

# Power Finance & Risk

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

By the publisher of GlobalCapital



## ● Q&amp;A

## Frank Napolitano, Credit Suisse

Credit Suisse's global power and utilities chief talks about how corporate M&A is creating a wave of asset-based M&A activity. Page 10

## ● STRATEGIES

## NRG Circles Wind Tax Equity

NRG Energy is bringing JPMorgan Capital Corp. and an additional investor into a portfolio of legacy Edison Mission Wind assets. Page 6

## Euro-Backed Wind Shops Chase Co-Investors

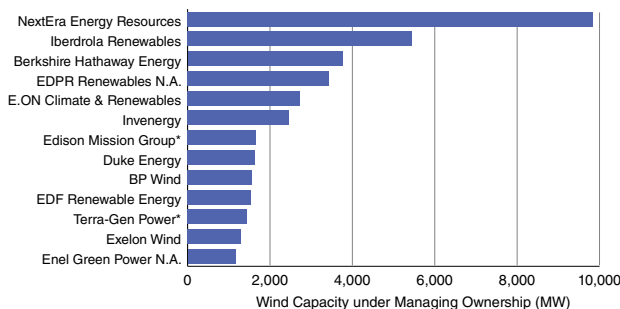
● Bank of America Merrill Lynch is running two of the processes

Holly Fletcher

**Enel Green Power North America** is one of several renewable shops with European parents that are looking to bring co-investors into existing wind portfolios as a way to raise capital to fund further developments.

Enel Green Power N.A. and **E.ON Climate & Renewables North America** are each working with **Bank of America Merrill Lynch** to sell down stakes in

### Largest Owners Of U.S. Wind Capacity



\*Currently owned by NRG Energy

Source: AWEA U.S. Wind Industry Annual Market Report 2013 and Power Finance &amp; Risk

wind portfolios. The companies are trying to tap into appetite for spinning wind assets by bringing in a co-investor, similar to **Invenergy's** deal with **Caisse de**

**dépôt et placement du Québec** (PFR, 4/28), or sell stakes in individual projects, deal watchers say.

**EDF Renewable Energy** has also been on the **PAGE 12 >**

## PF Mart Gears Up For 2 GW Of Wind

Holly Fletcher

Financiers are expecting to see upwards of 2 GW, or more than \$4 billion, of wind projects cross their desks as developers try to nail down financing by year-end in order to qualify for the production tax credit, panelists said at **IJGlobal's North America Energy & Infrastructure Financing Forum** in New York.

Some estimates put the amount of wind to come to market online between 4-5 GW. However, some of the projects will be financed on balance sheet by well-capitalized developers, financiers say. There is adequate liquidity in the market to finance the volume of projects, they note. Sponsors are also considering adding back leverage to several project finance deals (see story, page 8).

The availability of tax equity is a challenge for projects coming to market. Tax equity investors have finite capital and expect to deal mostly with "top tier" developers, noted **PAGE 8 >**

## Tenaska Floats \$1.59B Refi For Merchant Portfolio

Holly Fletcher &amp; Sara Rosner

**Tenaska Capital Management** affiliates have launched a \$1.59 billion refinancing backing roughly 5 GW of merchant

generation. Lead arranger **Morgan Stanley** and co-leads **Goldman Sachs**, **Bank of Tokyo Mitsubishi-UFJ** and **Bank of America Merrill Lynch** kicked off the transaction at a bank

meeting at the **St. Regis Hotel** in New York today.

The package is comprised of a \$1.5 billion first lien term loan and a \$90 million first lien working capital facility that matures in 2021 and 2019, respectively. Tenaska affiliates **TPF II Power** and **TPF II Covert Midco** are the issuers of the **PAGE 12 >**



## ● IN THIS ISSUE

### MERGERS & ACQUISITIONS

- 5 | Geronimo Hawks Wind Pipeline
- 5 | E.ON Floats Wind Stakes
- 5 | Wyo. Town Buys Gas-Fired Plant
- 5 | Euro Infra Fund Hunts Solar

### PROJECT FINANCE

- 6 | AMP Capital Finances Alterra Portfolio

### STRATEGIES

- 6 | NRG Woos JPM Tax Equity
- 6 | Fortistar Chases Primary Financing

### CONFERENCE COVERAGE--NAEIFF

- 8 | PF Sees Players Re-Enter
- 8 | Wind Firms Scout Back Leverage
- 9 | Resi Solar Shops Eye Tax Equity

### DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 9 | PowerTweets
- 12 | Alternating Current

## ● THE BUZZ



iStock/Thinkstock

## Q4 Hunt For Wind Dollars

Wind deals are expected to be headline the deal flow over until the end of the year as developers angle to get financing for projects that need to enter construction. Financiers are expecting to look at more than \$2 billion in prospective deals in the next quarter. The financing for construction is available but the hunt for tax equity is likely to prove more challenging for developers (see story, page 1).

Veteran developers with proven track records are set to garner the bulk of tax equity investment, a trend that is reflected in **NRG Energy's** imminent deal with **JPMorgan Capital Corp.** (see story, page 6). JPMCC and an unidentified co-investor are set to take passive stakes in a portfolio of

seven wind projects that NRG acquired from its purchase of **Edison Mission Energy**. The deal comes for JPMorgan as it simultaneously seeks to sell down a stream of cash flows from another portfolio of wind tax equity deals (PFR, 9/3).

The rush to get projects built before the end of the production tax credit window is still a driver in renewable M&A. Shops with limited balance sheets are pushing to find homes for projects with developers that have the capital to bring the projects online. **Geronimo Energy** is out to sell a pipeline that totals about 1 GW (see story, page 5). **Apex Clean Energy**, along with other developers, is hunting for buyers (PFR, 8/5).

Companies such as **Pattern Development**, **NextEra Energy Resources** and **Invenenergy** have turbine framework agreements. These shops could be picking up additional projects in the coming months, say observers, noting that many deals are happening swiftly in bilateral talks.

Merchant assets continue to provide a foundation for activity in the debt capital markets. **Tenaska Capital Management** subsidiaries launched a \$1.59 billion term loan package that refinances a set of merchant projects, including the **U.S. Power Generating** fleet, in PJM, MISO and NYISO. This deal follows **Exelon Corp.**'s launch of a \$720 million term loan transaction that is backed by a set of five quasi-merchant projects in ERCOT (PFR, 9/4). **Bank of America Merrill Lynch** is working on both deals.

## PFR Power Finance & Risk

### EDITORIAL

**Holly Fletcher**  
Managing Editor  
(212) 224-3293

**Sara Rosner**  
Editor  
(212) 224-3165

**Stuart Wise**  
Data Associate

**Andrea Innis**  
Data Associate

**Kieron Black**  
Sketch Artist

### PRODUCTION

**Gerald Hayes**  
Manager  
**Dariusz Hessami**  
Designer  
**Andy Bunyan**  
Associate

### ADVERTISING

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

### PUBLISHING

**Emmanuelle Rathouis**  
Marketing Director

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

**Nina Bonny**  
Customer Service Manager  
(212) 224-3433

### SUBSCRIPTIONS/ ELECTRONIC LICENSES

One Year \$3,147 (In Canada add \$30 postage, others outside U.S. add \$75)

**Ken Lerner**  
Account Executive  
(212) 224-3043

### REPRINTS

**Dewey Palmieri**  
Reprint & Permission  
Manager [New York]  
(212) 224-3675  
dpalmieri@institutionalinvestor.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

225 Park Avenue South, New York, NY 10003  
Power Finance & Risk is a general circulation newsweekly.  
No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2014

Institutional Investor, LLC ISSN# 1529-6652

Copying prohibited without the permission of the publisher.

**COPYRIGHT NOTICE:** All materials contained in this publication are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published, broadcast, photocopied or duplicated in any way without the prior written consent of Institutional Investor. Copying or distributing this publication is in violation of the Federal Copyright Act (17 USC 101 et seq). Infringing Institutional Investor's copyright in this publication may result in criminal penalties as well as civil liability for substantial money damages. ISSN# 1529-6652

### Postmaster

Please send all undeliverable Mail and changes of addresses to:  
PO Box 4009 Chesterfield, MO 63006-4009 USA

## GlobalCapital

### TELL US WHAT YOU THINK!

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 **Holly Fletcher**, managing editor, at (212) 224-3293 or holly.fletcher@powerfinancerisk.com

## GENERATION AUCTION &amp; 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](http://www.powerintelligence.com/AuctionSalesData.html)

## Generation Sale ■ DATABASE

Seller	Assets	Location	Advisor	Status/Comment
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	Sale relaunched after several PPAs were extended (PFR, 3/17).
ArcLight Capital Partners	Peakers (2 GW Gas)	Various, Georgia	TBA	Carved peakers out of Southeast PowerGen to sell (PFR, 3/24).
ArcLight Capital Partners	Victoria (330 MW CCGT)	Victoria, Texas	UBS	Sale is near launch (PFR, 4/7).
ArcLight Capital Partners	Sun Peak (222 MW Gas)	Las Vegas, Nev.		Nevada Power is buying them (PFR, 5/12).
ArcLight Capital Partners	Hamakua (60 MW CCGT)	Hawaii	Energy Advisory Partners	Teasers out (PFR, 7/28).
Atlantic Power Corp.	Fleet (2.1 GW)	Various	Goldman Sachs, Greenhill	First round bids are in (PFR, 6/30).
Burrows Paper Corp.	Lyonsdale Associates (19 MW Hydro)	New York		Burrows in final stages of selling (PFR, 8/25)
Exelon Corp.	Fore River (809MW Gas-Fired)	Massachusetts	Citi, Morgan Stanley	Calpine is buying it (PFR, 9/1).
Calpine	Osprey (550MW CCGT)	Florida	TBA	Comes after Duke recently said it wanted to build not buy plants (PFR, 9/1)
Corona Power	Stake (Sunbury, 900 MW Repowering)	Shamokin Dam, Pa.	Perella Weinberg	First round offers due April 14 (PFR, 3/31).
Coronado Power Ventures	La Paloma (690 MW CCGT)	Harlingen, Texas	Blackstone	Looking for equity and debt (PFR, 8/11).
Duke Energy	Portfolio (6.6 GW Coal, Gas, Oil)	Various	Citi, Morgan Stanley	Dynegy is buying it (PFR, 9/1).
● E.ON Climate & Renewables North America	Stake (Wind Portfolio)	Various	Bank of America Merrill Lynch	Looking to sell 80% of several projects (see story, page 5).
● Enel Green Power North America	Stake (Wind Portfolio)	Various	Bank of America Merrill Lynch	Sale process recently started (see story, page 1).
Entegra Power Group	Portfolio	Arizona, Arkansas	Houlihan Lokey	Filed for Ch. 11 bankruptcy (PFR, 8/11).
Exelon Corp.	Quail Run (488 MW)	Odessa, Texas	Morgan Stanley	First round teasers came in recently (PFR, 7/7).
Exelon Corp.	Fore River (726 MW CCGT)	North Weymouth, Mass.	Citi	Calpine is buying it (PFR, 9/1).
FGE Power	Portfolio (1.5 GW CCGT)	Texas	Fieldstone	Starwood has taken equity in two projects (PFR, 7/28).
First Solar	Imperial Valley (150 MW Solar)	Imperial County, Calif.	TBA	First Solar is considering retaining a passive stake (PFR, 9/8).
● Geronimo Energy	Various (Wind)	Various	Barclays	Algonquin has bought one project (see story, page 5).
NTE Energy	Portfolio (1.3 GW CCGT)	Various	Whitehall	Capital Dynamics has taken equity stakes (PFR, 7/28).
NTR	Portfolio (Wind)	Various	TBA	Will take pitches to sell Wind Capital Group (PFR, 9/8).
NaturEner USA	Portfolio (399 MW Wind)	Montana		Morgan Stanley fund is taking over the assets (PFR, 8/25)
Olympus Power	Grant County Wind Farm (20 MW Wind)	Minnesota	Ewing Bemiss	The deal power price is set at \$69.10 per MWh for first ten years (PFR, 9/1).
Riverstone Holdings	Sapphire Power (807 MW Gas)	Various	Barclays	On the market recently (PFR, 8/25).
Stark Investments	Grays Harbor (723 MW Gas)	Grays Harbor County, Wash.	TBA	Invenegy is buying out Stark's stake (PFR, 8/18).
Stonepeak Infrastructure	Stone Mills (11 MW Solar)	Napanee, Ontario		DIF Infrastructure is buying it (PFR, 9/18).
SunShare	Portfolio (9.6 MW Solar)	Colorado	Infrastructure Finance Advisors	High interest; moved to second round (PFR, 8/18).
Tenaska	Westmoreland (950 MW Gas)	Pittsburgh, Pa.	Whitehall	Looking for development capital (PFR, 8/18).
Traxys	White Pine (40MW Gas-Fired)	Michigan	TBA	Biotech shop bought as backup generation for underground garden (PFR, 9/1).
Upstate New York Power Producers	Cayuga (306 MW Coal)	Lansing, N.Y.	Blackstone	Teasers recently went out (PFR, 6/23).
	Somerset (675 MW Coal)	Barker, N.Y.		
Waste Management	Portfolio (Waste-To-Energy)	Various	Barclays, Centerview Partners	ECP is buying Wheelabrator for \$1.94B (PFR, 8/4).

## ● 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 Managing Editor Holly Fletcher at (212) 224-3293 or e-mail [holly.fletcher@powerfinancerisk.com](mailto:holly.fletcher@powerfinancerisk.com)

## ● PROJECT FINANCE

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
Alterra, Fiera Axiom	Jimmie Creek (62 MW Hydro) Shannon (204 MW Wind)	British Columbia Texas	AMP Capital	TBA TBA	\$110M	9-yr	AMP will disperse funds in three tranches (see story, page 6).
Apex Wind	Balko Wind (30 OMW Wind)	Oklahoma	TBA	TBA	TBA	TBA	Sponsor takes pitches from prospective MLAs (PFR, 9/8).
BluEarth Renewables	Bow Lake (58.23 MW Wind)	Sault Ste. Marie, Ontario	BMO Capital	Term	C\$203M	7-yr	Four banks participated (PFR, 8/4).
Cape Wind Associates	Cape Wind (468 MW Wind)	Cape Cod, Mass.	MUFJ, Natixis, Rabobank	TBA	\$150M	TBA	Conditional loan guarantee came from the Department of Energy (PFR, 7/1).
Cobra Energia	Peru Portfolio (122 MW Wind)	Peru	U.S. Ex-Im	TBA	\$65M	17-yr	The Cobra projects have 20-year offtaker contracts with Peruvian government (see story, page x).
Coronado Power Ventures	La Paloma (690 MW CCGT)	Cameron County, Texas	Blackstone	TBA	TBA	TBA	Debt and capital raise has had several setbacks (PFR, 8/11).
Dalkia/Fengate	Merrit (40 MW Biomass)	Merrit, B.C.	MUFJ	TBA	\$168M	TBA	Sponsor aims to wrap the financing early next year (PFR, 12/2).
Dominion Energy	Cove Point (LNG Export)	Calvert County, Md.	Barclays, Citi, JPM	TBA	TBA	TBA	Dominion plans to IPO an MLP to partially fundy (PFR, 8/4).
Energy Investors Funds	Newark (705 MW Gas)	Newark, N.J.	Credit Ag, GE EFS, MUFJ	TBA	\$590M	TBA	Deal closed on strong interest (PFR, 6/30).
Energy Investors Funds	Oregon (800 MW Gas)	Oregon, Ohio	BNP, Credit Ag	TBA	TBA	TBA	Deal is about to launch at L+325 (PFR, 8/18).
Exmar NV	Floating Liquefaction Project	Colombia	TBA	B Loan	\$170M	TBA	Sponsor looking to land a B loan for the debt on the project (PFR, 5/5).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	TBA	TBA	\$1B	TBA	Has opted for project finance loan over B loan (PFR, 7/28).
Firelight Infrastructure Partners, SunEdison	Bruining (18 MW Solar)	Ontario	NordLB	Construction, Term	C\$113.5M	TBA	NordLB has also agreed to a C\$63 million loan that will set at the project level once it's operating (PFR, 8/11).
GDF Suez, Pemex	Los Ramones II Sur (178-mile Pipeline)	Mexico	Santander	TBA	TBA	TBA	BNP Paribas is also advising on the \$1B project (PFR, 8/11).
Invenergy	Le Plateau 2 (21.5 MW Wind)	Quebec	BayernLB	TBA	TBA	TBA	Deal wraps (PFR, 9/8).
Invenergy	Spring Canyon (60 MW Wind)	Spring Canyon, Colo.	Rabobank	TBA	TBA	TBA	Deal wraps (PFR, 9/8).
NextEra Energy Resources	Bluewater (60 MW Wind)	Lake Huron, Ontario	TBA	TBA	TBA	TBA	Sponsor is talking to lenders in the U.S. to finance the project (PFR, 5/19).
New Generation Power	NGP Texas (400 MW Wind)	Haskell County, Texas	TBA	Construction/ Term/ Tax Equity	~\$700M	TBA	This is the sponsor's largest deal to date (PFR, 4/14).
NTE Energy	Multiple (Gas)	Various, U.S.	Whitehall	TBA	TBA	TBA	Looking to arrange PPAs for a portion of gas-fired trio (PFR, 8/4).
Pattern Energy	Armow (180 MW Wind)	Kincardine, Ontario	TBA	TBA	TBA	TBA	Sponsor is looking for tighter pricing than its K2 financing (PFR, 5/26).
Samsung Renewable Energy	Kingston (100 MW Solar)	Ontario	RBC, Connor Clark & Lunn	TBA	\$500M	TBA	Lenders are beginning to circle up (PFR, 7/21).
D.E. Shaw	Red Horse 2 (51MW Wind)	Arizona	Santander, Sabadell	TBA	\$170M	20-yr	Near financial close (PFR, 8/25).
Starwood Energy Global Group	Stephens Ranch II (165 MW Wind)	Texas	Citi, Morgan, MUFJ	Construction	\$207M	TBA	Firms will also make tax equity investments in the project (PFR, 8/25).
Sempra U.S. Gas & Power	Energia Sierra Juárez (156 MW Wind)	Baja California, Mexico	MUFJ	TBA	~\$250M	TBA	On track to close within two weeks (PFR, 6/2).
Tenaska	Brownsville (800 MW CCGT)	Brownsville, Texas	TBA	TBA	TBA	TBA	Tenaska is in early stages of talks, plans to wrap by year-end (PFR, 6/30).
Tenaska	Westmoreland (950 MW CCGT)	Pittsburgh, Pa.	Whitehall	TBA	TBA	TBA	Looking for development capital (PFR, 8/18).
Transmission Developers	Champlain Hunson (Transmission)	New York	RBC	TBA	~\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PFR, 3/3).

## ● 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 Managing Editor Holly Fletcher at (212) 224-3293 or e-mail [holly.fletcher@powerfinancerisk.com](mailto:holly.fletcher@powerfinancerisk.com)

## MERGERS &amp; ACQUISITIONS ●

# Algonquin Lands PTC-Primed Wind Project

**Algonquin Power & Utilities Corp.** has agreed to buy a \$313.5 million, 200 MW wind project in Minnesota from **Geronimo Energy**, which has other projects totaling 800 MW on the block.

Algonquin is buying the 200 MW Odell project in Cottonwood, Jackson, Martin, and Watonwan Counties. The project has a 20-year power purchase agreement with a subsidiary of **Xcel Energy** and is on track to be online by the end of 2015 to qualify for the production tax credits.

Geronimo, based in Edina, Minn., is working with **Barclays** to sell about 1 GW of late stage, contracted wind projects, says a deal watcher. The deal with Algonquin is the first transaction to arise out of the mandate, he notes, adding that Geronimo remains in talks about the other projects.

Geronimo owns two projects in Whiteside, Lee and Bureau Counties, Ill., that are expected to be online to qualify for the PTC. The projects are the 210 MW Walnut Ridge wind project and the 225 MW Green River project. It also owns the 200 MW Courtenay wind project in Stutsman County, N.D., which is also contracted to a subsidiary of Xcel. Green River and Walnut Ridge were acquired from **Mainstream Renewable Power** earlier this year.

Algonquin is planning to finance the acquisition and construction with \$190.8 million of equity, and funding the remaining costs with bond proceeds. In conjunction with the planned acquisition, **Emera**, which owns 24.4% of Algonquin, has agreed to a private placement of subscription receipts. The instruments are convertible to 7.86 million shares

of APUC stock, which is valued at around \$70 million. The proceeds will be used to for the acquisition and construction in conjunction with equity and bonds from Algonquin.

Separately, Algonquin has hired **CIBC World Markets** and **TD Securities** to issue 16.86 million shares at C\$8.90 (\$8.12) a share, or C\$150 million (\$136.84 million). The offering is expected to close Sept. 16. The proceeds are anticipated to be used to finance a portion of the Odell project, says another deal watcher.

A timeline for Algonquin to issue the bonds could not be immediately learned. A spokeswoman in Oakville, Ontario, was not immediately available to return a call.

A Barclays spokesman declined to comment on Geronimo while a Geronimo spokeswoman was not readily available. ■

## E.ON Hawks U.S. Wind Stakes

**E.ON Climate & Renewables North America** is working with **Bank of America Merrill Lynch** to sell a portion of its 2.7 GW portfolio of wind assets.

The shop is trying to sell up to 80% of several wind farms, including the 203 MW Magic Valley in Willacy County, Texas, and the 200 MW Wildcat in Madison and Tipton County, Ind., say observers. The process has been in the works for a few weeks and there are interested buyers, note officials.

E.ON Climate & Renewables N.A. owns

18 wind farms in Illinois, Indiana, New York, Pennsylvania and Texas, according to its website. The shop will entertain offers for a subset of its farms, say observers, noting that potential buyers are, in some cases, interested in select farms. The number of assets included in the sale could not be immediately learned.

A timeline for the auction could not be immediately learned. A BAML spokesman declined to comment. A spokesman for E.ON Climate & Renewables N.A. could not immediately comment. ■

## DIF Stalks N.A. Solar

**DIF Infrastructure** is looking to make equity investments in solar assets in North America. The shop is targeting contracted assets that are in operation or just prior to construction.

DIF is in talks with several parties in North America regarding potential purchases, notes an official. DIF most recently bought the 11 MW Stone Mills solar project from **Stonepeak Infrastructure** subsidiary **Northstar Renewable Power Corp.** (PFR, 9/4). It has also signed a sale and purchase agreement for 40 MW of solar across four projects from **Canadian Solar**.

DIF manages roughly EUR2 billion (\$2.58 billion) across five funds, with its most recent fund, **DIF Infrastructure III**, closing at EUR800 million (\$1.08 billion) last year. European pension funds and insurance companies comprise the bulk of its investors. "What we promise investors is long-term stable cash flows and certain contracted renewables fit that model," the official says.

About 30% of DIF's funds are invested in renewables assets, notes the official. Details such as DIF's budget for renewables investment in the near-term, or how much it looks to invest in each transaction, could not be learned.

DIF, which also has a focus on private public partnerships in infrastructure, opened its Toronto office in 2012 to take advantage of Canada's particularly well-developed P3 market, the official says. Paul Huebener is head of DIF in Canada. The infrastructure fund has offices in Amsterdam, London, Paris, Frankfurt and Luxembourg. ■

## Wyo. City Seals Gas-Fired Purchase

The City of Gillette, Wyo., has bought a gas-fired plant from **Black Hills Corp.**, for roughly \$22 million.

The deal has been in the works since the spring of 2013 but couldn't be finalized until a power purchase agreement between the 40 MW Gillette facility and Black Hills subsidiary **Cheyenne Light Fuel & Power** matured on Aug. 31.

**Black Hills Wyoming**, another Black Hills unit, will operate the facil-

ity and provide administrative services for 20 years.

Black Hills will buy wholesale power on behalf of the City of Gillette when wholesale power is below the cost of power from the gas-fired facility, according to Black Hills.

Black Hills, based in Rapid City, S.D., plans to use proceeds from the sale to pay down debt. Details on how Gillette is financing the acquisition could not be immediately learned. ■



## ● STRATEGIES

# JPMCC Circles NRG Tax Equity

**JPMorgan Capital Corp.** and an unidentified co-investor are looking to finalize a tax equity investment in a portfolio of **NRG Energy** wind farms. NRG filed with the U.S. **Federal Energy Regulatory Commission** for approval of the transaction last week, which includes interests in its assets from its **Edison Mission Energy** acquisition.

The proposed deal would give JPMCC and the co-investor passive interests in NRG subsidiary **NRG Wind TE Holdings**, which will contain NRG's interests in the following projects, and other assets:

- the 80 MW Elkhorn Ridge in Boone County, Neb.,
- the 29 MW Forward in Somerset County, Pa.,
- the 50 MW Jeffers in Cottonwood County, Minn.,
- the 38 MW Lookout in Somerset County, Pa.,
- the 120 MW San Juan Mesa in Chaves County, N.M.,
- the 95 MW Sleeping Bear in Harper

County, Okla., and  
— the 161 MW Wildorado in Oldham County, Texas.

The assets in the transaction will likely be dropped down to **NRG Yield** at some point, notes an observer. NRG Yield will have a stake in NRG Wind TE Holdings alongside JPMCC and the co-investor, according to the FERC filing. Details, such as the terms of the tax equity investment, or how it would sit within the yield company, could not be learned. Spokespeople for JPM and NRG did not respond to inquiries. **David Tewksbury**, partner at **King & Spalding** in Washington D.C., who worked on the FERC filing, declined to comment a spokesman.

A **Tenaska Capital Management** affiliate is a minority co-owner of Elkhorn Ridge, while **Citigroup** is a minority co-owner of San Juan Mesa. NRG acquired the NRG Wind TE Holdings assets as part of its \$2.6 billion purchase of EME (PFR, 1/14). ■

# Fortistar Cases Primary Acquisition Financing

**Fortistar** is talking with **Investec** about financing its proposed acquisition of **Primary Energy**, an independent power producer that owns recycled energy assets in Indiana.

Fortistar is reportedly looking for up to \$215 million in debt, says a deal watcher, noting that Investec is talking to other lenders about joining the deal. Details of the financing, such as structure, pricing, tenor and identity of potential lenders could not be immediately learned.

The deal between Primary and Fortistar has not been formally announced. Spokespeople for Fortistar and Primary and an official for Investec either declined to comment or did not immediately respond to an inquiry.

Oak Brook, Ill.-based Primary Energy owns four inside-the-fence facilities mostly on industrial sites around East Chicago, Ind. The sites are owned by multinational steel manufacturer **ArcelorMittal**. The company's

assets have an average contract life of 14 years.

Recycled energy facilities use waste or escaped heat from industrial processes to power turbines. The portfolio of assets, listed below, also includes a 50% stake in a pulverized coal-fired facility.

— 50 MW Ironside Energy combined heat and power facility in East Chicago, that is fueled recycled waste energy. The facility has an offtake agreement with **Indiana Harbor Works** until 2020.

— 90 MW North Lake recycled heat-fired facility in East Chicago, that is contracted until at least 2041.

— 95 MW Cokenergy recycled heat-fired facility in East Chicago, that uses waste heat from an onsite coke-making facility and is contracted to its host site until 2023.

— 63 MW Portside Energy cogeneration facility in Portage, that sells steam and power to **United States Steel Corp.**'s Midwest plant operations until 2028. ■

## ● PROJECT FINANCE

# Alterra Nets AMP Capital Financing

**Alterra Power** has wrapped a C\$110 million (\$100 million) loan backing a wind project in Texas and a hydro project in Canada from lender **AMP Capital**.

Proceeds from the loan will fund development and construction, and sponsor equity, in the 62 MW Jimmie Creek hydro project in the Toba Valley in British Columbia and the 204 MW Shannon wind project in Clay County, Texas.

The borrower will receive the loan, which matures in 2023, in three tranches:

- the C\$67.3 million (\$61.7 million) Tranche

A, which was reportedly dispersed last month;

— the C\$21.5 million (\$19.7 million) Tranche B, after the close of construction financing for Jimmie Creek; and

— the C\$21.2 million (\$19.44 million) Tranche C, after the close of construction financing for Shannon.

Tranche A is secured by Alterra's 40% stake in the 78.4 MW Toba Montrose hydro project and its 25.5% stake in the 73.4 MW Dokie 1 wind project, both in British Columbia. Tranches B and C will be dispersed pending certain stipulations.

"Our financing solution allowed Alterra to retain ownership of their existing assets while raising flexible capital for their growth endeavors. The private, bilateral nature of the deal

allows for a structure that gives Alterra every incentive to perform while at the same time protects our downside," notes **Andrew Liao**, associate director at AMP Capital in New York. Jimmie Creek has a 40-year power purchase agreement with **BC Hydro** starting in 2016. Shannon is slated to qualify for the production tax credit and begin operating next year.

**Fiera Axium** bought a 49% stake in Jimmie Creek (PFR, 4/29). Alterra bought Shannon from **Horn Wind** (PFR, 11/20/13). Fiera Axium is the co-owner of Toba Montrose and Dokie 1.

Details regarding these stipulations, construction financing plans and pricing on the loan, could not be learned by press time. A spokesman for Alterra did not respond to inquiries by press time. ■

# PFR

## POWER FINANCE & RISK IS BACK...

### NEW DESIGN. LEGACY NAME.



We are returning to the Power Finance & Risk brand in September as this is how our readers know us best. The updated look and feel will frame our exclusive deal and feature coverage, which includes:

- Up-to-date databases tracking generation M&A, project finance and requests for proposals
- Increased coverage of Mexico and Latin America
- The PPA Pulse and Yieldco Sweep
- Q&As with corporate, banking, legal and investment executives who are leading the industry



@PowerFinRisk



Power Finance & Risk



**Power Finance & Risk**

By the publisher of GlobalCapital

## ● NORTH AMERICA ENERGY AND INFRASTRUCTURE FINANCING FORUM

A crowd of more than 200 gathered at the Westin New York at Times Square on Sept. 10-11 for IJGlobal's **North America Energy and Infrastructure Financing Forum**. The conference broke into separate streams with emphasis on energy or infrastructure. On the energy stream, the roster of wind developers hunting capital, tax equity and re-entrants to the project finance market took center stage. Managing Editor **Holly Fletcher** filed the following stories.



### PF Mart Gears Up For 2 GW Of Wind

« FROM PAGE 1 one investor at the conference. "The better capitalized the company is the more likely we'll be doing business with them," an investor told the audience. There are about 24 tax equity investors in the wind industry.

Many financing and tax equity transactions have been delayed while sponsors, lenders and investors waited for the U.S. **Internal Revenue Service** to release guidance on the for start of construction for the PTC (PFR, 8/8). Some projects may not make it into construction and turbine manufacturing queues in time to qualify for the PTC, due to the late arrival of the IRS' guidance, officials say. Tax equity investors are spending time looking into whether it's feasible for a project to be operational by the end of 2015.

**Apex Clean Energy** and **Geronimo Energy** have pipelines that together total about 2 GW. Some companies are looking to sell projects as certain buyers, such as **Algonquin Power & Utilities Corp.** (see story, page 5), could have better access to capital. ■

### Resi Solar Shops To Hunt Tax Equity

Solar developers with residential solar pipelines will be looking for tax equity in the next two years at a rate that could squeeze the existing liquidity in the market, according to panelists.

**SolarCity Corp.**, **SunRun**, **Sungevity** and **Vivint** are among those companies that will be looking to line up tax equity for portfolios, although there are a limited number of investors that are paying attention to the space, panelists told attendees.

There are roughly two dozen tax equity investors that participate in deals and only a fraction of those are interested in solar and fewer dive into residential, said an investor and residential solar developer. Converting wind and utility scale solar investors to residential solar can take time, panelists said, adding that some investors will ultimately prefer either residential or commercial distributed generation.

Tax equity is a necessary component to making

distributed generation deals cost-efficient, panelists said. The liens that come with the tax equity investments increase the challenges associated with other sources of capital such as securitizations, however. The residential solar sector has struggled to securitize portfolios that have tax equity because tax equity investors get the first access to capital streams. SolarCity, the only issuer of solar lease-backed securitizations to-date, did include some assets that have a tax equity component in its third ABS in June, panelists said. Details on how the deal was structured could not be immediately learned.

The volume of tax equity investment in residential solar has increased over the last 18 months. **JPMorgan Capital Corp.**, **Credit Suisse** and **Bank of America Merrill Lynch** are among the tax equity investors that have partnered with developers on tax equity funds (PFR, 7/3/13). ■

### Wind Shops Court Lenders For Back Leverage

Wind developers are interested in putting back leverage onto wind projects while arranging construction financing and tax equity investments, according to financiers.

Sponsors with medium- to large-balance sheets or long-term experience in development are the shops most likely to approach lenders for back leverage, according to financiers. Deal sizes vary and are bespoke to the individual transactions, financiers noted. Lenders will look at several factors, including the debt service coverage ratio in deals.

The back leverage is structured

at a holding company above the project level. By sitting at a higher level in the corporate structure, the loans are then repaid with cash streams that get passed up to the holdco after tax equity investors receive the initial cash flow stream at the project level. This structure is attractive to some lenders who want to deploy capital but would prefer not to sit below tax equity at the project level, noted one financier. In many cases developers are looking for \$20-40 million in back leverage—chunks that can be borrowed from one or two lenders.

**Apex Clean Energy** is a wind developer that is reportedly look-

ing to line up back leverage while arranging construction financing for its 300 MW Balko wind project in Beaver County, Okla. (PFR, 9/5).

Back leverage is common in power deals but financiers say that arranging it at the same time as the project financing carries certain advantages. It can often be easier to negotiate contracts that allow for this time of leverage versus making amendments down the road. Simultaneous transactions also enable developers to use the same legal team across all deals, thereby reducing legal costs, notes one financier who is talking with developers about back leverage. ■



## NORTH AMERICA ENERGY AND INFRASTRUCTURE FINANCING FORUM ●

## Euro Banks Scope PF Re-Entrance

Some European lenders that have been on the bench for the last couple of years are returning to project finance, according to panelists at **IJGlobal's** North America Energy & Infrastructure Financing Forum in New York today.

A few lenders, notably smaller, regional shops out of Germany and France, are returning to the project finance market as the banks seek revenue, according to panelists from some of the major project finance players.

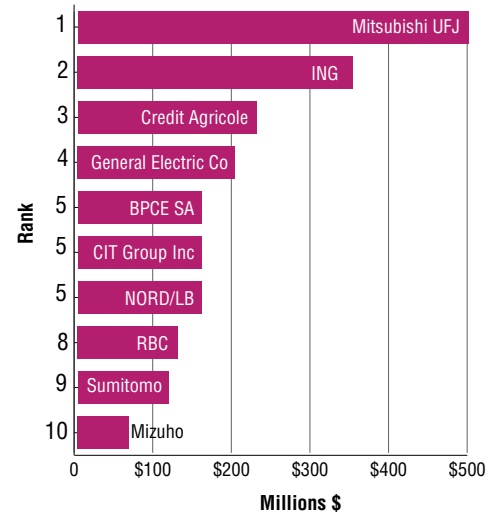
Recent deals have seen lenders, such as **BayernLB**, in top arranger spots and more are actively looking to take tickets, according to speakers. BayernLB wrapped a deal as the sole lender to **Invenenergy's** 21.15 MW Le Plateau 2 wind project in Quebec (PFR, 9/2). Some commercial lenders are willing to consider deals that extend to 20 years in

order to get pricing that would be attractive to credit committees, one financier noted.

Shops from Japan are also setting up offices in New York as they look to break into U.S. project finance. In the short-term, project financiers expect these lenders to be interested in deals with "Japanese flavor," such as the Cameron liquefied natural gas project. **Mitsubishi Corp.** and **Mitsui & Co.** affiliates signed 20-year tolling agreements for Cameron's liquefaction capacity (PFR, 3/4).

These Japanese players are, however, expected to ultimately aim to lend to any deals that fit credit and tenor criteria, financiers noted. "They are trying to understand the market," said one panelist, adding that once their teams are caught up on market fundamentals, these banks will be a long-term source of liquidity in the U.S. ■

**Q2 2014 NorthAmerica Mandated Lead Arranger Ranking**



## #PowerTweets

For more news and coverage, follow @PowerFinRisk on Twitter, as well as Managing Editor @HollyFletcher and Editor @SaraReports.

### @SaraReports

Euro lenders are looking to return to US #projectfinance, Japanese firms are opening up shop #NAEIFF14  
@hollyfletcher <http://bit.ly/1umgrGc>

### @jenrunyon

City of Boston planning to install 2MW solar per year beginning 2014. @toddisherwood #thenextage #seinfluence14

### @BizWriterKristi

N.C. banker says Georgia's #solar market in terms of attracting capital is where N.C. was three, four years ago. #gasolar2014

### @EnergyFactCheck

Holding reserves for conventional power sources costs 17x more than holding reserves for #wind power.

### @BethSEGreen

We are seeing projects get larger and larger - Jim Barber Fifth Third Bank #gasolar14

### @Ed\_Crooks:

@LangReynolds Creative bankers and managements clearly arguing "Company with a yield = yieldco". Some investors apparently agree

### @hollyfletcher Challenges to #projectfinance:

"volume of quality transactions that are profitable for institutions" Oil+gas may be more lucrative in future

### @hollyfletcher

Inst'l investors are looking for yields that "somewhere better than pathetic" #naeiff14



## ● Q&A: FRANK NAPOLITANO, CREDIT SUISSE

# Q&A: Frank Napolitano, Credit Suisse — Part ii

**F**rank Napolitano joined Credit Suisse in June as global head of power and utilities. He leads a team that has seen a wave of departures as it moves into an era of deals that are being dominated by a host of new players. Napolitano called Managing Editor **Holly Fletcher** from the road to talk about who is active in M&A and why hedge funds are making a return as asset owners.

**PFR:** Hitting on the activity that we're seeing in other regions besides PJM and ERCOT. There has been an uptick in M&A and more general activity, such as pipelines, in the Southeast. This is a departure from recent years. Can you speak to how your clients are approaching a market that is pretty much fully regulated and not used to seeing a lot of activity?

**Napolitano:** Sure, again, that's a good one and something our clients are asking about. The gas from Marcellus/Utica into the Southeast is a longer-term macro fundamental play that speaks to the eventual retirement of coal-fired plants, and possibly even nuclear plants, in some of those markets. Load growth in the southeast market, particularly around the edges, probably can't get met solely by renewables, which really haven't penetrated that market. So true baseload and mid-merit power will be required. The fuel of choice on the margin looks to be gas, which I think is correct. The gas supply can be available to that region and simply the question becomes how do you get it to the market of power gen consumption? Pipes are required. We have seen several public announcements of folks looking to build pipes to that market to effectively de-bottleneck that gas and create customers for that gas. The risk is that too many pipes get built and that depresses the basis or not enough pipes get built and that creates an arbitrage. We will see what the capital markets will permit in terms of how many parallel projects will ultimately come to fruition. But it does look to be a very sensible move on behalf of infrastructure owners who are either long



Frank Napolitano

bias in the Marcellus gas story and/or short supply in the Southeast consumption story.

**PFR:** In terms of the structured finance realm. We haven't really touched on that—there are a lot of gas-fired projects out there in the queue but there's also a good amount of solar and wind. How do you see the balance and what are you looking for?

**Napolitano:** Clearly the commercial banks and the term lending community are excited about the continued contracted profile of the renewable assets that come to market, be it wind and solar, or the occasional contracted gas-fired project. The funded term loan market is going to do very well by those assets.

The size of some deals speaks to the need for

**“Bankers, whether they're commercial bankers, investment bankers or project finance bankers are all together working the space on a very frequent basis**

additional structures. Whether it's the large genco acquisitions like we've recently seen Dynegy be involved in or it's the LNG liquefaction facilities that we've seen a number of parties be involved in, these are going to cross multiple financing markets. They will cross the commercial bank market, potentially the high yield bond market, they will cross the investment grade bond market, the term loan B market. Just to give you a size of the deals and the different points of their gestation, the credit quality clearly gets better the further they get toward operation and they transition their capital structures from non-investment grade to investment grade over that time. Everyone is sort of getting involved. The assets are great because they are contracted.

On the merchant plant story, clearly there has been a B loan market to date. If at some point those interim hedges that folks have entered into can be replaced with longer-term hedges or PPAs with entities that are more highly rated or closer to the end-use portion of the spectrum, then that may enable those plants to get refinanced in the commercial bank or private placement market.

I see a continuum of financings from the stage of construction to the stage of several years of operations, migrating with the quality of the revenue picture that supports each of these assets over time. As a result bankers, whether they're commercial bankers, investment bankers or project finance bankers are all together working the space on a very frequent basis.

We've got everything going on in our space right now, which makes it a busy time.

Just to digress on M&A for a bit. Do you mind?

**PFR:** Please, be my guest. I like M&A.

**Napolitano:** Clearly around the asset players, those who might use structured financing and project financing, etc., to buy or build thermal generation or renewable generation, there's clearly a number of different ways that these assets can ultimately

PAGE 11 »

◀ FROM PAGE 10

find places with public companies. Whether it's the growing set of IPPs or the growing set of yieldcos, the market has been supportive of both strategies and that has created a good buy-sell dynamic on existing assets and the funding of new assets.

On the corporate side, on the more regulated utility side, clearly we are in a wave of consolidation that is being driven by many reasons, which the markets are supporting all those reasons with a thesis that size and scale and economies of scale absolutely matter for long-run winners and that is creating its own set of activity that can create follow-on, ancillary activity due to market power considerations.

A good example can be the track record of PPL which has grown from an Allentown, Pa., utility to one that transacted with E.ON to acquire the Kentucky properties then transacted with E.ON to acquire the U.K. properties and is now seeking to transact with Riverstone to create a new genco that would be a listed company. In the formation of that genco, due to market power consid-

**"I see a continuum of financings from the stage of construction to the stage of several years of operations, migrating with the quality of the revenue picture that supports each of these assets over time."**

erations a number of thermal assets will need to be sold. The cause and effect of corporate M&A and follow-on activity of asset M&A with the financing is creating a wave of activity. It's just another example of why there seems to be a wide range of activity by different kinds of players in the space today.

**PFR: A few years ago M&A was really driven by the private equity life cycle as there were several funds coming to an end. That seems to be less of a driver today and how is pri-**

**vate equity involved in the asset level M&A?**

**Napolitano:** The larger portfolios are likely to be the result of a corporate M&A cause-and-effect. The smaller portfolios or the single asset deals are likely to be due to fund cycling because of tenor limitations. In that case, it gives the buyers a choice, if one had a medium-sized or large portfolio, the ability to tuck in a strategic asset here or there could make you a premium priced buyer because you have synergies here or there. It could be a good time to sell or as a buyer, a good time to buy.

For the smaller assets, there are plenty of private equity funds that continue to look to build portfolios of assets, either in a piecemeal or wholesale fashion. We have not seen an issue with being able to bring an asset to market—it's got to be of a certain size in order to attract market attention—and to not find a buyer or a set of buyers to suit all needs.

For a discussion of new entrants in the M&A space and the emergence bilateral deals, please see the first installment of this Q&A at [www.powerfinancerisk.com](http://www.powerfinancerisk.com). ■

**PFR Power Finance & Risk**  
www.powerfinancerisk.com

# #PowerDrinks

## Power Finance & Risk and Varagon Capital Partners

Invite You To An Evening of Cocktails & Conversation  
On Sep. 18, 2014 at 6 p.m. at Varagon Capital  
488 Madison Ave. 22nd Floor  
New York, N.Y. 10022

Please join Power Finance & Risk and Varagon Capital Partners for the latest round of #PowerDrinks in Varagon's new offices and terrace in midtown Manhattan.

The evening will highlight Varagon's entrance into the market and the re-launch of the **Power Finance & Risk** brand with drinks, light bites and casual conversation.

#PowerDrinks is an informal series of mixers for power and energy professionals co-hosted by *PFR* throughout the year.

For inquiries, please contact Editor Sara Rosner  
E: [srosner@iintelligence.com](mailto:srosner@iintelligence.com) T: 212.224.3165



# Euro-Backed Wind Shops Chase Co-Investors

◀ FROM PAGE 1 hunt for investors to buy stakes in its portfolio, say deal watchers, who note that it's more of an opportunistic hunt. In a similar fashion to EDF Renewable Energy, **EDP Renewables** brought in **Fiera Axium Infrastructure** as 43% owner in a 1.1 GW portfolio of operational wind in the U.S. (PFR, 9/1).

The shops are interested in finding ways to remain co-owners of their sizeable fleets while raising capital to pour back into development, deal watchers say. EDPR N.A.'s parent has a global campaign to sell down stakes to raise capital.

Enel Green Power N.A. wants to bring in a co-investor into its U.S. wind portfolio that clocks in north of 1.3 GW. E.ON Climate & Renewables N.A. is looking to sell up to 80% of some of its spinning assets, which total 2.7 GW (see story, page 5).

Enel Green Power N.A. owns nine

operational wind farms in Kansas, Minnesota, Oklahoma and Texas, according to its website. There is a co-owner in at least one of the wind farms. **GE Capital** owns 25% of the 250 MW Buffalo Dunes wind farm in Finney, Grant and Haskell Counties, Kan. (PFR, 5/15). The Andover, Mass.-based Enel Green Power N.A. is also developing two wind projects in Oklahoma and Texas that are on track to qualify for the production tax credits (PFR, 7/10). The projects are the 150 MW Origin project in Garvin, Murray and Carter counties in Oklahoma and the 200 MW Goodwell project in Hansford County, Texas.

Whether Origin and Goodwell are included in the sale could not be immediately learned. A BAML spokesman declined to comment. An Enel Green Power N.A. spokesperson in Andover, Mass., could not immediately comment. ■

## Tenaska Floats \$1.59B Refi For Merchant Portfolio

◀ FROM PAGE 1 debt, which will be used to repay subsidiary debt, fund a debt service reserve account and a distribution to the sponsors. The term loan includes a cash flow sweep between 75% to 100%, based on leverage.

TPF II Power owns 4.9 GW across in PJM, MISO and NYISO. Parent Tenaska Capital Management has interests in the following plants in these regions:

- 625 MW Armstrong in Shelocta, Pa.,
- 300 MW Big Sandy in Kenova, W. Va.,
- 325 MW Calumet in Chicago,
- 315 MW Commonwealth Chesapeake in New Church, Va.,
- 328 MW Crete in Crete, Ill.,
- 665 MW Holland in Beecher City, Ill.,
- 656 MW Lincoln in Manhattan, Ill.,
- 1,100 MW New Covert in South Haven, Mich.,
- 313 MW Pleasants in St. Mary's, W. Va.,

- 850 MW Rolling Hills in Wikesville, Ohio,
- 600 MW Troy in Luckey, Ohio, and the
- 1,901 MW U.S. Power Generating in New York.

Tenaska had worked with Goldman and **UBS** on a \$425 million on term loan refinancing last year that priced around LIBOR plus 450 basis points (PFR, 4/25/13). **Standard & Poor's** assigns a BB- to the latest facilities. **Moody's Investors Service** is rating the new package as B-.

Tenaska purchase U.S. PowerGen for an undisclosed sum last year (PFR, 9/10/13).

Bank officials and spokespeople decline to comment on the transaction. Details, such as targeted pricing, deadline for commitments and which plants are owned by TPF II Power, could not be learned by press time. ■

### ● ALTERNATING CURRENT

## NYC To Get Taste Of Desert Solar Project



**M**ove over fall fashion week. **SolarReserve's** 110 MW Crescent Dunes solar facility in Tonopah, Nev., is being transported to New York for a couple of months and taking over Lincoln Center. Sort of.

The Lincoln Center has teamed up with the **Public Art Fund** and artist **John Gerrard** to bring an LED simulation of the solar farm to its internationally recognized quad as a digital art installation. The real, physical Crescent Dunes is expected to be operating by year-end.

The Solar Reserve (Tonopah, Nevada) 2014 installation will use a frameless LED wall that is 28 feet by 24 feet to re-create the solar facility and the surrounding Nevada desert environ. The installation will use video



Crescent Dunes solar facility

game technology to simulate the location of the sun, moon and stars as they appear at Crescent Dunes over the course of 12 months.

The installation runs from Oct. 3 to Dec. 1. Visitors will not see the same vista twice, as the digital recreation

will constantly be changing to simulate Earth's axis rotation and orbit around the Sun.

For more information go to <http://apps.lincolncenter.org/solarreserve/#about>.

### ● QUOTE OF THE WEEK

**“The cause and effect of corporate M&A and follow-on activity of asset M&A with the financing is creating a wave of activity.”**

**Frank Napolitano**, global head of power and utilities at **Credit Suisse**, on how deals like the creation of **Talen Energy Corp.** is driving follow-on M&A activity (see Q&A page 10).