

Power Finance & Risk

The weekly issue from Power Intelligence www.powerintelligence.com

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Top Stories

Hinckley Firm Eyes Wind Lease Securitization

American Wind Capital Co., **Chuck Hinckley's** venture, has been aggregating leases from landowners who have contracted their property to wind farms in order to securitize the royalty payments. **Fortress Investment Group** is said to be providing funding to support the lease buying, according to industry officials.

The first securitization of this sort was privately placed in 2009 and a couple more were

(continued on page 11)

NRG Stalks \$300M For SoCal Solar

NRG Energy affiliate **NRG Solar** is looking for nearly \$300 million in financing supporting its 66 MW Alpine solar plant in Lancaster, Calif., the sponsor's largest solar deal yet without government backing.

The financing would consist of a term loan, ancillary

(continued on page 11)



NRG's Roadrunner

Invenergy Hunts \$500M Ohio Wind Debt

Invenergy has begun reaching out to lenders about borrowing \$500 million for its 300 MW wind project in Hardin County, Ohio.

The Chicago-based developer plans to finance the Hardin farm after wrapping deals backing other projects,

(continued on page 11)



Contracted Assets Tipped To Stay Hot Ticket

Contracted assets will continue to be in demand amid concerns over a potential double dip recession and volatility in the term loan markets. The early summer optimism of a robust general fall market has been reined in by concerns over a double dip, **Andrew Kim**, v.p. of infrastructure investments at **JPMorgan Asset Management**, said at

(continued on page 12)



Arlington Valley

At Press Time

Weatherley White Heads To K Road

Carl Weatherley White, managing director of the energy structured finance group at **Barclays Capital**, is leaving the bank for the newly created cfo post at **K Road Power**. The move comes after Barclays division **Barclays Natural Resource Investments** inked a partnership with K Road to help build out its 2.3 GW development pipeline (*PFR*, 8/5).

"It's still going to be in the family," Weatherley White says of the move. "They have an outstanding, proven management team and an impressive pipeline, and I am thrilled to be joining the company at this stage of its growth," he adds of K Road. Weatherley White will transition in to the post over the fall. He will report to **William Kriegel**, founder, chairman and ceo in New York.

The remaining energy structured finance group will be folded in to the global structuring and advisory team, headed up by **Martin Ragde**. A Barclays spokesman declined to comment.

Macquarie Hires CS Banker

Macquarie Capital has hired **Ross Warner**, **Credit Suisse** director in the commodity and fixed income division, as senior v.p. in the bank's debt capital markets group. He will primarily support commodity solutions and debt financing across merchant generation, retail generation and other commodity-linked situations. He started at Macquarie on Wednesday.

Warner reports to **Steve Mehos**, head of debt capital markets, and **Prashant Mupparapu**, managing director of commodity solutions. Warner also will report to Macquarie's commodity solutions group in the newly created role.

Whether CS has replaced Warner couldn't be learned. Warner was unavailable for comment. A Macquarie spokeswoman declined to comment, while a CS spokesman didn't immediately address an inquiry.

Gamesa Eyes Asia As U.S. Demand Plummets



Gamesa

Gamesa Energy will look to grow in Asian wind markets as the company tries to compensate for falling installation rates in the U.S. China and India are expected to offset the downturn, said **Stephen Brownell**, acting general counsel at Gamesa at **Stroock & Stroock & Lavan's 2011 Evolving Energy Industry Directions** in New York.

The wind turbine manufacturer did not sell a single wind turbine in its home market of Spain last year, he said, noting that the company has

been eyeing other markets to expand as installation falls in the U.S. and Europe. The wind turbine manufacturing industry is lowering turbine prices as the number of installations fall, causing a glut (*PFR*, 9/2).

In the U.S., Gamesa is continuing its strategy of developing projects until they are shovel ready and then bringing in a long-term buyer, Brownell said, noting it's the one of the most effective ways to get the company's turbines in the ground. The company had been in talks with a strategic buyer for its 38 MW Chestnut Flats project in Pennsylvania (*PFR*, 4/28). It is also developing the 18 MW Sandy Ridge I project in the state.

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Institutional Investor, Inc.
Issn# 1529-6652

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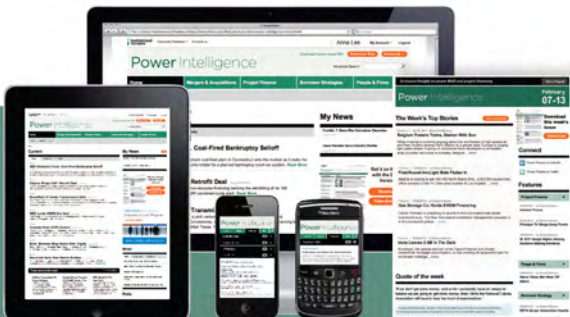
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Project Finance

Abengoa Snags \$1.2B Federal Loan

The **Federal Financing Bank** has awarded **Abengoa Solar** a \$1.2 billion loan backing the developer's 250 MW Mojave concentrating solar power project in San Bernardino County, Calif. Abengoa qualified for the loan under the U.S. **Department of Energy's** loan guarantee program.

The loan is priced at 38 basis points over LIBOR. About \$790.3 million of the loan has a 25-year tenor, and \$333.8 million has a four-year tenor. The rest of the loan finances interest. A DOE spokesman in Washington, D.C., declined to comment. An Abengoa spokeswoman in Madrid couldn't be reached by press time.

Mojave's heat collection element increases thermal efficiency by up to 30% over first-generation CSP projects, according to the

► FAST FACT

Mojave's heat collection element increases thermal efficiency by up to 30% over first-generation CSP projects.

DOE. The project also will use a lighter and stronger frame than earlier plants such that parabolic mirrors will be easier and less expensive to install.

Pacific Gas & Electric has a 25-year offtake agreement for the Mojave project.

Abengoa previously snagged a \$1.45 billion FFB financing supporting the 250 MW Solana CSP project near Gila Bend, Ariz. (PFR, 1/5).

Waning Subsidies Prompt Talk On New Cash Sources



Swami
Venkataraman

Finding new financing structures and funding sources as the expiration of federal subsidies looms held center stage with industry officials at the **International Project Finance Association's** seminar on renewables in New York on Monday.

"The first big need is new tax equity investors," says **Swami Venkataraman**, senior director at **Standard & Poor's**. The sunset of the U.S. **Department of Treasury** cash grant Dec. 31 will eliminate a key funding source in renewables finance, representing 30% of project costs. The Treasury has awarded roughly \$8.47 billion in grants since 2009. The agency's program has enabled project sponsors to monetize investment tax credits and production tax credits via the grant in a time when liquidity was scarce. Lenders say tax equity must fill the void of the grant, but worry that there is a paucity of it.

"That's the big question: will there be tax equity?" repeated **John Gimigliano**, principle-in-charge of **KPMG's** sustainability tax practice in Washington, D.C. "I think yes—but it will take a year [to materialize]. I think it'll be a rocky 2012." The U.S. **Department of Energy** sect. 1705 loan guarantee program

expires Sept. 30.

Potential project funding sources include master limited partnerships and real estate investment trusts. Ownership interests in MLPs are traded on the financial markets like corporate stock and MLP income is usually taxed less than income from publicly traded corporations, giving MLPs favorable taxation and wider access to capital in the equity markets. The hydro, solar and wind industries are lobbying Congress to allow MLPs to invest in renewables projects (PFR, 6/22).

Solar and wind groups are also pushing for a standardization of the tax equity structure, which is common in low-income housing

financings, but not in renewables where almost every single tax equity transaction is a unique contract. "This attracts many more investors (than just banks) and also keeps pricing attractive given an adequate supply," Venkataraman wrote in an S&P report of the standardization

► FAST FACT

Solar and wind groups are pushing for a standardization of the tax equity structure.

of the tax equity structure in low-income housing. A parallel in renewables would hasten a laborious negotiating process, developers say.

Another financing option for solar is securitization, Venkataraman said. Securitization is a favorable structure for rooftop solar, as it could provide abundant capital at lower costs. Solar investments will be cash-flow driven as the tax incentives decline, Venkataraman explains.

Cate Street, Starwood Wrap N.H. Biomass Deal



Craig Orchant

Investment shop **Cate Street Capital** and **Starwood Energy** have wrapped a financing package backing their \$275 million, 75 MW wood waste-fired biomass project in Berlin, N.H. **EA Markets** and **Saltbox Partners** advised Cate Street and Starwood, respectively, on the deal that closed last week.

The financing consists of a \$200 million private placement with remaining costs funded by an undisclosed tax equity investor and equity from Portsmouth, N.H.-based Cate Street and Greenwich, Conn.-based Starwood. The plant, which was a former paper mill, has a 20-year power purchase agreement with **Public Service of New Hampshire** and a long-term fuel supply agreement with **Richard Carrier Trucking**. Operation is slated for the end of 2013.

Low interest rates and long-term offtake and fuel supply contracts led the sponsor to choose a private placement over a bank loan for financing, says **Craig Orchant**, partner and chief advisory officer at EA Markets in New York. "A lot of these investors hadn't seen biomass before, so it was a bit of an educational process," he notes, adding that the contracts offered consistent cash flows that were attractive to the institutional market. EA was a co-placement agent on the private placement

that wrapped this spring. **Prudential Capital Group** participated in the private placement.

The tax equity investment falls under the New Market Tax Credit scheme, established in 2000 under the U.S. **Department of Treasury**. The NMTC allows entities to receive tax credits in exchange for making equity investments in operating businesses and real estate projects in low-income communities. Cate Street also plans to tap the Treasury's Sect. 1603 cash grant to fund the project.

Laidlaw Energy Group had been the principal developer of the Berlin project after it acquired the former **Fraser Paper** mill in 2008 from the **North American Dismantling Corp.** Laidlaw later sold its equity stake in the project to Cate Street for an upfront payment and a subsequent payment that occurs upon completion of the project's financing. **Michael Bartoszek**, president and ceo of Laidlaw in New York, and an official at Cate Street could not be reached. Details surrounding the stake sale could not be learned.

Prior to co-founding EA Markets in 2009, Orchant was managing director and head of corporate finance at **Barclays Capital**. He also held posts **Deutsche Bank** as head of capital solutions and head of project and structured finance.

Mergers & Aquisitions

Astoria Energy Bids Due This Week

First round bids for an equity stake in the 550 MW Astoria Energy II combined cycle plant were due Sept. 16 to **Whitehall & Co.** A group of high net worth individuals are looking to sell stakes in the facility owned by a consortium, including **Energy**



Astoria Energy

Investors Funds and **IPR-GDF Suez**.

Prospective investors, including infrastructure fund types, are bidding for a portion of **AE Investor II**, which has a 7.425% slice of Astoria. The sale amounts to a 4.2%, or 23.3 MW stake in

the plant in Queens, N.Y. (PFR, 7/11). The equity stake is in the B class of the facility. New York-based **Jonathan Cody** and **Timothy Page**, both managing directors, are running the sale at Whitehall.

Astoria has a 20-year tolling and power purchase agreement with the **New York Power Authority**. The facility came online July 1. The facility was financed with a roughly \$1.02 billion credit package that includes a \$915 million mini-perm and \$110 million in letters of credit (PFR, 7/10/09). The loan has a tenor of

20 years.

Astoria Energy II is owned by EIF (32.9%), GDF (27.4%), **SNC-Lavalin** (18.3%), **JEMB Realty** (12.8%), AE Investor II (7.425%) and the senior management (1%). JEMB is the other investor in AE Investor II and is not selling its stake.

Officials at the companies and Whitehall either declined to comment or weren't immediately available.

Samsung, Pattern Pick Up Acciona Project

Samsung and **Pattern Energy Group** have acquired the 180 MW Armow wind project in Kincardine, Ontario from Acciona for an undisclosed amount.

The project has a power purchase agreement with the **Ontario Power Authority** and is slated for operation in 2014. Construction will start in 2013.

Pattern and Samsung have been buying up development projects to expand their pipeline (PFR, 4/19). Most recently, **Capital Power** brought in the pair as co-developers on a \$700-900 million K2 wind project in the province (PFR, 8/8).

Officials at Samsung did not respond to email inquiries and a spokesman at Pattern in San Francisco, did not return a call by press time. The terms of the deal, and whether any of the parties used advisors, could not be learned.

Investor-Developer Pair Market Lone Star Wind Project

A developer-investor duo is selling a 120 MW wind development project in the Texas panhandle. **Newind** and **WindRose Power** are working with **RedWind Consulting**, an Eden Prairie, Minn.-based advisory shop, on the sale. Teasers were sent out earlier this quarter; buyers can still enter the process.

The 120 MW Childress, or CC Wind I, does not have a power purchase agreement, says **Daniel Rustowicz**, founder and managing director of RedWind. Prospective buyers will probably have a long-term view on power demand growth in ERCOT, he says, declining further comment on the sale.

Newind, an investor-developer based in Bridgeport, Conn., has a 90% stake in the Childress project and WindRose, the original developer, owns the rest. WindRose Power, headed by **Jennifer Defenbaugh** and **Henriette Boom** in Dallas, would like to stay on as consultants for the project, says an observer.

A first 80 MW phase of the project could be built on existing transmission lines but the full 120 MW would need the **Sharyland Utilities's** CREZ project to come online, says Rustowicz. Sharyland recently closed a \$400-500 million financing backing its projects totaling 250-300 miles (PFR, 6/27).

WindRose Power previously sold a 250 MW project to **John Deere Renewables**, which is now owned by **Exelon** (PFR,

9/19/08). Officials at WindRose declined to comment while a call to a Newind official was not immediately returned.

AEP To Carve Out Unregulated Unit

American Electric Power has plans to extract an unregulated subsidiary from its Ohio units to take advantage of power prices in the wholesale market.

"It does open up a whole new view with where we go as a company," **Nick Akins**, president, said on a conference call earlier this month. Regulated units **Columbus Southern Power** and **Ohio Power** will be merged into one entity that focuses on power delivery to customers and their generation assets will be extracted into the

unregulated unit. Plans for how the unregulated unit will be structured and how it would access capital are in early stages, Akins said. The reorganization needs state and federal approval. AEP anticipates alerting PJM in March that it will bid in the 2015 and 2016 capacity auctions.

Currently, AEP has a small merchant business in Texas that accounts for about 5% of its business profile and it plans to grow that to 25-30% under this blueprint. The unregulated unit in Ohio will be focused on the Midwest although there is a possibility that it will look to expand into "high growth areas," Akins said.

The amount of capacity in the unregulated unit has yet to be determined and will be impacted by the amount of coal-fired facilities the company retires to meet environmental regulations.

Industry Current

U.S. Treasury Tackles Inflated Solar Cash Grant Apps – Part I

*This week's Industry Current is written by **Eli Katz**, a partner in the project finance and tax practices at **Chadbourne & Parke** in New York.*



Eli Katz

Overview

The U.S. **Department of Treasury** recently released formal guidance on how much it expects to pay on cash grant applications for solar photovoltaic projects. The guidance specifies benchmark prices for solar PV projects that range from \$7 per watt for residential solar systems to \$4 per watt for large utility-scale solar systems, and threatens to "closely scrutinize" applications that claim a grant on value that is "materially higher" than its benchmark price.

The guidance also identifies certain applications that will draw a closer look from Treasury's review team, including those with "related party considerations," such as developer markups, sale-leaseback transactions or other "unusual circumstances," where the claimed grant amount is influenced by other factors, like a valuable power sales contract.

Owners of solar projects that claim a grant that is inflated by a developer mark-up, may now have to substantiate this claim by showing that the markup "is consistent with industry standards and with the scope of work for which the markup is received." The guidance says that Treasury's review team believes that a developer markup should "typically fall in the range of 10-20%."

The guidance also devalues the utility of an appraisal that uses an income approach to substantiate a value that is above cost, calling the income approach "the least reliable method of valuation given the number of variables that are subject to speculation and open to debate." Instead, Treasury suggests that any supporting valuation report should use a cost approach, where all markups are added to actual equipment costs and then explicitly justified "in light of the activity, capital investment and risk for which the markup is compensating."

Industry Current is a feature written by industry professionals that highlights and clarifies key issues in the power sector. **Power Finance & Risk** runs the feature periodically and is now accepting submissions from industry professionals for the **Industry Current** section. For details and guidelines on writing an **Industry Current**, please call Sara Rosner at (212) 224-3165 or email srosner@iinews.com.

The guidance describes what many in the industry have long suspected: there is a two-track process for approving cash grant applications. The first track applies to applications where the claimed basis is consistent with or less than benchmarked prices. The review of these applications focuses on whether all claimed costs are in fact eligible for a cash grant. The second track is for applications that claim a basis higher than benchmarked prices, where the review seeks to determine whether the claimed basis is consistent with the property's fair value and whether some of the claimed basis should properly be allocable to costs that do not qualify for the cash grant.

This guidance has ramifications well beyond just cash grant applications for solar photovoltaic projects because its methodologies are expressly made applicable to all cash grant applications.

30% Of What Number?

The cash grant program was signed into law in February 2009, and generally provides that owners of solar systems are eligible to receive up to 30% of the "basis" of their property in the form of a cash grant from the Treasury, as long as certain proscribed deadlines are met. Treasury guidance issued in July 2009 clarified many of the details relating to this subsidy, including which specific components of a solar system are eligible for the cash grant and how "basis" should be computed. On the question of basis, the Treasury guidance defers to the tax rules, stating that "The basis of property is determined in accordance with the general rules for determining the basis of property for federal income tax purposes. Thus, the basis of property generally is its cost (IRC section 1012), unreduced by any other adjustment to basis, such as that for depreciation..."

Calculating Tax Basis

Since its inception, the cash grant program has struggled with the burden of being a cash-based program that is governed by federal income tax principles that oftentimes are difficult to apply or justify. The basis rules that lie at the heart of this program provide a good illustration of this struggle.

The cash grant is applied for and claimed by the legal entity that owns the solar project. In many cases, the legal entity that applies for the cash grant is a limited liability company that is formed by a developer to develop and operate the solar system. The ownership interests of this entity are held by the project developer. Under the tax rules, a limited liability company that is owned entirely by one person is called a “disregarded entity,” meaning the tax rules do not recognize it as a separate taxpayer.

Most project companies that apply for a cash grant have no actual basis in the solar project for which they are claiming a cash grant. Solar projects that are owned by a disregarded entity are considered to be owned entirely by the owner of the disregarded entity, with the result that the owner, or developer, is the one that has a basis in the solar project.

Because it is most typically the owner of the applicant that has the “basis” in the solar equipment, a sale from one owner to another, or fees paid by the system owner to another person to develop the project may well affect the amount of basis on which the cash grant is claimed. In a simple example, if a developer builds a solar project for \$100 and then sells it for \$200, the buyer’s basis should be \$200, and the cash grant may well be

\$60 (30% of \$200).

Basis is generally the price paid to buy or build the solar project. If you pay \$100 for a solar project, your basis is \$100. If you then sell the same solar project to someone else for \$200, the new buyer’s

“ Since its inception, the cash grant program has struggled with the burden of being a cash-based program that is governed by federal income tax principles that oftentimes are difficult to apply or justify. ”

basis is \$200 -- the price the buyer paid to buy the asset. The “cost” of the buyer getting a higher basis is generally that the seller will have to pay tax on the \$200 minus the amount of basis it had before the sale (\$100).

In most cases outside of the world of cash grants, the tax paid by the seller on the \$100 will outweigh any benefit gained by the buyer in obtaining a basis that is \$100 higher than the seller’s.

Check back next week for Part II and the author’s discussion on structuring leases and life after the guidance.

People & Firms

Sovereign Hires Buck For E&P Effort

Vaughn Buck, **Allied Irish Bank** executive v.p. of energy and infrastructure, has been tapped by **Sovereign Bank** to head a new energy group specializing in exploration and production. Buck, who takes the title executive v.p. in his new post, started at the **Banco Santander** subsidiary in New York last month.

Mark Connelly, AIB senior v.p. and head of oil and gas, has joined Buck at Sovereign as a senior v.p. **Aidan Lanigan**, AIB v.p., also will move to Sovereign. The identity of Buck’s supervisor could not be learned.

Buck’s group will specialize in oil and gas lending, says a person familiar with Sovereign’s plans. The group may also participate in renewables finance, according to Buck’s **LinkedIn** page. Sovereign’s group is separate from Santander’s project finance team, say observers.

The departures of Buck, Connelly and Lanigan coincide with AIB’s planned exit of U.S. project finance. **Rob Moyle**, head of power and infrastructure in New York, is winding down the business. The bank is trying to offload its more than \$100 million project finance portfolio (PFR, 7/8). AIB has retained **Varadero**

Capital in New York to handle the sale.

Bank officials declined to comment or couldn’t be reached. A Varadero official didn’t immediately address an inquiry.

Natixis Shuffles PF Chief

Natixis has promoted **Richard Garcia**, head of project finance in the Americas, to lead the bank’s global power team in Paris. **Olivier Delay**, Natixis managing director and head of specialized finance, will replace Garcia as regional head of project finance and remain in New York. The promotions will go into effect before year-end.

Garcia will replace **Pierre Dufaud**, global head of power in Paris. Dufaud will remain at Natixis in an undisclosed role. Garcia’s start date in Paris couldn’t be learned. Bank officials declined to comment or couldn’t be reached.

Garcia joined Natixis in 2007. He has worked at **Deutsche Bank**, **Credit Suisse**, and **HVB**. Delay previously worked at **Calyon**, now known as **Crédit Agricole**.

Natixis and **Royal Bank of Canada** led a \$259 million financing backing **Invenenergy**’s \$326.4 million, 138 MW Le Plateau wind project in southeastern Quebec (PFR, 5/17). The deal wrapped in May.

Project Finance Deal Book

Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iineews.com.

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
American Renewables	Gainesville (100 MW Biomass)	Gainesville, Fla.	BoTM, Crédit Agricole, ING, Natixis, Rabo, SocGen	TBA	\$500M	TBA	CIT joins retail syndication (PFR, 8/29).
Boralex, Gaz Métro	Unidentified (272 MW Wind)	Seigneurie de Beaupré, Quebec	BoTM, DB, KfW	TBA	\$500-600M	18-20-yr	Dexia, LBBW, Mizuho and SMBC join club deal (PFR, 7/25).
Brookfield Asset Management, Isolux Corsan	CREZ (378 Miles Transmission)	West Texas	BoTM, DB, Scotia, SocGen	TBA	\$560M	TBA	Deal wraps (PFR, 8/29).
Calpine Corp.	Los Esteros (300 MW Retrofit)	San Jose, Calif.	BBVA, BLB, CA, WestLB	Term	\$373M	10-yr	Deal wraps (PFR, 8/29).
Catalyst Renewables, Hannon Armstrong	Hudson Ranch II (49.5 MW Geothermal)	Salton Sea, Calif.	TBA	TBA	TBA	TBA	Sponsors initiate talks with lenders (PFR, 9/5)).
Cate Street Capital, Starwood Energy	Unidentified (75 MW Biomass)	Berlin, N.H.	TBA	Private Placement	\$200M	TBA	Deal wraps (see story, page 4).
Cirque Energy	Midland Biomass (35 MW Biomass)	Midland, Mich.	TBA	TBA	\$70M	TBA	Sponsor targets debt, equity (PFR, 8/29).
Competitive Power Ventures	Ashley (200 MW Wind)	McIntosh County, N.D.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PFR, 8/8).
	Cimarron (165 MW Wind)	Gray County, Kan.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PFR, 8/8).
Edison Mission Energy	Taloga (130 MW Wind)	Dewey County, Okla.	WestLB	TBA	\$200M	TBA	EME mandates WestLB to lead financing (PFR, 8/1).
First Solar	Desert Sunlight (550 MW Solar PV)	Desert Center, Calif.	Goldman Sachs	TBA	TBA	TBA	Sponsors peddles \$50M tickets (PFR, 9/12).
First Wind	Palouse (100 MW Wind)	Whitman County, Wash.	TBA	TBA	\$180M	20+-yr	Sponsor targets tenor longer than 20 years (PFR, 8/29).
Invenergy	Bishop Hill I (200 MW Wind)	Henry County, Ill.	BLB, Dexia, Rabo	Term/Bridge	\$415M	TBA	Sponsor plans to contribute 7.5-10% equity (PFR, 9/5).
	Hardin Wind (300 MW Wind)	Hardin County, Ohio	TBA	Term	\$500M	TBA	Sponsor reaches out to lenders (see story, page 1).
NextEra Energy Resources	Lone Star (300 Miles Transmission)	Texas	TBA	TBA	TBA	TBA	Sponsor targets pricing under 200 bps (PFR, 8/15).
	White Oak (150 MW Wind)	McLean County, Ill.	Lloyds, UniCredit	TBA	\$70M	TBA	Deal wraps (PFR, 8/22).
Northland Power	Manitoulin Island (60 MW Wind)	Maitoulin Island, Ontario	Manulife	TBA	TBA	TBA	Northland taps Manulife to lead financing (PFR, 8/29).
NRG	Alpine (66 MW PV)	Lancaster, Calif.	TBA	Term	\$250M+	18-yr	Sponsor reaches out to relationship lenders (see story, page 1).
	El Segundo (550 MW Gas)	El Segundo, Calif.	Crédit Agricole, Mizuho, ING, MUFG, RBS	TBA	\$688M	10-yr	Deal wraps (PFR, 8/29).
Radback Energy	Oakley (624 MW Gas)	Contra Costa County, Calif.	BoTM, Crédit Agricole, ING, RBS, Scotia	TBA	TBA	TBA	Loan priced south of 225 bps (PFR, 7/18).
Ram Power	Orita (49.9 MW Geo)	Salton Sea, Calif.	N/A	TBA	TBA	TBA	Project on hold after sponsor terminates PPA with SoCalEd (PFR, 9/12).
Recurrent Energy	Unidentified (40 MW Solar PV)	Near Sacramento, Calif.	BoTM, Lloyds, Mizuho, UniCredit	TBA	\$130M	C+18	Deal wraps (PFR, 9/5).
Wind Capital Group	Unidentified (150 MW Wind)	Osage County, Okla.	BLB, Rabo	TBA	TBA	TBA	Sponsor mandates BLB, Rabo (PFR, 8/15).
	Post Rock (201 MW Wind)	Lincoln and Ellsworth, Kan.	BLB, Rabo	Term/Construction	\$250M	TBA	GE EFS in talks to contribute tax equity (PFR, 9/12).

Shaded items indicate latest entries.

Generation Auction & Sale Calendar

Generation Sale  DATABASE

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call **Holly Fletcher** at (212) 224-3293 or e-mail hlfletcher@iinews.com.

Seller Assets		Location	Advisor	Status/Comments
AES	Cayuga (306 MW Coal)	Lansing, N.Y.	Barclays Capital	Signed a forbearance agreement with lenders that is in place until October (PFR, 9/5).
	Greenidge (105 MW Coal)	Dresden, N.Y.		
	Somerset (675 MW Coal)	Barker, N.Y.		
	Westover (83 MW Coal)	Binghamton, N.Y.		
AES Solar, Riverstone Holdings	Stakes (Solar pipeline)	Variou, Europe	Morgan Stanley	Bids for a partnership stake are due the week of Sept. 19 (PFR, 9/12).
AES Thames	Thames (208 MW Coal-fired)	Montville, Conn.	Houlihan Lokey	AES is looking to line up a stalking horse bid in preparation for a fall bankruptcy auction (PFR, 8/29).
AE Investor II	Astoria Energy II (4%, or 23.3 MW)	Queens, N.Y.	Whitehall & Co.	First round bids were scheduled for Fri., Sept. 16 (see story, page 5).
ArcLight Capital Partners	Waterside (72 MW peaker)	Stamford, Conn.	Citigroup, Barclays Capital	First round bids were said to come in the week of Aug. 22 (PFR, 9/5).
	Crockett (162 MW Cogen)	Crockett, Calif.		
	Hobbs (604 MW CCGT)	Hobbs, N.M.		
	Hamakua (60 MW CCGT)	Honokaa, Hawaii		
	Borger (230 MW Cogen)	Borger, Texas		
	Neptune (391 MW, 65-mile transmission line)	Sayreville, N.J., to Long Island, N.Y.		
Black Hills Corp.	Stake (29 MW Wind project)	Huerfano County, Colo.	None	Utility sub is looking to bring in an outside owner for 50% (PFR, 8/22).
Brookfield Asset Management	Paper Mill	Milinoeket, Maine	TBA	Cate Street Capital buys mills for biomass conversion (PFR, 8/12).
	Paper Mill	East Milinoeket, Maine	TBA	
Brookfield Infrastructure Partners	Cross Sound Cable (24-mile Transmission)	N.Y., Conn.	Rothschild	Brookfield entered the lender-requested auction late in the game with a proposal to keep the line (PFR, 9/12).
Cogentrix Energy	50% Stake (115 MW Portsmouth coal-fired)	Portsmouth, Va.	TBA	Quantum Utility Generation is buying half of each facility (PFR, 8/29).
	50% Stake (135 MW James River coal-fired)	Hopewell, Va.		
Conti Group, Grupo Arranz Acinas	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went out in late July (PFR, 8/1).
Coram Energy	Stake (102 MW Wind project)	Tehachapi, Calif.	Marathon Capital	Coram is selling a 50% stake in a wind project co-owned by Brookfield Renewable Power (PFR, 8/22).
Energy Investors Funds	Mojave (55 MW gas-fired)	Boron, Calif.	None	A pair of investors have bought the facility (PFR, 8/22).
	Black River (55 MW)	Fort Drum Base, NY	TBA	ReEnergy Holdings agrees to buy the plant (PFR, 9/12).
FirstEnergy	Richland (432 MW gas-, diesel-fired)	Defiance County, Ohio	TBA	A unit of Quintana Capital has agreed to buy them (PFR, 8/22).
	Stryker (18 MW gas-fired)			
NextEra Energy Resources	Blythe (507 MW Combined-cycle)	Blythe, Calif.	Credit Suisse, Citigroup	LS Power has agreed to buy all the assets except RISEC (PFR, 9/5).
	Calhoun (668 MW Peaker)	Eastaboga, Ala.		
	Doswell (708 MW CCGT & 171 MW Peaker)	Ashland, Va.		
	Cherokee, (98 MW CCGT)	Gaffney, S.C.		
	RiseC (550 MW CCGT)	Johnston, R.I.		
Newind, WindRose Power	CCI (120 MW wind project)	Childress County, Texas	RedWind Consulting	Teasers have gone out for the project (see story, page 5).
NRG Solar	Various (stake in 881 MW solar pipeline)	Various	Credit Suisse	NRG is looking for a minority owner for its solar subsidiary (PFR, 5/9).
Puget Sound Energy	Lower Snake River (1.2-1.4 GW Wind)	Columbia and Garfield Counties, Wash.	TBA	The Macquarie Infrastructure Partners-owned utility is having conversations with prospective advisors, including Morgan Stanley (PFR, 8/22).
Signal Hill Power, CarVal Investors	Wichita Falls (77 MW CCGT)	Wichita Falls, Texas	Scotia Capital	Teasers out in late June; first round bids said to be in (PFR, 8/8).
	Rensselaer (79 MW Peaker)	Rensselaer, N.Y.		
Strategic Value Partners, JPMorgan, Cargill	Liberty Electric Power (586 MW CCGT)	Eddystone, Pa.	JPMorgan	Energy Capital Partners is buying the facility for a price just under \$1,000/kW (PFR, 8/29).
Tenaska	High Desert (800 MW CCGT)	Victorville, Calif.	Barclays, Citi	Has tapped Barclays Capital and Citigroup for the sale (PFR, 9/12).
	Rio Nogales (800 MW CCGT)	Seguin, Texas		
U.S. Power Generating Co.	Astoria Generating (2.1 GW Gas-fired)	Queens, N.Y.	TBA	After icing two sales and a restructuring the company is considering filing for bankruptcy pending the outcome of a FERC decision (PFR, 8/8).

Shaded items indicate latest entries.

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NRG Stalks (Continued from page 1)

facilities, which could include letters of credit, and likely a bridge loan to a U.S. **Department of Treasury** cash grant. NRG is seeking a tenor of construction plus 18 years and aims to wrap the financing by year-end, in time to snag the grant. Alpine is expected to initiate commercial operations next September.

Financiers anticipate a smooth process for NRG, a heavily banked developer with a reputation for strong planning. European lenders have financed a few large PV projects domestically and they have an appetite for plants with established technology and power purchase agreements in the U.S., according to two senior bankers. **Pacific Gas & Electric** has a 20-year offtake agreement for Alpine.

The Princeton, N.J.-based NRG has reached out to relationship lenders to gauge interest in the Alpine financing, deal watchers say. **Banco Santander, BNP Paribas, Crédit Agricole, ING, Lloyds TSB, Mizuho Corporate Bank, Mitsubishi UFJ**

Financial Group affiliate **Union Bank, Sumitomo Mitsui Banking Corp.** and **UniCredit** have worked with the sponsor in the past.

The deal would be the second largest backing a U.S. PV project without a U.S. **Department of Energy** loan guarantee, bankers say. **Tenaska** has a larger PV deal in the marketplace, a roughly \$600 million financing backing the 130 MW Imperial Solar South in Southern California (*PFR*, 9/9). But it only came to market with the deal after its DOE loan application was placed on hold for undisclosed reasons (*PFR*, 8/19).

NRG and **Eurus Energy** scored one of the largest PV financings without a loan guarantee last September, a \$209 million credit backing a 45 MW portfolio of projects in Southern California (*PFR*, 9/27/10).

The targeted pricing and tenor of the Alpine financing couldn't be learned. **Tim Hemig**, NRG Solar v.p. of solar development in Carlsbad, Calif., didn't return a call, while a company spokeswoman in Princeton didn't address an inquiry. Bank officials declined to comment or didn't return calls.

—**Brian Eckhouse**

Hinckley Firm (Continued from page 1)

talked about in 2010, bankers and analysts say. Details on the 2009 transaction and whether the 2010 deals were completed could not be determined. "It's a really niche business. You work, you work and then it takes a while to pay off," says one banker.

The American Wind securitization could hit the market by year-end, although 2012 is more likely, officials note. The Old Saybrook, Conn.-based shop approaches landowners that have leases with wind farm developers, offering upfront cash to take over the contracts. Then, after a pool is amassed, it looks to package them in a securitized structure. American Wind Capital is backed by **Barclays Natural Resource Investments** and private equity shop **NGP Energy Technology Partners**.

Hinckley, the former ceo of **Noble Environmental Power**, was traveling and did not respond to an inquiry; neither did a Fortress spokesman.

The niche transactions are catching the eye of investment bankers and lawyers as securitizations edge into the renewable finance arena, industry officials say. Securitizations in renewables are typically privately placed, says an analyst, who has heard recent investor chatter about potential land lease securitizations. Solar securitizations are seen as another avenue by which to access capital once federal subsidies disappear in the coming years (*PFR*, 4/15).

It can be challenging to accrue the land leases because the company is dealing with many individual landowners. American Wind Capital has sent fliers and reached out to landowners, generally farmers and ranchers, who are interested in upfront cash.

Neither the size of American Wind Capital's lease pools nor the

identities of the investment banks that are considering structuring the transaction could be learned.

—**Holly Fletcher**

Invenergy Hunts (Continued from page 1)

says a spokeswoman. Active financings include a \$415 million credit backing Invenergy's 200 MW Bishop Hill I wind project in Henry County, Ill. The timeline for closing these deals could not be learned.

Lenders are curious to see how much equity Invenergy is planning to contribute and whether the developer plans to finance it in one or two phases. "They may be trying to get down to 10%

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equity," says a senior originator at a European bank. "Those guys really push the leverage metrics." Invenergy also has looked for tax equity to buttress its projects (*PFR*, 6/28/10 and 1/9/09). Whether it is aiming for tax equity investment for Hardin could not be learned.

Invenergy is planning to post 7.5-10% equity to Bishop Hill I wind project (*PFR*, 8/30), which may set a mark for its deals going forward, financiers say. **BayernLB** and **Rabobank** are leading the Bishop Hill I financing. The financing is priced at 237.5 basis points over LIBOR, which is a shade above most recent wind deals, perhaps accounting for the scant equity contribution.

Invenergy relationship banks also include **CoBank**, **Dexia Crédit Local**, **Natixis**, **NordLB**, **Royal Bank of Canada** and **Sumitomo Mitsui Banking Corp.**

Invenergy's targeted pricing and tenor for the Hardin financing as well as the financing timeline and whether the project has an offtaker, couldn't be learned. **Jim Murphy**, Invenergy cfo in Chicago, was unavailable for comment, while an Invenergy spokeswoman declined to address deal details. Bank officials didn't return calls.

—**Brian Eckhouse**

Contracted Assets (Continued from page 1)

Stroock & Stroock & Lavan's 2011 Evolving Energy Industry Directions forum.

Merchant assets saw a resurgence of popularity in the last year with prospective buyers flocking to Northeast auctions, including those of **Brick Power**, **Milford Power** and Bridgeport (*PFR*, 3/8 & 5/17). Bidders consisted mostly of private equity funds or strategics like **Capital Power**, with confidence in power prices in the next decade, or those with retail power subsidiaries (*PFR*, 12/23).

Moving forward this year, the assets that move the quickest or pull in the largest crowd are anticipated to be those with contracts—even those with shorter, seasonal ones like **LS Power's** Arlington Valley and Griffith in Arizona picked up by **Highstar Capital**. Both **NextEra Energy Resources** and **ArcLight Capital Partners** have been offering mostly contracted portfolios (*PFR*, 5/4 & 7/22).

Prospective investment-grade buyers are seeking financing to support contracted, or mostly contracted acquisitions. Buyers in that category have achieved attractive, low rates, said **Frank Napolitano**, head of U.S. power and utilities at **Royal Bank of Canada**, noting that if a buyer is circling a contracted acquisition "it's a good time to need debt."

Sellers with those types of assets are in a good position given the number of well-capitalized private equity and infrastructure funds with lots of dry powder, noted **Raffiq Nathoo**, senior managing director at **The Blackstone Group**. The market for merchant generation is smaller because buyers are wary of the amount of equity needed to finance the acquisition. Lenders are wary of getting behind a merchant facility when power demand is looking flat for the immediate term.

Given the number of would-be bidders that show up to auctions,

ALTERNATING CURRENT

If You Build It, They Will Come

Housing Wind Project Manpower

Wind farms are often built where people aren't, out in the middle of nowhere, hundreds of miles from skyscrapers and big towns with their pesky permitting committees that block the wind's path. So where does the harried developer put all of the manpower required to build these behemoths? Leave it to **ProjectBeds.com**.

The Toronto-based company, which sports the slogan "You harness the future; we'll take care of the details," secures accommodations for technicians during project permitting and contractors during construction. It has relationships with **Best Western**, **Ramada** and yes, **Wyndham**.

When *PI* suggested to **John Spanaitis**, ProjectBeds v.p. of sales and marketing, that companies could opt for low-cost travel web sites like **Expedia** and **Kayak**, he countered that those sites tend to offer distressed inventory available in the immediate future. ProjectBeds, however, tends to line up discounted rooms far ahead of time. "If a company is trying to [arrange rooms] ahead of time, they can't get these rates," he says. **Siemens** is among the companies that tap ProjectBeds to handle accommodations, Spanaitis adds.

ProjectBeds often arranges 100 hotel rooms for contractors over a six-month period. Try that, **Travelocity**.



some buyers prefer to approach individual owners about bilateral trades. Quiet conversations reduce the seller's risk of running a failed auction, if bids come in too low, while giving the buyer an edge on exclusivity. "You've got to continue to try for those situations," said Nathoo.

—**H**

olly Fletcher

Quote Of The Week

"You've got to continue to try for those situations."—Raffiq Nathoo, senior managing director at The Blackstone Group, encouraging prospective buyers at Stroock & Stroock & Lavan's 2011 Evolving Energy Directions forum to find sellers that are willing to be engaged in private negotiations instead of a full auction (see story, page 1).

One Year Ago In Power Finance & Risk

Ram Power considered a private placement as a potential financing structure backing its \$250 million, 49.9 MW Orita geothermal project in Imperial Valley, Calif. [The Reno, Nev.-based developer terminated **Southern California Edison's** offtake agreement for Orita because it couldn't meet contractual milestones (*PFR*, 9/7).]