANTA MARTINA ENERGIAS RENOVÁVEIS	VENTOS DE SANTA MARTINA 1, 9-14	Wind	RN	R\$264,600,000	59 MW
PARNAÍBA GERAÇÃO E COMERCIALIZAÇÃO DE ENERGIA	PARNAIBA 5A E 5B	Gas-fired	MA	R\$1,088,794,600	363 MW

Source: Câmara de Comercialização de Energia Elétrica

## ● PROJECT FINANCE

# Dominion Draws Lenders for LNG Export Terminal

Over 20 lenders have committed \$3 billion to fund a three-year term loan for **Dominion Energy's** Cove Point LNG terminal.

The loan, which has a bullet repayment, has been priced at 137.5 basis points over Libor and financial close is expected by the end of the month, according to a Sept. 4 press release.

The identities of the lead arrangers could not immediately be learned. A spokesperson for Dominion in Richmond, Va., did not respond to an inquiry.

## SIZE MATTERS

"The sheer size of the deal was attractive," said one New York-based project finance banker. "The fact that the project is already operating is another factor that drew lenders."

Another banker who specializes in LNG financing agreed, adding, "Dominion did construction on balance sheet and so lenders weren't exposed to construction risk, which led to the tight price talk."

The export terminal began operations in March and has a storage capacity of 14.6 billion cubic feet with a daily send-out capacity of 1.8 bcf.

"The short tenor of the term loan and the creditworthiness of the offtakers are also reasons why this debt is being priced where it is," the second banker added.

Cove Point has 20-year tolling contracts with **ST Cove Point**, a joint venture between **Sumitomo Corp.** (rated Baa1/A-/A) and **Tokyo Gas Co.** (rated Aa3/AA-/AA), and a subsidiary of Indian state-owned gas processing and distribution company **Gail** (PFR, 7/31/14).

Gail's two ratings, from **Moody's Investors Service** and **Fitch Ratings**, are capped by the two agencies' ratings of India's sovereign debt, at Baa2 and BBB-, respectively.

LNG export capacity in the U.S. is expected to ramp up from zero in 2015 to 9 BCF by 2021 (PFR, 2/1). ■

# Covanta Refis Senior Secured Loans

Biomass generator **Covanta Energy** refinanced its senior secured facilities in a \$1.3 billion deal in August, cutting the cost of its revolver and pushing out the maturities of its loans.

**Citizens Bank, Crédit Agricole, JP Morgan, Bank of America Merrill Lynch, MUFG** and **Sumitomo Mitsui Banking Corp.** were the co-lead arrangers on the five-year package, which comprises a \$400 million term loan and \$900 million revolver, and which was signed on Aug 21.

The term loan was priced at 200 basis points over Libor, subject to a 25 bp downward adjustment if the company's leverage ratio falls below 1.75:1, while the pricing on the revolver also starts at 200 bp. The RCF comes with a 37.5 bp commitment fee.

The maturities of the facilities were extended out to 2023. The revolver had previously been due in 2019 and the term loan in chunks between 2019 and 2020.

The term loan and revolver

lenders were BAML, Citizens Bank, Crédit Agricole, MUFG, SMBC, **TD Bank, Capital One, CoBank, Compass Bank, JP Morgan, Branch Banking and Trust Co., Fifth Third Bank, HSBC, The Huntington National Bank** and **Siemens Financial Services.**

**S&P Global Ratings** rates Covanta's senior secured debt BB+.

Covanta sold its 50% stake in the 13.3 MW Koma Kulshan hydro project at Mt. Baker, Wash., to **Atlantic Power Corp.** for \$11.8 million earlier this summer (PFR, 7/3). ■

## FAST FACT

# 200 bp

Pricing on the newly extended term loan and revolving credit facilities

## ● PEOPLE & FIRMS

# Silicon Ranch Hires Business Developer Out of Retirement

Solar project developer and independent power producer **Silicon Ranch Corp.** has brought a former **Touchstone Energy Cooperatives** executive out of retirement in Florida to head its business development unit in Nashville, Tenn.

**Jim Bausell**, who was the chief operating officer of Touchstone for over a decade, started in his new role on Sept. 5 and

will lead the company's growth strategy as it expands its U.S. solar portfolio.

"He has operated as a consultant for us for the past three months, and we are thrilled he has come 'out of retirement' to join our management team," said **Matt Beasley**, Silicon Ranch's chief marketing officer, in an email to *PFR*.

Bausell retired two years ago

from his position as senior vice president of communications at the **National Rural Electric Cooperative Association**, a national trade body that represents over 900 consumer-owned electric utilities. He had been with NRECA for two decades, according to his LinkedIn profile.

For some of this time, from 2000 to 2014, he was also coo of Touchstone.

Before joining Touchstone, Bausell was vice president of power equipment distributor **PACE** for two decades, from

1977 to 1997.

His appointment comes on the heels of a spate of hiring activity at Silicon Ranch, which recently added eight employees, including former **Royal Dutch Shell** finance manager **Mitchell Ice** and business development manager **Evan Bates** (PFR, 7/24).

Shell paid Swiss private equity firm **Partners Group** \$217 million for a 43.83% stake in Silicon Ranch in 2016, making the Anglo-Dutch oil and gas giant the solar developer's largest shareholder (PFR, 1/16). ■