

Power Finance & Risk

The weekly issue from Power Intelligence www.powerintelligence.com

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Edison Mission Energy and **General Electric Capital Corp.** have tapped advisors as they evaluate options for the Homer City coal-fired plant in Pennsylvania.

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Top Stories

European Debt Woes Loom Over PF

The European debt crisis is looming over several European project finance lenders, putting pressure on deal pricing and making banks wary of doing deals with their peers. "You're going to see a lot of lenders re-price their participation in the market," said a banker on a panel at the 6th Annual North American Infrastructure & Energy Finance Forum in New York. The cost of self funding for European lenders has risen from around 100 basis points over LIBOR in the beginning of the year to at least 160-170 bps, said **James Guidera**, head of project finance North America for **Crédit Agricole**. Pricing on plain vanilla project financings had been falling south of 200 bps over LIBOR earlier this year, with sponsors such as **NextEra Energy** and **Sharyland Utilities** snagging pricing in the range 175-200 bps over

(continued on page 10)

Aussie Investment Manager Eyes U.S. Power

Access Capital Advisers, an Australian infrastructure investment manager, is looking to invest \$1 billion in the U.S. and globally on behalf of Australian pension funds. Access has been working on the move as an additional outlet for its clients' money. There is no timetable to invest the \$1 billion.

The shop is looking to invest in operating transmission and generation assets, corporate utilities and midstream natural gas, says **Andrew Cunanan**, partner and head of Americas for Access in New York. The investment thesis is "technology and



(continued on page 16)

Brazilian Co. Hunts Funds For Chilean Coal

Brazilian energy company **MPX** is talking to lenders in New York, Chile and Brazil about financing the \$1 billion first phase of its 2.1 GW Castilla pulverized coal-fired project near Copiapó, Chile. Rio de Janeiro-based subsidiary of **EBX Group** is seeking roughly \$700 million in debt backing the first phase.

That first phase comprises 400 MW of generation, a port to deliver the coal and a water plant, says a banker in Chile, adding that construction could start as early as next year. Lenders anticipate the succeeding phases of Castilla to be less costly, as the surrounding infrastructure is expected to be built during the first phase. Castilla would ultimately constitute more than 10% of Chile's installed capacity.

Latin American lenders tend to favor Chilean project financings, says a senior originator,

(continued on page 15)

At Press Time

Natixis Names LatAm PF Head

Natixis is moving **Pascal Soldaini**, head of project finance in Spain and Portugal, to head of project finance for Latin America. Soldaini will be based in New York and report to **Olivier Delay**, who will assume the post of regional head of project finance in the Americas later this year.

Delay, a managing director and head of specialized finance, is replacing **Richard Garcia**, who has been promoted to lead Natixis' global power team in Paris (PFR, 9/13).

Whether Soldaini's position is new or whether he is replacing someone couldn't be learned. A bank official didn't return a call by press time. A spokesman didn't address an inquiry. Soldaini, who previously worked at **Credit Lyonnais**, couldn't be reached.

Aitor Alava Cascon will replace Soldaini as head of project finance in Spain. He joined Natixis earlier this month from **BNP Paribas**, where he was deputy head of project finance for Spain and Portugal.

► FAST FACT

Aitor Alava Cascon will replace Soldaini as head of project finance in Spain.

EME, GECC Tag Advisors For Homer City

Edison Mission Energy and **General Electric Capital Corp.**, a lessor on EME's 1.884 GW Homer City coal-fired plant in near Pittsburgh, Penn., have each retained an advisor as they consider alternatives for the plant, including a sale and restructuring. **Barclays Capital** is working with EME, while **Blackstone Group** is working with GECC.

Edison Mission and its Homer City lessors, GECC and **Metropolitan Life Insurance**



Homer City

Co., have all but reached a stalemate in recent months over whether the Homer City plant will be retrofitted to reduce emissions, says a lawyer. Upgrades would cost in the neighborhood of \$700 million, according to an industry official. Under the lease agreement, as is typical in similar contracts, the cost of upgrades falls to the lessee although the lessor sees the bulk of the value increase (PFR, 5/28/10).

It's not clear what path the process is going

to take because the sale leaseback agreement complicates the situation, says a banker. Both a sale, without the upgrades, or a restructuring are likely to impact GE's return on the investment, says a banker, noting it could be challenging to line up a buyer that would buyout the lease.

EME entered into the 33-year lease agreement with GECC and MetLife in 2001. Homer City had \$696 million outstanding on senior secured bonds due in 2019 and 2026, according to 10-K a filing with the U.S. **Securities and Exchange Commission**.

Whether MetLife is working with an advisor or is actively involved could not be learned.

A Barclays spokesman declined to comment as did a Blackstone spokeswoman. Spokespeople for Edison Mission and MetLife did not immediately respond to inquiries. A spokesman for GECC declined to comment.

► FAST FACT

EME entered into the 33-year lease agreement with GECC and MetLife in 2001.

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Intelligence**

<p>Australia August 2011</p>  <p>South East Australia Gas Pty Ltd</p> <p>AUD 405,000,000 Project Finance Facility</p> <p>Mandated Lead Arranger WestLB</p>	<p>Italy August 2011</p>  <p>TotalErg SpA</p> <p>EUR 900,000,000 Long Term Financing</p> <p>Mandated Lead Arranger WestLB</p>	<p>Singapore July 2011</p>  <p>GMR Energy (Singapore) Pte Ltd</p> <p>SGD 670,000,000 Term Loan Facility 800 MW CCGT Power Plant</p> <p>Mandated Lead Arranger Technical Bank WestLB</p>	<p>Italy July 2011</p>  <p>Nuova Rete Solare S.r.l.</p> <p>USD 220,000,000 Project Financing of up to 79 MW PV plants portfolio</p> <p>Mandated Lead Arranger WestLB</p>
<p>Spain May 2011</p>  <p>Iberecoica Solar Olivenza</p> <p>EUR 286,000,000 Project Financing for a 50 MW solar thermal plant</p> <p>Mandated Lead Arranger WestLB</p>	<p>Spain/Mexico April 2011</p>  <p>Energía y Recursos Ambientales Energías Ambientales Guadalajara</p> <p>USD 148,800,000 Project Financing for a 102 MW wind farm</p> <p>Mandated Lead Arranger WestLB</p>	<p>Russia /Germany April 2011</p>  <p>Nord Stream Phase 2</p> <p>EUR 2,500,000,000 Project Financing of 1,200 km sub-sea gas pipeline</p> <p>Mandated Lead Arranger WestLB</p>	<p>UAE March 2011</p>  <p>Shams Power Company PJSC</p> <p>USD 612,000,000 Project Financing</p> <p>Mandated Lead Arranger WestLB</p>
<p>US February 2011</p>  <p>Viento II Funding, Inc.</p> <p>USD 255,200,000 Financing of a 360 MW wind farm portfolio consisting of three projects</p> <p>Joint Lead Arranger Sole Bookrunner WestLB</p>	<p>Kazakhstan January 2011</p>  <p>KC Kazakh Panama KNOC Consortium</p> <p>USD 168,000,000 Term Loan Facility Zhambyl Rig Project</p> <p>Mandated Lead Arranger Co-Financial Advisor WestLB</p>	<p>Chile December 2010</p>  <p>Hidroeléctrica San Andrés Ltda. Hidroeléctrica El Paso Ltda.</p> <p>USD 120,000,000 Project Financing for two 40 MW hydroelectric run-of-river power plants</p> <p>Mandated Lead Arranger Bookrunner WestLB</p>	<p>Turkey November 2010</p>  <p>EnerjiSA Enerji Üretim A.Ş.</p> <p>EUR 1,000,000,000 Senior Debt Facilities</p> <p>Bookrunner Joint Lead Arranger WestLB</p>

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Mergers & Aquisitions

AES Narrows Pool For Conn. Thames Plant

Initial bids have come in for AES' 208 MW Thames coal-fired plant in Montville, Conn., as prospective buyers vie to be named the stalking horse bidder. AES has narrowed the bids down from a pool of less than a dozen to fewer than six, a mix of both strategics and financial entities, says a deal watcher. **Houlihan Lokey** is advising.

Once final bids are submitted, the buyer and seller will negotiate a purchase agreement in conjunction with a bid purchase procedure that delineates the details on how the court-run auction will be held. Both agreements will need approval by the bankruptcy court judge. The Houlihan auction is expected to finalize around the start of the fourth quarter so the bankruptcy court proceedings can begin this fall.

The plant is having its power purchase agreement with **Connecticut Light & Power** unwound and will be merchant when it emerges from the bankruptcy proceedings. A merchant coal-fired plant seemed ripe for strategics looking to back-up existing load, says the deal watcher, who was surprised by the number of financial shops in the running.

AES filed for bankruptcy on behalf of its **AES Thames** subsidiary in February in the U.S. Bankruptcy Court District of Delaware to restructure its debt and contractual obligations. The proceedings stem from a steam contract with paperboard manufacturer **Smurfit-Stone Container Corp.** that forced the plant to run even when operating at a loss. The rising costs of coal contributed to the financial problems of the plant (*PFR*, 8/26).

Neither the identity of bidders nor the deadline for final bids could be learned. An AES spokesman didn't respond to an inquiry. A Houlihan spokesman declined to comment.

First Solar Ditches Loan Guarantee, Still Eyes Topaz Sale

First Solar has nixed a \$1.93 billion conditional loan guarantee from the U.S. **Department of Energy** for its 550 MW Topaz solar photovoltaic project as it talks to buyers for the facility.

► FAST FACT

Enbridge bought two solar projects in Ontario totaling 20 MW from First Solar for about \$89.6 million

As reported by *PFR* earlier this week, **Enbridge** is in advanced talks to buy Topaz in San Luis Obispo County, Calif., in a move that would establish its solar footprint in the U.S.

A First Solar spokesman in Tempe, Ariz., confirmed that it is talking with buyers about acquisition structures that are not contingent upon receiving the loan guarantee. The spokesman

declined further comment on the sale or why it decided to pull the project from the loan guarantee program. It is not using an advisor, according to a deal watcher. Whether other shops are in the running to buy the project could not be immediately learned. A DOE spokesman in Washington D.C. couldn't comment.

Royal Bank of Scotland was the lender-applicant under the loan guarantee's Financial Institution Partnership Program (*PFR*, 7/1). Construction was supposed to start this month on the project, which is scheduled to be online in 2014. **Pacific Gas & Electric** has a power purchase agreement for Topaz.

Calgary-based Enbridge has been looking at avenues to establish a U.S. solar development business, says a deal watcher, who anticipates the company will buy a one-off project before it goes after a platform. Earlier this year, Enbridge bought two solar projects in Ontario totaling 20 MW from First Solar for about \$89.6 million. Enbridge also owns and operates the 80 MW Sarnia PV project in Ontario.

The purchase price and status of the talks could not be learned. An Enbridge spokesman declined to comment. Whether Enbridge is using an advisor could not be learned.

U.S. PowerGen Tags Perella For AstoriaGen

U.S. Power Generating Co. has retained boutique **Perella Weinberg Partners** and law firm **Kirkland Ellis** as advisors as



Astoria Generating

it mulls strategic options for its **Astoria Generating** subsidiary. The move comes as the company awaits a U.S. **Federal Energy Regulatory Commission** decision on New York-ISO capacity pricing.

U.S. PowerGen

has not made a definitive decision on how to proceed with its 2.3 GW unit in Queens, N.Y., and is looking at all options ranging from a sale or refinancing to a capital raise, says a deal watcher. The next step will largely be determined by the outcome of the petition before the FERC regarding NY-ISO's capacity pricing, which is roughly half of what was anticipated (*PFR*, 8/5). The current pricing has knocked the plant's revenue down by about 50%, calling into question AstoriaGen's ability to make upcoming debt payments. The portfolio has roughly \$500 million in outstanding debt. A timeline for a FERC decision could not be learned.

Perella, along with **JPMorgan**, advised U.S. PowerGen on its bankruptcy process for subsidiary **Boston Generating** last year. **Kevin Cofsky**, managing director at Perella in New York, was one of the bankers on the BostonGen deal and is said to be on the

Astoria Generating team.

The identity of the Kirkland counsel that is working on the transaction could not be immediately learned. Spokespeople for Perella, Kirkland and FERC declined to comment. A U.S. PowerGen official did not immediately respond to an inquiry.

Rockland Scores La Paloma Refi

Rockland Capital has wrapped a \$447 million refinancing for its **La Paloma Generating Co.** subsidiary. **Bank of America** and **Macquarie Capital** co-arranged the package that included a first lien term loan and revolver as well as a second lien term loan and a letter of credit on the 1 GW La Paloma combined cycle facility in McKittrick, Calif. The deal wrapped at the end of last month.

► FAST FACT

Rockland priced the six-year \$302 million first lien term loan B and five-year \$15 million revolver at LIBOR plus 550 basis points.

Rockland priced the six-year \$302 million first lien term loan B and five-year \$15 million revolver at LIBOR plus 550 basis points. The first lien term loan had a LIBOR floor of 150 and original issue

discount of 95. The \$110 million second lien term loan matures in 2018 and carries pricing at LIBOR plus 875 bps. The package also includes a \$20 million letter of credit. The sponsors put in about \$63 million in equity.

Investor interest was strong at the outset of the pricing process, but a wave of drops in the stock markets ratcheted pricing higher. "The fact that markets were a little pricier than we had hoped didn't bother us," says **Scott Harlan**, managing partner at Rockland in Houston, noting that the company had originally planned to refinance about this time and decided it was prudent to stick to that timeline. The original pricing sought on the package could not be learned.

Rockland, La Paloma's managing owner, had been looking to mandate a bank on the refinancing in the second quarter (*PFR*, 6/17). An affiliate of **Morgan Stanley** and **Trust Co. of the West** are majority owners of La Paloma; Rockland oversees the plant day to day. The remainder of the facility is owned by affiliates of various investment shops, including **Solus Alternative Investment Management**, **Credit Suisse**, **Merrill Lynch**, **Loews Corp.**, **Complete Energy Batesville** and **Stark Investments**.

The facilities replace a \$459 million **WestLB**-arranged debt package that was set to mature next year (*PFR*, 8/12/05). That



package included a \$244 million first lien term loan that matures in 2012, priced at 175 basis points over LIBOR; a \$155 million second lien term loan that matures in 2013, priced at 350 bps over LIBOR; and about \$60 million in working capital and letters of credit.

Spokeswomen at the banks did not immediately respond to inquiries.

Project Finance

Developer Taps Seven For Peru Hydro

Peruvian developer **Inkia Energy** has tapped **BBVA**, **Crédit Agricole**, **HSBC**, **Scotia Capital**, **Société Générale**, **Sumitomo Mitsui Banking Corp.** and **WestLB** to participate in a financing for its \$750 million, 400 MW hydro project in Cerro del Aguila, Peru. Inkia is seeking a roughly \$525 million credit.

Daniel Mallo, SocGen director in New York, and **Jaya Viswanadha**, a Crédit Agricole banker in New York, are among the financiers structuring the financing.

The deal will have a 12-year tenor. Peruvian financings typically are priced 50 basis points above Mexican deals backing power projects, which have fallen between 200 and 225 bps over LIBOR recently, says a senior banker. The pricing on the financing couldn't be learned. **Jorge**

Melgar, Inkia project manager in Lima, didn't respond to an email seeking comment by press time. Bank officials declined to comment or didn't return calls.

A government-owned utility in Peru will buy 200 MW of generation, with the rest sold into merchant markets (*PFR*, 6/17).

Banks Pitch For NRG Solar

Crédit Agricole, **Mizuho Corporate Bank** and **Sumitomo Mitsui Banking Corp.** are among the lenders bidding to lead a nearly \$300 million financing backing **NRG Solar's** 66 MW Alpine photovoltaic project. The **NRG Energy** affiliate has yet to announce whether it prefers an underwritten or best efforts financing, says a deal watcher.

NRG is seeking a tenor of construction plus 18 years (*PFR*, 9/13). The Alpine financing would consist of a term loan, ancillary facilities, which could include letters of credit, and a bridge loan to a U.S. **Department of Treasury** cash grant. Financial close is targeted by year-end. NRG's desired pricing couldn't be learned. Bank officials declined to comment or didn't return calls by press time. A NRG spokeswoman in Princeton, N.J., declined to comment.

Pacific Gas & Electric has a 20-year offtake agreement for Alpine, in Lancaster, Calif. Commercial operations are expected next September.

Cogentrix Wraps \$90.6M Federal Loan



photo courtesy of Auronix

Cogentrix has scored a \$90.6 million loan from the **Federal Financing Bank**, under the U.S. **Department of Energy's** Sect. 1705 loan guarantee program. The FFB loan backs the 30 MW

Alamosa high-concentration solar photovoltaic project in San Luis Valley, Colo.

Most FFB loans have been priced at LIBOR plus 37.5 basis points (*PFR*, 9/15). The pricing and tenor of the Cogentrix loan couldn't be learned. A DOE spokesman in Washington, D.C., declined to comment, while an FFB spokesman didn't respond to an e-mail by press time. **Goldman Sachs** is the parent of Cogentrix—a spokesman at Goldman declined to discuss deal details.

Xcel Energy subsidiary **Public Service Company of Colorado** has a 20-year offtake agreement for Alamosa, which will use equipment from **Amonix**. Alamosa will consist

of concentrating optics and multi-junction solar cell panels controlled by a dual-axis system. That system rotates and tilts the cells so the surface of the panels maintains optimal angles to the sun. The project is expected to be operational next year.

Banks Flex Pricing, Tenor Of Invenergy Deal

Leads **BayernLB** and **Rabobank** have flexed up the pricing of a \$415 million financing backing Invenergy's Bishop Hill I wind project to roughly 275 basis points over LIBOR from 237.5 bps. The lenders are also pushing to shorten the tenor from 18 years to 10 years, deal watchers say.

A slim equity contribution from Invenergy and an increase in cost of funding for some European lenders are behind the pricing increase, bankers say, adding that the European debt crisis is contributing to an uptick in banks' costs of funding. Invenergy is planning to insert 7.5-10% equity for the 200 MW project in Henry County, Ill. (*PFR*, 8/30).

The lenders that have weighed participating in the financing include **CoBank**, **Helaba**, **Mitsubishi UFJ Financial Group** affiliate **Union Bank**, **Natixis** and **NordLB**. The status of Invenergy's negotiations with lenders couldn't be learned. An Invenergy spokeswoman in Chicago declined to comment. Bank officials declined to comment or didn't return calls.

The **Tennessee Valley Authority** has a 20-year offtake agreement for Bishop Hill.

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AUGUST 23, 2011

ECP Floats \$2.3B Ill. Project

Energy Capital Partners is looking to sell its \$2.3 billion coal-to-synthetic natural gas and power project in Jefferson County, Ill. The Short Hills, N.J.-based shop sent out teasers earlier this month; it is not working with an advisor on the sale, a deal watcher notes.

ECP is looking to wrap the sale before year-end. There is no set deadline to submit bids.

Power Holdings of Illinois will produce 55 billion cubic feet of SNG and 100 MW of power. The sale of SNG will constitute up to 80% of the revenues from the facility, which is slated for operation in 2016. Offtake contracts are expected to be finalized in the next two



AUGUST 24, 2011

Private-equity firm reportedly wants to sell downstate coal-to-gas project

The private equity firm behind a \$2.3 billion coal-to-gas plant in downstate Illinois is looking to sell the project, trade publication *Power Finance & Risk* reported Tuesday. The move comes less than a month after Gov. Pat Quinn signed legislation that paved the way to making the plant a reality.

Energy Capital Partners, which has offices in Short Hills,

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Industry Current

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

*In last week's Industry Current, **Eli Katz**, partner at **Chadbourne & Parke** in New York, examined guidance recently released by the U.S. **Department of Treasury** on how much it expects to pay on cash grant applications for photovoltaic projects. This week, Katz writes about structuring projects to capture the maximum grant and some of the challenges posed by the guidance.*



Eli Katz

Structuring To Increase Basis

Perhaps the most direct way to structure a project for the maximum eligible grant is to lease the solar project to a lessee and avoid the basis rules altogether. A lessee of a solar project may claim the cash grant on 30% of the fair market value of the solar system, no matter what the actual basis is at that point in time. Financing structures that take advantage of the lessee claiming the cash grant are referred to as "pass-through lease structures," because the owner of the project "passes-through" the rights to the cash grant to the lessee under the lease agreement.

This rule can be extremely beneficial because it allows for an increased basis without the usual tax cost of a sale that usually accompanies a basis increase.

Treasury's guidance extends to lease pass-through transactions as well, stating that "An evaluation of the property's fair market value is also relevant in the context of applications by lessees of

“ A lessee of a solar project may claim the cash grant on 30% of the fair market value of the solar system, no matter what the actual basis is at that point in time. ”

leased property, where the applicant has chosen fair market value as the basis.”

In all other transactions aside from pass-through leases the cash grant program pays as a percentage of basis, and thereby incentivizes applicants to structure transactions that achieve the highest possible basis.

A cash grant payment equal to 30% of any incremental increase in basis typically far outweighs the tax consequences of achieving this higher basis.

Two simple examples illustrate this point.

The first is where an entity owned by a developer charges a "fee" for providing something of value to another entity that will develop and own the solar system. As long as the two entities are

separate "tax" entities (meaning none of them is a disregarded entity), the entity that pays the fee should get an increased basis in its project and the entity that receives the fee would owe tax on the payment. A second example is where a developer sells the solar system at a profit to a buyer that claims the cash grant based on the price it paid. Again, so long as the seller and buyer are both tax entities, the seller pays tax on its profit and the buyer claims a basis equal to its purchase price.

The after-tax economics of structuring for an increased basis are almost always beneficial in the context of a solar project that qualifies for the cash grant. Any increase in basis is almost immediately rewarded with an increased grant equal to 30% tax free as well as additional basis that allows for future tax deductions as this basis is written off in the future. Owners of solar projects can generally deduct this additional basis over five years. The corresponding payments that create this basis are taxed at the seller's tax rate which is usually no higher than 35% and can often be offset by other tax deductions or losses available to the seller.

How The Guidance Deals With This Problem

One of the main thrusts of the guidance is the principle that the Treasury is not required to include a payment in basis just because it has actually been made. Consistent with a number of court cases that have evaluated basis in the tax credit area, the Treasury states that when "a taxpayer's stated cost for an asset does not reflect the true economic cost of that asset," it will not permit these costs to be included in basis.

The guidance highlights the two most common reasons why the Treasury might challenge a payment as not includible in basis: The payment is part of a transaction that is not conducted at arm's length, or there are "peculiar circumstances" that serve to inflate value.

The problem transactions that are the focus of the guidance generally involve related persons (developer selling or paying a fee to an affiliate) or sales of solar systems that come together with valuable contract rights.

A sale of a solar project, unless it is at a very early stage, usually involves the sale of all the project contracts that have been secured by the seller. Depending on how far along in

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 development process the project is, these will typically involve a power purchase agreement, various land leases and also permits and other interconnection rights. If any of these

“Somewhat mysteriously, Treasury chose to include sale-leasebacks as suspect transactions.”

contracts are “out of market,” meaning they were obtained under favorable terms, some of the sales price may need to be attributed to these contracts. In most cases, the sales price paid for contracts is not eligible for the cash grant.

Valuing contracts independent of the solar system on which the contracts are dependent is a difficult exercise, however, and one hopes the Treasury applies this rule sparingly and only in clearly abusive cases where assets trade hands at prices far in excess of their values.

The other type of problematic transaction is where the buyer and seller are related to one another. The extra focus on these transactions is clearly warranted as there is no outside “check” on the prices that can be charged. Sales in which there is not full overlap of ownership among the buyer and seller should present a strong defense to a Treasury challenge, particularly in those circumstances where someone unrelated to the buyer or seller shares meaningfully in the sales proceeds.

Somewhat mysteriously, Treasury chose to include sale-leasebacks as suspect transactions. In a typical sale-leaseback transaction, a solar developer sells his project to a bank and then

leases it back in exchange for rent payments under a lease. These transactions present much less room for abuse because the bank that buys the project carefully negotiates the sales price to ensure that the project will be profitable enough to support the rent payments under the lease.

Life After the Guidance

The guidance provides some “pointers” to owners of solar systems who may have fact patterns that will relegate them to the dreaded “close scrutiny” line. As a preliminary matter, any markup or increase above cost should be supported by an independent appraisal. The appraiser should use a “bottom up” cost approach, starting with the manufacturer’s cost and should specifically evaluate the markup and benchmark it against other market comparables for similar solar projects. Where the project differs from a typical solar project, either because of its physical characteristics, geographical location, or technological specifications, those differences should be carefully highlighted and evaluated by the appraiser.

The appraiser should also support the value of the solar system through the use of the discounted cash flow approach. Any discounted cash flow analysis however, should pay careful attention to justifying the discount rate used and should be cautious about including speculative revenue, such as uncontracted solar renewable energy credits, into the financial model without a deep discount that adequately reflects the risks of receiving these revenue streams.

The Treasury guidance should not spell the end of related party sales, developer fees or sale-leaseback transactions in the solar market. It simply means that Treasury intends to bring a more watchful eye to this area. Owners of solar projects applying for the cash grant must now be far more disciplined and thorough when structuring transactions with any of these features.

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Conference Coverage

6th Annual North American Infrastructure & Energy Finance Forum

The effects of the European debt crisis, scarce power contracts and the future of tax equity created the buzz at **Euromoney Seminars'** 6th Annual North American Infrastructure & Energy Finance Forum. Bankers, investors, developers and attorneys gathered at the Westin New York at Times Square for the event Sept. 21-22. Managing Editor **Sara Rosner** and Senior Reporter **Brian Eckhouse** filed the following stories.

La Caixa Readies U.S. PF Operation

La Caixa expects to relocate four existing project financiers from Spain to staff an office in New York that it aims to open within three months, said an industry observer. The Barcelona-based savings bank has yet to select the team from its Barcelona and Madrid offices.

Debt struggles in Europe are motivating the bank to tap in to new markets, the observer noted. La Caixa anticipates financing about five renewables projects annually in the U.S. and up to two infrastructure projects. Its sweet spot is \$50-75 million per transaction, though it isn't limited to that range. The bank's board has approved the New York operation.

Spanish peer **Banco Sabadell**, which has a small project finance presence via its Miami office, is also mulling a New York satellite (*PFR*, 8/19). Sabadell has yet to finalize a decision on a New York satellite, said a deal watcher.

La Caixa, **Rabobank** and Sabadell wrapped an \$81 million financing backing **Gestamp Wind's** 60 MW Flatwater wind project in Richardson County, Neb., last spring (*PFR*, 4/8). La Caixa and Sabadell officials declined to comment.

Hudson, Neptune Developer Plots Projects

PowerBridge, the Fairfield, Conn.-based transmission developer behind the Neptune and Hudson lines, is planning early-stage projects in northern New England, Hawaii and upstate New York.

PowerBridge's proposed Green Line Project would transmit at least 660 MW of renewable power from Maine to Boston across an undersea line. The developer is also proposing the 345 kV West Point line that would move renewables generation from upstate New York toward New York City—near **Entergy's** Indian Point nuclear plant, roughly 35 miles from the city. The development of the West Point line is contingent on the closure of Indian Point, said **Ed Stern** president and ceo, on the sidelines of the conference.

He anticipates New York will opt for a mix of new generation projects and repowerings if Gov. **Andrew Cuomo** closes Indian Point.

In Hawaii, PowerBridge would build lines connecting generation from remote islands to Oahu. Stern anticipates a **Hawaii Electric Co.** request for proposals issued by year-end, potentially for new wind and transmission projects. He said PowerBridge "absolutely" would bid into the tender, if the utility

seeks new transmission.

Royal Bank of Scotland and **Société Générale** were joint placement arrangers on a \$700 million deal backing the 660 MW Hudson line, which will run from Ridgefield, N.J., to midtown Manhattan (*PFR*, 7/26). The 345 kV line is slated for operation in 2013.

European Debt *(Continued from page 1)*



Brian Goldstein

LIBOR (*PFR*, 4/1 & 3/29). But the rise in funding costs will push pricing over 200 bps over LIBOR for the remainder of the year, Guidera said.

BayernLB and **Rabobank** flexed up pricing on **Invenenergy's** \$415 million deal backing its Bishop Hill I to 275 bps over LIBOR from 237.5 due to European lenders' increased lending costs and a slim equity contribution from the sponsor (see story, page 6). The implementation of Basel III regulations, which require banks to shore up more capital reserves against the amount of debt they hold on a project, is also going to shorten tenors on project finance deals, noted said **Brian Goldstein**, head of project finance Americas at **BNP Paribas**. Tenors have been hitting the 18-year mark in some cases. **NRG Energy** is looking for 18-year money for its 66 MW Alpine solar project in California (see story, page 5).

Some banks have indicated declining capacity for financing, said **Paul Buckovich**, senior v.p. at **Competitive Power Ventures** in Braintree, Mass., on the conference sidelines. He doubts banks' struggles will affect the "ultimate execution" of deals, but anticipates tightening tenors will encourage more mini-perm transactions.

Some lenders will try and avoid high funding costs by focusing on alternatives, such as bonds, that don't use their balance sheet. **Hadley Peer Marshall**, v.p. of structured finance industry at **Goldman Sachs**, and **Anthony Licata**, executive director of global commodities at **JPMorgan**, both cited appetite from investors in the debt capital markets for power and infrastructure paper. Peer Marshall attributed at least some of this appetite to the taste investors got for the paper under the Build America Bond program. BABs are part of the American Recovery and Reinvestment Act of 2009 and provide a 35% rebate to the issuer on the interest they pay on fully taxable bonds. They were designed to broaden the investor base for power and infrastructure issuers (*PFR*, 5/29/09).

—Sara Rosner & Brian Eckhouse

PPA Scarcity Haunts Developers

Renewables developers are concerned about a paucity of power purchase agreements and uncertainty surrounding those contracts in the U.S. and Canada.

Some utilities in the U.S. are approaching the fulfillment of state government-issued renewable portfolio standards, decreasing available PPAs and potentially slowing project development, said **Brian Goldstein**, head of project finance Americas for **BNP Paribas**. Developers are also looking at whether Ontario, which hosts a general election Oct. 6, will halt its provincial feed-in tariff contracts to renewables projects. Ontario is one of the preferred markets in North America to develop and finance renewables projects.

The California **Public Utilities Commission's** rejection of a 2010 photovoltaic PPA also has sponsors on edge. The commission



Brad Nordholm

nixed the contract because of pricing that exceeded bids into a 2011 tender for new generation (PFR, 8/19).

The outlook for parity is improving, however, which would ease renewable dependence on RPS and policy. The cost of wind turbines and photovoltaic panels has sharply declined, corresponding to lower PPA pricing, said **Brad**

Nordholm, CEO of **Starwood Energy** in Greenwich, Conn. Some wind projects in the Midwest are priced between \$0.035-0.045 cents. Wind priced at \$0.065 cents a couple of years ago, noted **John Foster**, **Competitive Power Ventures** executive v.p. in Silver Spring, Md.

Reznick: New Investors Eye Tax Equity Mart

New tax equity players may emerge to take advantage of tax credits even after the expected sunset of the U.S. **Department of Treasury** cash grant on Dec. 31, said **Robert Sternthal**, president of **Reznick Capital Markets**.

Investors in low-income housing tax credits, which include insurance companies, are among the groups eyeing renewables, Sternthal said at the 6th Annual North American Infrastructure & Energy Finance Forum in New York City. Energy companies, including independent power producers and utilities, have begun looking to use their taxable income capacity to purchase or finance renewables. Firms with footholds in renewables, including engineering, procurement and construction firms, are also potential tax equity investors as they look for new ways to win business.

Industry officials have said that the expiration of the grant would make it more difficult to monetize tax credits starting Jan. 1, especially if the tax equity market is struggling just to accommodate current demand. Many developers will still qualify for the grant, which provides 30% of project costs upon completion, in the first

half of 2012. Sponsors that initiate construction before year-end can still snag the grant if financed early next year.

Anthony Licata, executive director of global commodities at **JPMorgan**, one of the most active tax equity investors in renewables, said that he is not expecting the cash grant to be extended. Other tax equity players include **Bank of America**, **Citigroup**, **Credit Suisse**, **Google**, **General Electric**, **MetLife**, **Morgan Stanley**, **PNC**, **Union Bank**, **US Bank** and **Wells Fargo**. Sternthal declined to identify the names of potential new investors.

Reporter's Notebook

- "I don't think today is the right audience to go into taxes on upper income Americans."—A U.S. government official speaking to bankers, investors and developers on funding for infrastructure projects.

- When **Jonathan Weisz**, partner at law firm **Torys** in Toronto, told a U.S. customs agent at the Newark Airport that he was going to a power conference, the agent sidetracked the normal interrogation to his interest in installing a solar panel on his home. "So if you're interested, go to gate number 54," Weisz told attendees. "Ask for Carlos."

- **Power Lunch.** Attendees enjoyed Greek salad, spa grain salad with black quinoa, wild rice, couscous and toasted orzo, orichette pasta with broccoli rabe in a sundried tomato and parmesan sauce, pepper-encrusted beef medallion with mashed potatoes and Pacific halibut on Wednesday. Dessert was a nod to the venue: New York cheesecake with an optional raspberry dipping sauce.



- **Strange brew?** Canadians made a strong showing at the conference, with several developers from the Great White North. **Tony Anderson**, **Northland Power** chief investment officer in Toronto, joked, "Toronto isn't part of the United States—at least not yet."

- **20,000 MW**—The size of the Gansu wind farm being developed in northwestern China, according to a presentation from **Paul Manson**, president and CEO of **Sea Breeze Power**. The project, which would represent 50% of the all installed U.S. wind capacity this year, will begin to go online in 2020.

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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@iinews.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 Beauré, Quebec	BoTM, DB, KfW	TBA	\$500-600M	18-20-yr	Dexia, LBBW, Mizuho and SMBC join club deal (PFR, 7/25).
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 xxx).
Cirque Energy	Midland Biomass (35 MW Biomass)	Midland, Mich.	TBA	TBA	\$70M	TBA	Sponsor targets debt, equity (PFR, 8/29).
Cogentrix	Alamosa (30 MW PV)	San Luis Valley, Colo.	FFB	TBA	\$90.6M	TBA	Deal wraps (see story, page 6).
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).
Enova Energy Group, NuPower	Plainfield (37.5 MW Biomass)	Plainfield, Conn.	SocGen	TBA	TBA	TBA	SocGen wins mandate to lead syndicated financing (PFR, 7/18).
Gradient Resources	Patua (132 MW)	Reno, Nev.	BNP, Dexia, Scotia	TBA	\$600M	TBA	Sponsor retains Marathon Capital as financial advisor (PFR, 7/18).
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	Financing flexed (see story, page 6).
	Hardin Wind (300 MW Wind)	Hardin County, Ohio	TBA	Term	\$500M	TBA	Sponsor reaches out to lenders (PFR, 9/19).
NextEra Energy Resources	Lone Star (300 Miles Transmission)	Texas	TBA	TBA	TBA	TBA	Sponsor targets pricing under 200 bps (PFR, 8/15).
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	At least five banks pitch for mandates (see story, page 5).
Peregrine Midstream Partners	Ryckman Creek (18-35 bcf Gas Storage)	Uinta County, Wyo.	TBA	TBA	\$160M	TBA	Sponsor hunts financing (9/5).
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).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Lenders pitch financing plans (PFR, 9/12).
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 hfletcher@iinews.com.

Seller	Assets	Location	Advisor	Status/Comments
AES	Cayuga (306 MW Coal) Greenidge (105 MW Coal) Somerset (675 MW Coal) Westover (83 MW Coal)	Lansing, N.Y. Dresden, N.Y. Barker, N.Y. Binghamton, N.Y.	Barclays Capital	Signed a forbearance agreement with lenders that is in place until October (PFR, 9/5).
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	Less than a dozen shortlisted bidders are preparing second round bids (see story, page 4).
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 (PFR, 9/19).
ArcLight Capital Partners	Waterside (72 MW peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (391 MW, 65-mile transmission line)	Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokaa, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y.	Citigroup, Barclays Capital	First round bids were said to come in the week of Aug. 22 (PFR, 9/5).
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 Paper Mill	Millinocket, Maine Millinocket, Maine	TBA TBA	Cate Street Capital buys mills for biomass conversion (PFR, 8/12).
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) 50% Stake (135 MW James River coal-fired)	Portsmouth, Va. Hopewell, Va.	TBA	Quantum Utility Generation is buying half of each facility (PFR, 8/29).
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).
FirstEnergy	Richland (432 MW gas-, diesel-fired) Stryker (18 MW gas-fired)	Defiance County, Ohio	TBA	A unit of Quintana Capital has agreed to buy them (PFR, 8/22).
First Solar	Topaz (550 MW PV)	San Luis Obispo County, Calif.	No advisor	Enbridge is in talks to buy the project (see story, page 4).
GDF Suez Energy North America	Hot Spring (746 MW CCGT) Choctaw (746 MW CCGT)	Malvern, Ark. Ackerman, Miss.	UBS	UBS is releasing CIMs to interested parties (PFR, 5/15).
NextEra Energy Resources	Blythe (507 MW Combined-cycle) Calhoun (668 MW Peaker) Doswell (708 MW CCGT & 171 MW Peaker) Cherokee, (98 MW CCGT) Risecc (550 MW CCGT)	Blythe, Calif. Eastaboga, Ala. Ashland, Va. Gaffney, S.C. Johnston, R.I.	Credit Suisse, Citigroup	LS Power has agreed to buy all the assets except RISEC (PFR, 9/5).
Newind, WindRose Power	CCI (120 MW wind project)	Childress County, Texas	RedWind Consulting	Teasers have gone out for the project (PFR, 9/19).
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).
PNM Resources	Stake in Optim Energy	Texas	Morgan Stanley	Teasers are out as Cascade Investments considers exiting (PFR, 5/23).
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 (PFR, 8/22).
Recurrent Energy	Bagdad (15 MW PV) Ajo 1 (5 MW PV) Sunset Reservoir (5 MW PV) Cranbury (7.5 MW Distributed PV) Kaiser Permanente (15 MW Distributed PV)	Bagdad, Ariz. Ajo, Ariz. San Francisco, Calif. Cranbury, N.J. California	Credit Suisse	Indicative bids came in April 6 (PFR, 4/11)
Signal Hill Power, CarVal Investors	Wichita Falls (77 MW CCGT) Rensselaer (79 MW Peaker)	Wichita Falls, Texas Rensselaer, N.Y.	Scotia Capital	Teasers out in late June; first round bids said to be in (PFR, 8/8).
Strategic Value Partners, JPMorgan, Cargill	Liberty Electric Power \$1,000/kW (PFR, 8/29).	Eddystone, Pa. (586 MW CCGT)	JPMorgan	Energy Capital Partners is buying the facility for a price just under
Tenaska	High Desert (800 MW CCGT) Rio Nogales (800 MW CCGT)	Victorville, Calif. Seguin, Texas	Barclays, Citi	Has tapped Barclays Capital and Citigroup for the sale (PFR, 9/12).
U.S. Power Generating Co.	Astoria Generating (2.1 GW Gas-fired)	Queens, N.Y.	Perella Weinberg Partners	Perella Weinberg has been hired to advise on strategic alternatives (see story, page 4).

Shaded items indicate latest entries.

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News In Brief

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



- Maryland's consumer advocate group is proposing that **Exelon** agree to a three-year rate freeze after it merges with **Constellation Energy Group**. State officials are questioning whether the proposed \$100 credit to all **Baltimore Gas & Electric Co.** ratepayers is enough, considering the estimated cost savings under the merger (*The Baltimore Sun*, 9/22).
- **National Grid** is considering a \$50 million transmission project that puts cables under the harbor near Salem, Mass. The company is planning to file its plans with the state regulators by early next year (*Salem News*, 9/22).
- **Alabama Power** has signed a 20-year power purchase agreement for 202 MW from **TradeWind Energy's** 300 MW Chisholm View wind project in Garfield and Grant counties, Okla. (*The Oklahoman*, 9/22).
- **Electric Transmission Texas**, a joint venture between **American Electric Power** and **MidAmerican Energy Holdings Co.**, has received initial approval from the Electric Reliability Council of Texas for its \$300 million transmission project from Laredo to the Lower Rio Grande Valley. The state's public utility commissioners still need to approve the project (*The Brownsville Herald*, 9/22).
- **Duke Energy** is preparing to start construction on its 202 MW Los Vientos II wind project in Willacy County, Texas, by December. **Austin Energy** will buy the power and renewable energy credits from the project for 25 years (*Bloomberg*, 9/22).
- **Darrell Issa**, chairman of the **House Committee on Oversight and Government Reform**, is planning an investigation into **Solyndra's** collapse (*The Wall Street Journal*, 9/21).
- The Florida **Public Service Commission** has approved **Progress Energy Florida's** power purchase agreement with biomass developer **EcoGen Polk**. Under the PPA, Progress will buy 60 MW from a planned EcoGen biomass plant in Polk County, Fla. (*BusinessWeek*, 9/21).
- New York State Senator **George Maziarz**, who is chairman of the Senate Energy Committee, expects that the **New York Power Authority** is shelving its request for proposals for offshore wind projects in Lake Erie (*The Buffalo News*, 9/20).
- Both **General Electric** and **United Technologies Corp.** are scaling back plans to grow offshore wind turbine manufacturing units due to lower demand. Each company will focus on its onshore wind turbine manufacturing (*The Financial Times*, 9/20).

Brazilian Co. (Continued from page 1)

citing the country's sterling credit rating. **Standard & Poor's** rates Chile's local currency AA. The biggest players in Latin American project finance will consider the Castilla financing, deal watchers say, including **Banco Santander**, **BBVA**, **BNP Paribas**, **Crédit Agricole**, **Scotia Capital**, **Société Générale** and **Sumitomo**



Pecem

Mitsui Banking Corp.

Credit Agricole participated in a \$1.1 billion financing backing MPX's 720 MW coal-fired Pecem project in Ceará, Brazil (PFR, 9/04/09).

MPX has offered financial players mixed messages about whether

it needs equity for Castilla, initially saying it needed equity and then indicating it didn't, a banker says. The source—or potential source—of project equity couldn't be learned. An MPX spokeswoman in Rio de Janeiro declined to comment.

MPX has yet to land power purchase agreements for Castilla, though it has snagged environmental approval, which is the toughest pre-financing challenge in Chile for a coal-fired project, the banker says. The sponsor previously engaged lenders to gauge potential pricing on offtake contracts, he adds. A timeline for financing Castilla phases, the status of the PPA campaign and whether MPX has secured coal supply contracts couldn't be learned.

One financier notes that Chilean and Mexican financings tend to start in the low 200s, with step-ups of roughly 75 bps over the life of a loan when generation is contracted. Another banker anticipates pricing to begin above 300 bps, given the uncertainty of the European sovereign debt crisis. Few new project deals have launched in Latin America since the latest economic collapse in Europe, he notes.

The potential tenor of the financing couldn't be learned. Bank officials declined to comment or didn't return calls.

MPX is marketing Castilla as Chile's largest electricity project—equivalent to 20% of installed capacity in the country.

—**Brian Eckhouse**

Aussie Investment (Continued from page 1)

value-chain agnostic." Access looks at most opportunities that have a long-term revenue stream and it can wait for the right transaction at the right time because the funds don't have set investment deadlines. Investments could be from a single fund or several funds depending on the target's capital needs and the funds' appetites.

Power and natural gas distribution investments are prime targets in the U.S. as opposed to other infrastructure assets, such as toll roads, which are publicly owned, Cunanan says. Access looked at **Brookfield Asset Management's** Cross Sound Cable when it first hit the block, but it didn't match up with any clients, says an industry observer. Cunanan declined to comment on what it has looked at specifically. Two clients, **Motor Trades Association of Australia** and pension fund **State Super**, already have direct stakes in **Duquesne Light & Power** and another client has a stake in bulk liquid storage company **LBC Tank Terminals** in Houston.

The long-term strategy is to attract U.S. pension funds clients, Cunanan says. Access will look to initiate discussion with potential U.S. clients after it invests the \$1 billion. He expects that U.S. pension funds will increasingly look toward investing directly in assets in the coming years rather than investing in a larger fund. The U.S. power market, particularly renewables, is beginning to draw the eye of pension funds and endowments considering direct investments. **CalPERS**, along with several university endowment programs, looked at investing in **Edison Mission Energy's** wind unit (*PFR*, 12/3).

Access has no funds of its own to invest. It has five people in the New York office and 50 staffers globally.

—HF

Conference Calendar

- **ACORE** and **Euromoney Energy Events** will host the 4th Annual Renewable Energy Finance Forum West Sept. 26-27 at the Four Seasons in San Francisco. To register, visit <http://www.refwest.com/>.
- **GreenPower Conferences** will host Utility Scale Flexible Power Summit Sept. 27-28 at the Grand Hyatt in Denver, Colo. To register, visit <http://www2.greenpowerconferences.co.uk/EF/?sSubSystem=Prospectus&sEventCode=RE1109US&sSessionID=1aa09985673634d444c281c369422e40-3303861>.
- **Platts** will host 2011 MLP Symposium Oct. 11-12 at the St. Regis Houston in Houston, Texas. To register, visit <http://www.platts.com/ConferenceDetail/2011/pc145/index>.
- **Solar Power International** will host Solar Power International 2011 Oct. 17-20 at the Dallas Convention Center in Dallas, Texas. To register, visit <http://www.solarpowerinternational.com/sepa2011/public/enter.aspx>.
- **Platts** will host Financing U.S. Power Oct. 27-28 at the Sheraton NY Hotel and Towers in New York. To register, visit <http://www.platts.com/ConferenceDetail/2011/pc131/index>.

ALTERNATING CURRENT

Constellation Gets Sweet On Biomass

Constellation Energy Group is working on a pilot project to use sorghum, a cousin of corn that produces a sweet syrup used on typical Southern fare such as buttermilk biscuits and grits, to power biomass facilities.

Baltimore, Md.-based Constellation has signed a memorandum of understanding with **Chromatin**, a Chicago-based feedstock supplier, to test sorghum by adding it to the fuel mix at the 39 MW Rio Bravo Poso coal and petroleum coke-fired plant in Bakersfield, Calif., and the 29 MW agricultural and construction wood waste-fired Rio Bravo Fresno facility near Fresno, Calif.



Sorghum

The project requires only minor equipment upgrades to the plants, which are co-owned by Constellation and **North American Power Group**.

There's no need to fret that if this fuel technology takes off that it will cause the South to rise again over giving up its sweet breakfasts: the sorghum that will be used in the trial has been specially bred and is being grown as a high energy field crop in

California, says an official at Chromatin.

A Spokesman for Constellation didn't respond to messages.

- **Edison Electric Institute** will host EEI Financial Conference Nov. 6-9 at Walt Disney World Swan and Dolphin in Lake Buena Vista, Fla. To register, visit <http://wwwtest.eei.org/meetings/Pages/2011-11-06-FinancialConference.aspx>.

Quote Of The Week

"The advantage to directly investing is that it's not the same size fits all, which is what happens when you invest in a co-mingled fund."—

Andrew Cunanan, **Access Capital Advisers** head of Americas and partner in New York, on why Access thinks that U.S. pension funds will be more interested in pursuing direct investments (see story, page 1).

One Year Ago In Power Finance & Risk

LS Power and **NV Energy** received a loan from the **Federal Financing Bank** under the U.S. **Department of Energy's** loan guarantee program for the \$556 million OneNevada Transmission line. [**John Hancock Life Insurance** took a roughly 42% stake in the Nevada line and another LS transmission affiliate in Texas to help fund construction (*PFR*, 6/21).]