

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE

● MERGERS & ACQUISITIONS

● PEOPLE & FIRMS

U.S. Bank to Invest in Terra Nova Project

A U.S. Bank subsidiary is taking tax equity in a project owned by **Terra Nova Renewable Partners**. Page 5

Hudson Valley Peaker Put on the Block

A two-stage auction is underway for a gas and oil-fired peaker in the lower Hudson Valley, N.Y. Page 7

Ex-Morgan Stanley Banker Surfaces at BlackRock

A former member of Morgan Stanley's project finance team has joined BlackRock's renewable power group. Page 12

Four Advisers Hired to Sell "Largest" U.S. Solar IPP

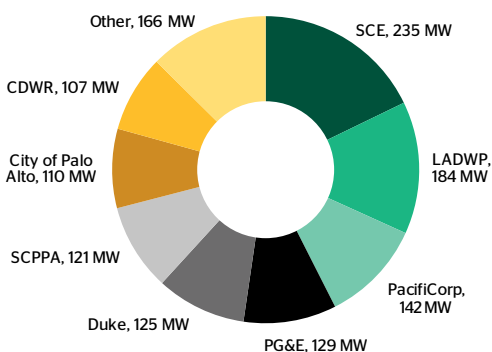
Olivia Feld

A hedge fund-backed solar-focused independent power producer has hired four financial advisers to sell its 1.3 GW portfolio of operating, under-construction and shovel-ready projects, development and asset management platform and accompanying 5.4 GW pipeline.

sPower has mandated **Barclays** to lead the sale of its assets and development platform. **Marathon Capital**, **CohnReznick Capital Markets Securities** and **Citi** are co-leading. Teasers and management presentations have been distributed, says a deal watcher.

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sPower's Operational Portfolio: Offtakers



Source: Sales teaser

Sponsor Seals Tax Equity for Merchant Wind Project in Texas

Richard Metcalf

Falvez Energy, a wind project sponsor founded by a former banker and a real estate and data center entrepreneur in 2014, has obtained tax equity commitments from two lenders for a merchant wind project.

GE Energy Financial Services and **BNP Paribas Capstar Partners U.S.** will each take 50% of the tax equity in the 163 MW Falvez Astra project in Randall, Castro and Deaf Smith counties, Texas.

The project is slated to cost \$251 million to construct, of which \$129 million will be financed with tax equity and \$122 million with sponsor equity. The project is the sponsor's first utility scale facility.

"We believe that gas prices will eventually rise and we thought it would be a good idea to go merchant," says **Leandro Alves**, principal and co-founder at Falvez in Washington, D.C. "If prices rise substantially then we would lock in

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Details Emerge on Octopus LNG Loan

Richard Metcalf

Seven banks are underwriting a debt financing for a floating LNG terminal off the coast of Chile and an associated gas-fired combined-cycle project in the country's Biobío region, collectively known as the Octopus LNG project, says a person familiar with the deal.

The \$850 million eight-year

mini-perm will enter general syndication at the end of September or the beginning of October, the source adds.

BNP Paribas is sole financial adviser, adds a second person familiar with the deal. **Crédit Agricole**, **DNB**, **MUFG**, **Société Générale** and **BNP Paribas** are among the seven arrangers and underwriters, says the first source.

Spokespeople for **BNP Paribas** and the arrangers either declined to comment or did not respond to inquiries. The identities of the remaining two banks could not immediately be established.

THREE YEARS

A potential financing for the proposed Penco Lirquén offshore LNG regasification

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● MERGERS & ACQUISITIONS

Four Advisers Hired to Sell “Largest” U.S. Solar IPP

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The teaser, seen by *PFR*, describes sPower as the largest independent utility-scale solar owner and developer in the U.S., and the fastest growing utility-scale solar developer in the country.

sPower is a portfolio company of **Fir Tree Partners**, a hedge fund headquartered in New York. Fir Tree is the controlling shareholder, while members of the sPower management team hold minority stakes in the IPP, according to a second deal watcher.

“sPower is going through a process to potentially bring in new strategic finance partners to work alongside Fir Tree to support our growth into the future,” a spokesperson for sPower in Salt Lake City tells *PFR*, confirming that Barclays is running the process but declining to comment further.

The offering could lead to an outright sale or some type of partnership between a new partner or partners and Fir Tree, says the first deal watcher, who adds that a series of meetings between several major financial and strategic institutions has already taken place.

The advisers are marketing the platform to select, highly-qualified players rather than running an auction process, adds the second deal watcher.

“You get to a scale like this and you have the ability to access pools of capital that are not typically able to invest effectively into solar,” says the second deal watcher, adding that equity investments in utility-scale solar projects tend to be

in the region of between \$100 million and \$200 million. “This is well in excess of that”, he says.

“There are significantly more buyers than sellers,” he adds, reflecting on the M&A market. “There’s been a high level of interest in this portfolio... Especially when people aren’t seeing growth in other power areas like coal and nuclear power.”

sPower is headquartered in Salt Lake City and has offices in San Francisco, Long Beach and New York.

The 1.3 GW portfolio of operating, under-construction and shovel-ready solar and wind projects in the U.S. and U.K. have a 21-year average contract term and an average offtaker credit rating of A1, according to the teaser.

The majority of the portfolio consists of utility-scale solar facilities, with a smaller proportion of wind and distributed generation solar projects. In addition, sPower has an approximately 5.4 GW development portfolio and 80 employees.

The portfolio provides “low risk, bond-like cash flows from investment grade off takers generated by a portfolio of high quality solar assets with an expected useful life of 35+ years”, according to the teaser.

sPower has raised over \$2 billion of tax equity and debt funded or under term sheet in 19 separate transactions, adds the teaser. The IPP has “strong relationships” with six tax equity providers and 12 debt lenders, the teaser continues.

Founded in 2012, sPower was created after **Silverado Power** merged with **Sustainable Power Group** (*PFR*, 4/29/15). ■

PFR Power Finance & Risk

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

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

GENERATION AUCTION & SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.

A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

Generation Sale DATABASE

Seller	Assets	Location	Advisor	Status/Comment
Abengoa	Norte III (924 MW Gas)	Ciudad Juárez, Mexico	Carl Marks	Abengoa is talks with several interested parties over a potential sale of the project (PFR, 9/26).
● Alterra Capital Partners	Springerville 1 (424.8 MW Coal)	Springerville, Ariz.		Tuscon Electric Power has taken full ownership of the project, closing its purchase of Alterra's 50.5% stake (PFR, 3/31).
ArcLight Capital Partners	New Covert (1.04 GW Gas)	Van Buren County, Mich.	BNP Paribas, Whitehall & Co.	ArcLight is preparing to launch a sale of the asset (PFR, 9/12).
Brookfield Renewable Partners	Price (189 MW Wind), Comber (166 MW Wind), Gosfield (51 MW Wind)	Sault Ste. Marie, Lakeshore, and Kingsville, Ontario	Scotiabank, TD Securities (seller)	Brookfield Renewable is selling the three facilities, plus an expansion project, in a portfolio (PFR, 7/18).
Canada Pension Plan Investment Board, JP Morgan, individual investors	Portfolio (726 MW Wind)	New York, Texas		MSD Capital, the majority stakeholder in Noble Environmental Power, is buying the entities' minority shares in the company as part of a restructuring (PFR, 9/26).
● Cogentrix Energy Power Management	Red Oak (823 MW Gas)	Sayreville, N.J.		The Carlyle Group's Cogentrix is selling the gas-fired project (see story, page 8).
● Cogentrix Energy Power Management, Quantum Utility Generation	James River Genco (115 MW Coal)	Hopewell, Va.		Cogentrix and Quantum are selling their 50-50 ownership stakes to Michigan-based Novi Energy, which will repower the project with a gas-fired turbine (see story, page 8).
Duke Energy	Latin America portfolio (4.4 GW Hydro, Gas, Oil)	Brazil, Argentina, Chile, Ecuador, El Salvador, Guatemala, Peru	Credit Suisse, JP Morgan	Duke has moved into a second round of bidding (PFR, 8/15).
Enel Kansas	Odell (200 MW Wind)	Cottonwood, Jackson, Marin and Watonwan counties, Minn.		Algonquin Power & Utilities has taken full ownership of the project (PFR, 7/26).
Entergy Corp. and Royal Dutch Shell	Llano Estacado (80 MW Wind)	Carson County, Texas		Olympus Power is buying the projects, both of which have power purchase agreements expiring this year PFR, 9/26).
	Northern Iowa Windpower (80 MW Wind)	Worth County, Iowa		
First Energy	Bay Shore Unit 1 (136 MW Coal)	Lucas County, Ohio		FirstEnergy is soliciting offers for the plant (PFR, 8/1).
First Reserve	Portfolio (1.7 GW Gas)	U.S. (California, New Mexico, Texas) and Trinidad and Tobago	Goldman Sachs	First Reserve is selling the project to a joint venture of Harbert Power Fund V, UBS Asset Management Funds and The Northwestern Mutual Life Insurance Co. (PFR, 9/26).
● GE EFS	CPV Towantic (750 MW Gas, 13.7%)	Oxford, Conn.		A fund managed by Ullico has closed its acquisition of a 13.7% stake in the project from GE EFS (PFR, 8/22).
● LS Power	West Deptford (669 MW Gas)	West Deptford Township, N.J.	Credit Suisse, Whitehall & Co. (both seller)	LS Power has closed the sale of the project to a group of investors comprising subsidiaries of Ullico Infrastructure, Prudential, Arctic Slope Regional Corp., Marubeni Corp., Sumitomo Corp. of Americas and Summit Global Management of America (PFR, 6/20).
Macquarie Infrastructure Partners III	Lordstown (940 MW Gas)	Lordstown, Ohio		The fund has hired a financial adviser and is considering bids for its 73% stake in the project (PFR, 8/15).
● Mercuria	Danskammer (500 MW Dual-fuel)	Hudson Valley, N.Y.	Guggenheim Partners	The first round of a two-stage auction is underway (see story, page 7).
NRG Energy	California Valley Solar Ranch (250 MW Solar, 51.05%)	San Luis Obispo County, Calif.		NRG has dropped the asset down into yield company NRG Yield (PFR, 9/19).
Odebrecht	Gasoducto Sur Peruano (700-mile pipeline, 55%)	Peru		A Semptra International-led consortium has entered into exclusive negotiations to acquire Odebrecht's 55% stake in the pipeline (PFR, 9/6).
Panda Power Funds	Liberty (Gas 829 MW), Stonewall (778 MW), Patriot (829 MW)	Bradford County, Pa., Loudoun County, Va., Lycoming County, Pa.	Goldman Sachs	Panda Power Funds is selling a 2.5 GW portfolio of assets in PJM (PFR, 5/16).
● PRC Wind	Unknown (270 MW Wind)	Minnesota		Tenaska has acquired three development-stage projects totaling 470 MW in two states from PRC Wind (see story, page 7).
	Unknown (200 MW Wind)	North Dakota		
Quantum Utility Generation	Quantum Pasco Power (123 MW Gas)	Dade City, Fla.	Merit Capital Partners (seller)	Quantum is selling two peakers in Florida and Nevada (PFR, 6/6).
	Nevada Cogeneration Associates 2 (85 MW Gas)	Las Vegas		
● sPower	Portfolio (6.7 GW Solar)	U.S.	Barclays (lead), Marathon Capital, CohnReznick and Citi (co-leads)	The independent power producer is exploring a sale of its entire portfolio and development platform (see story, page 1).
SunEdison	C&I Portfolio (136 MW Solar)	Various, Minn.	Rothschild (seller)	SoCore Energy, a subsidiary of Edison International, is the stalking horse bidder for the SunEdison assets (PFR, 8/29).
● SunPower	Henrietta (102 MW Solar, 49%)	Kings County, Calif.		8point3 is acquiring its sponsor's 49% interest in the project in a transaction financed primarily with a public share offering that was expected to close on Sept. 28 (see story, page 8).
● SunPower	Boulder Solar II (50 MW)	Boulder City, Nev.		Iberdrola subsidiary Avangrid is acquiring the project, which has a 20-year PPA with NV Energy (see story, page 10).

● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail fotios.tsarouhis@powerfinancerisk.com

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
8minutenergy Renewables	Redwood 4 (28 MW Solar)	Kern County, Calif.	TBA	Debt, Tax Equity	\$45M	TBA	8minutenergy Renewables is planning to finance a number of projects in the coming months (PFR, 8/8).
	SpringBok 3 (100 MW+ Solar)			TBA	TBA	TBA	
Advanced Power	Cricket Valley (1 GW Gas)	Dover, N.Y.	BlackRock	Equity	TBA	NA	BlackRock is buying a minority stake in the project (PFR, 8/22).
			GE EFS, BNP Paribas, Crédit Agricole, ICBC, BAML	Debt	TBA	TBA	Arrangers of the debt financing are meeting with other financial institutions about backing the deal (PFR, 6/20).
Andes Mining & Energy, Cheniere Energy, EDF	Penco Lirquén (423 ft³/day LNG)	Concepción Bay, Chile	BNP Paribas (sole adviser), Crédit Agricole, DNB, MUFG, Société Générale	Mini-perm	\$850M	8-yr	The arrangers are expected to syndicate the loan at the end of September or beginning of October (see story, page 1).
	El Campesino Phase I (640 MW Gas)	Bulnes, Chile					
Avenue Capital Partners	Desert Power (830 MW Gas)	Victorville, Calif.	Goldman Sachs	Term Loan B	\$310M	6-yr	Avenue Capital is refinancing the portfolio, which it acquired from Tenaska earlier this year (PFR, 8/8).
	Big Sandy (300 MW Gas)	Kenova, W.Va.		Revolver	\$30M	5-yr	
	Wolf Hills (250 MW Gas)	Bristol, Va.					
Cheniere Energy	Sabine Pass (LNG)	Cameron Parish, La.	Bank of America Merrill Lynch (left lead)	Bond	\$1.5B	10-yr	The sponsor has raised \$1.5 billion in the bond market to refinance the project (PFR, 9/26).
Development Partners	St. Joseph Energy Center (700 MW Gas)	New Carlisle, Indiana	TBA	TBA	TBA	TBA	Construction of the second phase of the 1.4 GW St. Joseph project is expected to begin within the next 12 to 18 months (PFR, 9/6).
EDF Energies Nouvelles, Andes Mining & Energy	Santiago Solar (100 MW)	Til Til, Chile	SMBC, Crédit Agricole, DNB	Term Loan	TBA	15-yr	The loan, the tenor of which matches the duration of the project's PPA with CNE, closed on Sept. 23 (see story, page 6).
Enel Green Power North America	Cimarron (400 MW Wind)	Clark County, Kan.	BAML, JP Morgan, MetLife	Tax Equity	TBA	NA	BAML, JPM and MetLife are buying the tax equity associated with the project (PFR, 9/26).
Enel Green Power North America, GE EFS	Drift Sand (108.8 MW Wind)	Grady, Okla.	Bankers Commercial Corp. (MUFG), unidentified investors	Tax Equity	TBA	TBA	The project has a 25-year PPA with Arkansas Electric Cooperative Corp. (see story, page 7).
Falvez Energy	Falvez Astra (163 MW Wind)	Randall, Castro and Deaf Smith counties, Texas	GE EFS, Capstar Partners (BNP Paribas)	Tax Equity	\$129M	TBA	GE EFS and Capstar will commit 50% each of the tax equity for the merchant project. The remaining \$129 million project cost will be financed with sponsor equity (see story, page 1).
Invenergy	Lackawanna (1.5 GW Gas)	Jessup, Pa.	BNP Paribas, GE EFS, MUFG	Commercial bank debt		TBA	Invenergy has selected arrangers for a debt package for the project, which could include an institutional tranche (PFR, 9/19).
				Institutional debt	\$200M	TBA	
			Lazard	Equity	TBA	TBA	
Mainstream Renewable Power	Sarco (170 MW Wind), Aurora (129 MW Wind)	Atacama region, Chile; Los Lagos region, Chile	SMBC, MUFG	Debt	\$450M	17-yr	The sponsor is in the late stages of negotiations with a group of banks (PFR, 6/20).
Northern Star Generation	Portfolio (795 Dual-fuel)	Florida	MUFG	Term Loan	\$200M	9-yr	Northern Star Generation is refinancing the projects with a term loan (PFR, 8/8).
	Portfolio (256.5 MW Gas)	Florida, Nevada					
NTE Energy	Portfolio (2 GW Gas)	Connecticut, North Carolina, Ohio	TBA	Debt	\$2B		NTE is planning to raise \$2 billion to finance the Killingly, Reidsville and Pickaway energy centers (PFR, 4/25).
Quantum Utility Generation	Moundville (549 MW Gas)	Marshall County, W. Va.	TBA	Debt	\$500M	TBA	Quantum, which has approached prospective arrangers to finance the project, has mandated BNP Paribas to sell a stake in the project (PFR, 6/6).
SolarCity	Portfolio (230 MW Solar)	U.S.	Quantum Strategic Partners	Equity	\$305M		Quantum Strategic Partners is managed by Soros Fund Management. BAML syndicated the term loan out to five unidentified institutional investors (PFR, 9/19).
			Bank of America Merrill Lynch	Term Loan		18-yr	
Terra Nova Renewable Partners	Hancock (51 MW Wind)	Hancock County, Maine	Firststar Development (U.S. Bank)	Tax Equity	TBA	TBA	Terra Nova is 99% owned by Novatus Energy and 1% by SunEdison (see story, page 5).

New or updated listing

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PROJECT FINANCE ●

Sponsor Seals Tax Equity for Merchant Wind Project in Texas

◀ FROM PAGE 1

a rate, but at this point it didn't make sense for us to have a locked-in rate."

The Falvez Astra project, which is merchant and does not have a hedge contract, is located in the western part of the Competitive Renewable Energy Zone in Texas. The CREZ provides renewable generation in west Texas with access to major transmission lines that serve the eastern part of the state, including Dallas, Houston and San Antonio, where load is higher.

The project's output will be delivered to the **Sharyland Utilities** Windmill Substation via a new 14-mile 345 kV transmission line and through the **Electric Reliability Council of Texas**.

The tax equity will be funded at the project's commercial operation date, which is expected in December or January 2017. In the meantime, GE EFS is providing a construction loan for the same amount as the combined tax equity investment.

Alves acknowledges the challenge posed by attracting tax equity players to invest in a merchant wind project. Part of what makes the Falvez Astra project bankable is the fact that the sponsor worked with "top tier" companies and consultants, he says.

Besides providing tax equity and a construction loan, GE EFS's parent company **General**

Electric is supplying the 68 turbines for the project and has signed up to be the facility's operations and maintenance provider under a 10-year contract.

"GE Energy Financial Services is on track to provide \$1 billion plus of tax equity to customers with high quality projects, who also chose GE technology," said **Kevin Walsh**, m.d. and head of U.S. renewables at GE EFS, via e-mail.

"Instead of us acquiring a wind farm and then trying to look for an offtaker, we're doing the reverse"

EDF is the asset manager and energy manager for the project, **DNV GL** carried out the wind resource assessment and produced an energy curtailment study, **Western Ecosystems Technology, Inc.** advised on eagle occupancy and **Leidos** is the independent engineer.

Chadbourne & Parke and **Akin Gump** are Falvez's legal advisers.

The "bankability" of the project is also supported by nine years of wind data and an approximately 47% capacity factor, which is a result of advances in turbine technology, adds Alves.

Wilson Sonsini was legal counsel to the tax equity investors and **Mayer Brown** advised GE EFS as the lender on the construction loan.

PPAS IN REVERSE

Alves has worked in the finance and infrastructure divisions of the **World Bank**, the **International Finance Corporation** and, most recently, the **Inter-American Development Bank**, where he was head of the energy division for almost seven years until he left in 2013.

He incorporated Falvez Energy with his business partner, **Hossein Fateh**, in 2014.

As well as pursuing merchant wind projects in the U.S., similar to the Falvez Astra project, Alves and Fateh plan to acquire wind projects in the eastern U.S. to supply their data center business, **CloudHQ**, which they founded in January.

"Instead of us acquiring a wind farm and then trying to look for an offtaker, we're doing the reverse," says Alves. "We're getting the offtaker first and then looking for a wind farm."

The data center-linked projects will be acquired, developed or both by Falvez's sister company **WindHQ**.

Falvez is also developing an 87 MW wind project in Tamaulipas, Mexico. The offtake arrangement for this project could involve an industrial or commercial offtaker or participation in an auction arranged by Mexico's **National Center for Energy Control**, says Alves. ■

U.S. Bank to Invest Tax Equity in Terra Nova Project

U.S. Bank is investing tax equity in a wind project owned by **Terra Nova Renewable Partners** that is under construction in Hancock County, Maine.

The Minneapolis-based bank is investing in the 51 MW Hancock wind project via subsidiary **Firststar Development**, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

One or more other investors

could subsequently come into the tax equity deal, according to the filing, which does not identify the potential investors. U.S. Bank has a syndication platform for distributing tax equity investments.

The owner of the project, **Terra Nova Renewable Partners**, was established as a strategic partnership between **SunEdison** and a group of investors advised by **JP Morgan Asset**

Management. The joint venture is 99% owned by JP Morgan portfolio company **Novatus Energy** and 1% by SunEdison.

The Hancock project, which is expected to be online in October, has a 25-year power purchase agreement for 37.5 MW of its output with the **Massachusetts Municipal Wholesale Electric Company**. The remaining 13.5 MW is contracted with the **City of Burlington**, Vt.,

under a 10-year PPA.

Over the summer, U.S. Bank made tax equity investments in projects owned by **sPower** and **Enel** (PFR, 6/9, PFR, 7/18).

A spokesperson for U.S. Bank in Minneapolis declined to comment on the tax equity investment. Novatus Energy ceo **Steve Doyon** in New York and a spokesperson for SunEdison in Phoenix did not immediately respond to inquiries. ■

● PROJECT FINANCE

Details Emerge on Octopus LNG Loan

◀ FROM PAGE 1

facility, in Concepción Bay, and the commercially-linked 1,140 MW El Campesino gas-fired project in Biobío was first reported in *PFR* in September 2013 (*PFR*, 9/25/13).

BNP Paribas and Crédit Agricole were said to be in the running to obtain mandates from the original sponsor, **Andes Mining & Energy**, and its subsidiary, **Australis Power**, at the time.

THREE SPONSORS

AME co-owns the projects with **Cheniere Energy** and **EDF**.

Houston-based Cheniere purchased a 50% stake in the Penco Lirquén regasification terminal, for just under \$10 million, in May 2013.

At around the same time, EDF formed a partnership with AME to develop the El Campesino project, a third person familiar with the deal told *PFR* last year. EDF is co-developing and co-managing the gas-fired project through its Chilean subsidiary, **EDF EN Chile**.

The ownership structure of the project has changed in the last three years, so that the three spon-

sors now have stakes in both the regasification terminal and the generation facility, the third source added. The precise size of the three sponsors' stakes in the two projects could not immediately be established.

Although the ownership structure has changed, the basic premise of the interrelated projects has remained the same since 2013, during which time the facilities have secured necessary supply and offtake agreements.

REGASIFICATION

The regasification project consists of an offshore LNG terminal that will be connected to the operational Gasoducto del Pacifico gas pipeline by underwater and underground pipelines.

A specialized vessel that will turn imported LNG into natural gas, called a floating storage regasification unit (FSRU), will be permanently moored at one of the terminal's two berths. Tankers will dock at the other berth to unload LNG.

Norway's **Höegh LNG** has signed a 20-year charter agreement to provide the FSRU, which

will be financed separately.

The Penco Lirquén terminal is scheduled to come online in 2019 with a regasification capacity of 423 million cubic feet a day.

GENERATION

The gas from the terminal will supply the three sponsors' jointly-owned El Campesino project in Bulnes, Biobío, the first 640 MW phase of which will be financed alongside the regasification terminal with the proceeds of the \$850 million loan.

Cheniere will supply the El Campesino project with natural gas from its Corpus Christi LNG export terminal in San Patricio County, Texas, via the Penco Lirquén terminal, under a 15-year sale and purchase agreement.

Construction on the combined-cycle facility is scheduled to begin later this year, pending final regulatory approvals, and the first phase of the project is expected to commence operations in 2019.

The El Campesino project won contracts totaling 480 MW with a number of Chilean distribution companies in the **Central Inter-**

connected System in a 2014 power auction.

The rules of the auction had to be modified to allow the Octopus LNG project to compete, said the third source. Under the modified rules, the charter for the FSRU is considered to be an operational expense, rather than a capital expense, he added.

A timeline for the financing and construction of the second phase of El Campesino and the total combined construction cost of the Octopus LNG project and associated pipelines could not immediately be established.

In response to an inquiry, a spokesperson for Cheniere in Houston pointed to the company's September corporate presentation, which provides details of Cheniere's ownership of the Penco Lirquén terminal and the gas sale and purchase agreement, but declined to comment further.

When asked about the project financing for the facility, **Juan José Gana**, executive director at Andes Mining & Energy in Santiago, said an announcement would be made by the end of the week.

Spokespeople for EDF in San Diego and Paris did not respond to inquiries by press time. ■

J.V. Seals 15-year Loan for Chilean Solar Project

A joint venture between **EDF Energies Nouvelles** and **Andes Mining & Energy** has secured a 15-year loan to finance the construction of a 100 MW solar project near Chile's capital, Santiago.

SMBC, **Crédit Agricole** and **DNB** arranged the loan, which closed on Sept. 23, according to a person familiar with the deal.

The tenor matches the 15-year duration of the project's power purchase agreement with Chile's **National Energy Commission**.

The expected in service date of the project could not be immediately established.

The project, called Santiago Solar, is located in the town of Til Til in the Santiago Metropolitan Region and will be interconnected with Chile's **Central Interconnected System**.

The loan was "competitively" priced, says the source, who declined comment on the size or specific pricing of the debt. The project requires a total investment of \$165 million, according

to documents filed with the Chilean **Environmental Evaluation Service**.

Debt for projects in Latin America has become more expensive recently, say deal watchers, who attribute the rise in pricing to an increase in the cost of funding for banks, especially those based in Europe.

The decision of the U.K. to leave the European Union has contributed to a tough environment for European banks, said one Latin America project finance banker.

"Our funding costs are increasing so at the end of the day you have to gross up the price," he said. "It's simple math."

Pricing for projects in Latin America could rise by between 25 and 50 basis points, he added.

Spokespeople for EDF in San Diego and AME in Santiago did not respond to inquiries by press time.

Representatives of **SMBC**, **Crédit Agricole** and **DNB** either declined to comment or could not be immediately reached. ■

PROJECT FINANCE ●

MUFG to Invest Tax Equity in Oklahoma Project

An **MUFG** subsidiary is acquiring the tax equity associated with a wind project under development in Grady, Okla., according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Bankers Commercial Corp. will purchase the tax equity interests in the 108.8 MW Drift Sand wind project alongside one or more unidentified investors, according to the filing.

Enel Green Power North America subsidiary **Enel Kansas** owns a controlling

35% stake, which gives it the sole authority to manage Drift Sand's day-to-day operations. **GE Energy Financial Services** owns the remaining 65%.

The project has a 25-year power purchase agreement with the **Arkansas Electric Cooperative Corp.**

It is not the first time MUFG has invested tax equity in a project owned by the **Enel** subsidiary. Earlier this year, the Japanese bank transferred a portion of the tax equity it held in Enel Green Power's 74 MW Little Elk

wind project in Kiowa and Washita counties, Okla., to **U.S. Bank** (PFR, 7/18).

In 2014, MUFG and GE EFS made a joint tax equity investment in **EDF Renewable Energy's** 161 MW Spinning Spur II wind project in Oldham County, Texas (PFR, 7/11/14).

A spokesperson for GE EFS in New York declined to comment. Spokespeople for Enel Green Power in Andover, Mass., and MUFG in New York were not immediately available for comment. ■

MERGERS & ACQUISITIONS ●

Auction Underway for Lower Hudson Valley Project

Mercuria is in the process of selling the 500 MW Danskammer gas and oil-fired peaker project in lower Hudson Valley in a two stage auction.

Guggenheim Partners is advising the trading firm and asset manager on the sale, a deal watcher tells *PFR*, adding that first round bids are due this week.

Danskammer was originally a six-unit project, of which two units were coal-fired, but the facility has since been converted into a gas-fired plant with a

fuel oil back up. In its current form, the merchant project has been operational since 2014.

The project is located on the Hudson River near the town of Newburgh and opposite Beacon.

The project is well positioned to take advantage of the new Lower Hudson Valley capacity zone in **New York Independent System Operator**, says the deal watcher, adding that the project could be redeveloped into a baseload combined-cycle gas-fired project using the existing transmission lines.

Danskammer, which has been operational since the 1950s, has had multiple owners. The project was acquired by **Dynegy** from its original developer and owner **Central Hudson Energy Services** in 2001.

The facility was damaged during Hurricane Sandy and ceased operations in 2012. Dynegy stated its intention to mothball the project and sold it to private equity-backed **Helios Power Capital** the following year.

In Dynegy's bankruptcy proceedings during the same year,

it was revealed that the project was sold to Helios for \$3.5 million, the estimated scrap value of the plant.

Mercuria acquired the majority interest in the plant in 2014. Helios remains a minority shareholder in the Danskammer project company, **Danskammer Energy**, adds the deal watcher.

Spokespeople for Mercuria in Houston and Guggenheim Partners in New York did not respond to inquiries by press time. ■

Tenaska Acquires Midwestern Wind Portfolio

Tenaska has acquired a 470 MW portfolio of three development-stage wind projects in Minnesota and North Dakota from **PRC Wind**.

The projects total 270 MW of capacity in Minnesota and 200 MW of capacity in North Dakota, according to a statement issued by Tenaska on Sept. 27.

Gregory Kelly, president of Tenaska's development group, declined to identify or provide

the locations of the projects or disclose whether they have off-take agreements.

Construction on the projects could begin in 2017, and they are expected to be online as soon as 2018, Kelly tells *PFR* via email.

PRC Wind is developing a 200 MW wind project in North Dakota called Red Butte, according to a filing with the state's **Public Service Commission**.

The **Minnesota Public Utili-**

ties Commission does not have any filings from PRC Wind related to wind projects after 2011.

Tenaska's Kelly declined to comment on whether the projects the company is acquiring require or have obtained approvals from state regulatory authorities or the U.S. **Federal Energy Regulatory Commission**.

PRC Wind, also known as Project Resources Corp., is a Minneapolis-based developer formed

in 1997.

Paul White, president of PRC Wind, declined to comment. ■

FAST FACT

10 GW

The approximate capacity developed by Tenaska.

● MERGERS & ACQUISITIONS

Carlyle Subsidiary Moves to Sell PJM Projects

Cogentrix Energy Power Management is selling two conventional generation assets in the **PJM Interconnection** market totalling nearly 1 GW, including a project it co-owns with **Quantum Utility Generation** that is slated to go offline next year.

Cogentrix, a portfolio company of **The Carlyle Group**, and Quantum have lined up a buyer for the 115 MW James River Genco coal-fired facility in Hopewell, Va., which is due to be shuttered in 2017.

Michigan-based developer **Novi Energy** will purchase the facility and plans to construct a steam generation facility and a 50 MW gas-fired plant on the site, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Separately, Charlotte, N.C.-based Cogentrix

has put its 823 MW gas-fired Red Oak facility in Sayreville, N.J. on the market, a person familiar with the matter tells *PFR*.

JAMES RIVER

The James River coal-fired project sells its generation into PJM and supplies steam to **Honeywell International**. The steam generation facility Novi plans to build will fulfill its obligation to Honeywell, while the planned 50 MW gas-fired project is designed to replace the generation from the coal-fired facility, which Novi will decommission once the steam generator is operational.

Cogentrix and Quantum have each held a 50% interest in the James River project since Quantum acquired its stake from Cogentrix in 2011 (PFR, 8/24/11).

RED OAK

The Red Oak gas-fired project that Cogentrix is marketing has a tolling agreement though 2022 that is 85% owned by the **Abu Dhabi National Energy Company**, known as TAQA, and 15% owned by **Morgan Stanley**.

Cogentrix acquired the facility from **Energy Capital Partners** in 2013 (PFR, 9/10/13). ECP had purchased the project from **AES** the year before (PFR, 2/23/12).

Whether financial advisers are being used on either of the two separate sales could not be immediately established.

A spokesperson for The Carlyle Group in Washington, D.C., declined to comment. Representatives of Quantum in Houston and Novi Energy in Novi, Mich., did not immediately respond to inquiries. ■

8Point3 Finances Delayed Dropdown with Equity

8Point3 Energy Partners is financing its acquisition from sponsor **SunPower** of a 49% interest in the 102 MW Henrietta solar project in Kings County, Calif., in the equity market.

The dropdown of Henrietta into 8Point3, SunPower's joint yield company with **First Solar**, was originally intended to take place in the first quarter of the year (PFR, 2/18).

Southern Renewable Partnerships, a subsidiary of Southern Power, owns the remaining 51% interest in the project, having acquired the majority stake from SunPower earlier this year (PFR, 5/5).

8Point3 is financing its \$134 million acquisition with a public offering of 7 million Class A shares at a \$14.65 a share, which was expected to close on Sept. 28.

Shares in 8Point3 were trading at \$15.21 on **Nasdaq** when the market closed on Sept. 22, the day the yieldco disclosed details of the issuance in a filing with the

U.S. **Securities and Exchange Commission**.

8Point3 was expected to gross approximately \$102.6 million from the issuance, netting roughly \$99.5 million after expenses.

Bank of America Merrill Lynch, Wells Fargo Securities, Citigroup, JP Morgan, Mizuho Securities, Crédit Agricole, Robert W. Baird and **HSBC Securities** are underwriting the offering.

The underwriters have a 30-day option to purchase up to an additional 1,050,000 Class A shares, according to filings with the SEC.

The remainder of the acquisition financing for Henrietta will come from cash on hand and from the yield company's existing credit facility.

8Point3's acquisition strategy is disciplined, although there is concern over the yieldco's liquidity, wrote **Michael Morosi**, senior research analyst at **Avondale Partners** in a note published on Sept. 21.

"8point3's current solar portfolio does not produce sufficient revenue and the company may not have sufficient cash available for distribution to pay the initial quarterly distribution to Class A shareholders," wrote Morosi.

The yieldco had total liquidity of roughly \$131 million as of Aug. 31, according to the company's third quarter earnings report, which was published on Sept. 20. That figure comprises \$30 million of cash on 8Point3's balance sheet and \$101 million available on its five-year revolving credit facility. 8Point3 also retains the option to employ the accordion feature on its revolver, which would add an additional \$250 million to its coffers.

Beyond financial considerations, a reconfiguration of the yieldco's corporate governance could go a long way toward alleviating investor concerns, wrote Morosi in the same note.

"Being the first Yield Co with multiple sponsors creates uncer-

tainty around management's ability to operate with continuity. Addressing this issue should result in a lower dividend yield because of less perceived risk," he adds.

"We are very happy with our liquidity position," a spokesperson for 8Point3 tells *PFR* via e-mail, saying that the company has "received firm commitments for the funding of our \$250 million credit line extension which we will use to acquire projects in the fourth quarter of this year."

"We have added a number of high quality projects over the last two quarters with investment grade off-takes and 20 year PPA terms," the spokesperson adds. "With the addition of our most recent project, we are very confident in our cash flow profile related to our growth forecasts."

The dropdown of the 49% interest in Henrietta was slated to close on Sept. 30. The project has a 20-year power purchase agreement with **Pacific Gas & Electric** (PFR, 9/10/12). ■

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Darren J. Olagues
President, Chief Executive Officer
Cleco Corporate Holdings LLC

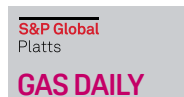
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● MERGERS & ACQUISITIONS

SunEdison Aims to Settle TerraForm Suits amid Asset Sales

SunEdison has entered settlement discussions with its yield companies, **TerraForm Global** and **TerraForm Power**, which have sued their sponsor over an alleged breach of its duties.

TerraForm Global and TerraForm Power are seeking compensation of approximately \$2 billion and \$1 billion, respectively, for what the yieldcos, in two identical statements issued on Sept. 25, called their sponsor's "failure to provide timely audited financials" and "the increased cost of financing and commercial arrangements" that they claim has resulted from the developer's woes.

Each company "has lost a large part of its enterprise value as a result of SunEdison's catastrophic breach of its sponsorship and legal duties," **Jack Stark**, chairman of the TerraForm companies' corporate governance and conflicts committee, said in the statements, though he went on to say that a settlement would be "overwhelmingly in the interests of both sides."

Bethesda, Md.-based TerraForm Global first filed suit against SunEdison in the **Delaware Court of Chancery** on April 3, claiming the developer had misappropriated \$231 million from the emerging markets yieldco (PFR, 4/5). SunEdison, by then

less than three weeks from filing for Chapter 11 bankruptcy protection, was accused of dropping down an Indian solar portfolio that was "under-funded and behind schedule", according to TerraForm Global, which said its sponsor had claimed the projects were "substantially complete".

TerraForm Global announced on Sept. 27 that it will sell a 425 MW portfolio in India and assets in Uruguay to unidentified buyers.

The yieldcos have mandated advisers for a potential sale of SunEdison's Class B shares in the two entities, retaining **Centerview Partners** and **AlixPartners** as joint advisers, with **Greentech Capital Advisors** also advising TerraForm Global and **Morgan Stanley** also advising TerraForm Power (PFR, 9/15).

APPALOOSA SUIT

While its settlement talks with Maryland Heights, Mo.-based SunEdison continue, TerraForm Power has settled a separate suit with **Appaloosa Management**, a minority stakeholder in the yieldco that took legal action over what it perceived as a preferential bias toward sponsor SunEdison that had adverse effects on other investors in TerraForm Power.

ASSET SALES

Last week, the **U.S. Bankruptcy Court for the Southern District of New York** approved SunEdison's sale of a 136 MW Minnesota community solar portfolio to **SoCore**, a subsidiary of **Edison International**, for \$79.8 million (PFR, 8/23).

"TerraForm Power has lost a large part of its enterprise value as a result of SunEdison's catastrophic breach of its sponsorship and legal duties."

Earlier this month, **NRG Energy** won approval to acquire a 2.1 GW portfolio of solar and wind projects from SunEdison and **Onyx Renewable Partners** closed its acquisition of a SunEd portfolio of commercial and industrial solar assets located in California, Arizona, Massachusetts and Vermont (PFR, 9/13).

A spokesperson for SunEdison in Phoenix declined to comment. Representatives of the TerraForm companies in Bethesda were not immediately available for comment. ■

Iberdrola Subsidiary to Acquire SunPower Project

A U.S.-based subsidiary of Iberdrola is acquiring a solar asset in Nevada from SunPower.

Avangrid, a wholly owned subsidiary by the Bilbao, Spain-based utility, has entered into an agreement to purchase the SunPower 50 MW Boulder Solar II project, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

The facility is being developed in Boulder City, some 20 miles from Las Vegas, and is expected

online in December. The project is being built alongside two adjacent facilities, Boulder Solar and Boulder Solar III.

The Boulder Solar II project has a 20-year power purchase agreement with **Berkshire Hathaway** subsidiary **NV Energy**. Both the 125 MW Boulder Solar project, which is due to be operational in November, and the Boulder Solar III project, which is in early-stage development, have offtake agreements with NV Energy.

Details pertaining to the construction financing for Boulder Solar II, as well its purchase price, could not immediately be learned.

SunPower financed the development of the 125 MW Boulder project with a long-term credit facility, according to a 10 Q filing with the U.S. **Securities and Exchange Commission** dated July 3. The provider or providers of this facility could not be immediately identified.

None of the three Boulder projects are on the **8Point3 Energy Partners** right of first offer list, according to the yield compa-

ny's third quarter earnings presentation to investors, published in September.

SunPower recently announced it plans to drop down the 102 MW Henrietta solar project in Kings County, Calif., into its jointly held yieldco with **First Solar**. **8Point3** is issuing equity to help finance the acquisition (see story, page 8).

Avangrid owns eight utilities in the U.S. and has a 6.3 GW generation portfolio across 25 states.

Representatives of SunPower in San Jose, Calif., and Avangrid in Orange, Conn., did not immediately reply to inquiries. ■

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● PEOPLE & FIRMS

Asset Manager Launches U.S. Infra Debt Team

Macquarie Asset Management's infrastructure debt platform has expanded to establish a U.S. presence in New York. The group is being led by a hire from **Macquarie Group's** investment banking division.

Ariel Jankelson joined **Macquarie Infrastructure Debt Investment Solutions** as a senior vice president in June, according to his **LinkedIn** profile.

He was previously a senior v.p. in the New York project and infrastructure financing team at **Macquarie Capital**, where he worked for 10 years.

Jankelson reports to **James**

Wilson, global co-head of MIDIS, says a spokesperson for Macquarie in New York.

MIDIS made the decision to expand into the U.S. in response to "heightened demand from our insurance and pension fund clients to match their liabilities with long-dated, lower-risk and uncorrelated investments," said Wilson in a statement.

The infrastructure debt investment manager is particularly interested in the U.S. renewable space, says a deal watcher.

Jankelson is joined by senior associate **Sunil Malhotra**, a recent transfer from MIDIS's London office. Malhotra joined

MIDIS in 2014, having previously worked as a corporate structured finance analyst at **Royal Bank of Scotland** in London.

Jankelson's departure from Macquarie Capital's project finance team follows the exit of senior managing director **Michael Allison**, who headed the renewables team, in May (PFR, 6/14).

Asked whether Macquarie has plans to fill the vacancies left by Allison and Jankelson, the bank's spokesperson pointed to hires earlier this month in its infrastructure and real estate groups.

Among them is Houston-



Ariel Jankelson

based **Guillermo Sierra**, an m.d. who joined Macquarie Capital from **Credit Suisse** and focuses on midstream energy and master limited partnerships. ■

Ex-Morgan Stanley P.F. Banker Lands at BlackRock

A former managing director at Morgan Stanley has landed at BlackRock in New York.

Martin Torres started as an m.d. in the renewable power group at **BlackRock Alternative Investors** in May. He reports to **David Giordano**, head of the North American investment team within BlackRock Alternative Investors.

"As a senior member of the team, he [Torres] is responsible for originating investment opportunities, establishing industry partnerships, leading transaction execu-

tions and developing new investment strategies in the renewable power sector," a spokesperson for BlackRock in New York tells *PFR* via e-mail.

Torres was previously a managing director and the head of renewable power project financing at **Morgan Stanley** in New York. Torres worked at the bank for nearly a decade before leaving in May.

During his time at Morgan Stanley, Torres worked on many project finance deals, including capital markets transactions, prin-

cipal lending and tax equity backing renewable assets. He was also responsible for managing Morgan Stanley's controlling interests in a number of renewable power project development and operating companies.

Previously, Torres was an associate at **Citi** from 2000 to 2002. He began his career in financial services working for **The Pullman Group**, a boutique investment group which focuses on entertainment royalty securitization, including the famous **David Bowie** bonds. ■

Project Finance Banker Returns to CoBank

A credit officer who previously worked for CoBank has rejoined the bank's project finance group after 16-years at a private investor which specializes in distressed debt.

Ryan Spearman, who was an assistant vice president in capital markets and project finance at CoBank from 1996 to 2000, has rejoined the Colorado-based

bank as a lead credit officer in project finance.

Spearman started at CoBank in Denver at the end of June. In his new role, Spearman is managing a portfolio of syndicated loans for generation and transmission assets.

Justin Merkowitz is credit manager, project finance, at CoBank. **Brian Goldstein** is

the head of the project finance group.

Previously, Spearman was a managing director, special

assets capital markets, and director, special assets, at **Republic Financial Corp.** in Denver. ■

● QUOTE OF THE WEEK

"We believe that gas prices will eventually rise and we thought it would be a good idea to go merchant."

Leandro Alves, principal and co-founder at **Falvez Energy**, on the sponsor's 163 MW Falvez Astra wind project in Texas, which recently obtained a construction loan and tax equity commitments (see story, page 1).