

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

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Innergex Closes Debt Deal For Québec Wind Project

Innergex Renewable Energy seals non-recourse construction and term loans for its facility.

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Fund managed by BlackRock scoops equity, as part of an agreement with **EDF Renewable Energy**.

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Conergy Opts to Hold Solar Assets and Become IPP

German solar shop revises strategy, decides to hold onto assets and hires new regional head.

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Ares-EIF Seeks \$400M+ for PJM Project

Olivia Feld

Ares-EIF has launched a \$400 million term loan and additional letters of credit backing its 700 MW St Joseph combined-cycle gas-fired project in St. Joseph County, Indiana. **BNP Paribas** and **Crédit Agricole** are arranging the deal, which launched on Sept. 16.

The tenor of the term loan is 5-6 years after construction is complete, deal watchers tell *PFR*. Pricing is in the range of 325 basis points over Libor, which is consistent with other recent transactions in PJM.

New York-based Ares-EIF is in negotiations with unnamed parties for a hedge agreement for the quasi-merchant project, says a deal watcher. The project took part in the **PJM Interconnection** capacity base residual auction for delivery years 2018 – 2019 and is expected to be online by June 2018, adds the deal watcher.

St Joseph is one of a number of large scale gas-fired projects in PJM in the market for financing. Others include the **Panda Power Funds** 1 GW Hummel project and the **Moxie Energy** and **Caithness Energy** 900 MW Freedom project, both in Pennsylvania.

“There’s definitely a lot of demand from banks to do these deals,” says the deal watcher, adding that hedge agreements are going to be the linchpin to getting financing sealed.

“The issue is going to be, given some of the deals coming down the pike and the size of them, whether or not they can be hedged in their entirety. I think that’s the big concern for now. At what point banks fill up on PJM exposure is really to be seen.”

BNP Paribas and Crédit Agricole were mandated on the deal in September. Both joint leads are also arranging the \$414 million debt financing backing the **NTE Energy** 525 MW Middletown combined-cycle gas-fired project in Butler County, Ohio., which is slated to close soon (*PFR*, 7/31).

Ares-EIF has had a busy few weeks trading assets. The shop picked up a stake in **GE Energy Financial Services’** 943 MW Linden combined-cycle gas-fired project in New Jersey (see story, page 6), and sold two hydro projects on the Allegheny River in Pennsylvania to the **Public Sector Pension Investment Board** (*PFR*, 9/4).

Spokespeople for Ares-EIF and BNP Paribas in New York did not respond to inquiries by press time. ■

Blackstone Subsidiary Picks Up Pair of Coal Facilities

Olivia Feld

A subsidiary of the **Blackstone Group** is acquiring the 668 MW Somerset coal-fired project in Somerset, N.Y., and the 312 MW Cayuga coal-fired project in Lansing, N.Y. from **Upstate New York Power Producers**.

Lansing-based USNYPP originally hired Blackstone to sell the Cayuga and Somerset facilities in 2014.

Riesling Power, a subsidiary of **Bicent Power**, which is owned by Blackstone’s credit arm **GSO Capital Partners**, is buying the projects in a transaction which is expected to close in December following [PAGE 5 »](#)

Downgrade Looms for NRG Yield as Moody’s Assesses Yieldcos

Richard Metcalf

Moody’s Investors Service has placed **NRG Energy’s** yield company, **NRG Yield**, under review for a possible downgrade, and has other yieldco ratings in its sights.

NRG Yield’s creditworthiness has been affected by the 30% drop in its share price since July, which caused its dividend yield to soar to 5.3%, according to **Toby Shea** and **William Hess**, the analysts who authored the credit opinion.

“We view this as a credit negative

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● AT PRESS TIME

Talen Adds Third Option to Divestiture Plans

Talen Energy has added a third option to its divestiture plans after failing to extend the lease at one of its combined-cycle facilities.

The company, the result of a merger of **PPL Corp.**'s unregulated generation business with a portfolio of generation assets owned by private equity firm **Riverstone**, had intended to sell the 158 MW Bayonne facility in New Jersey, but the new proposal would see Talen retain this asset, allowing it to retire the plant.

Talen has to sell off some of its assets in PJM to comply with conditions the U.S. **Federal Energy Regulatory Commission** imposed on the merger (PFR, 1/28)

The company initially submitted two possible divestiture plans which would enable it to comply with the conditions, and FERC had approved both options.

The two options had both involved the sell-off of its 158 MW combined-cycle dual fuel Bayonne facility in Bayonne, N.J.

Talen has added the third option after assessing the feasibility of selling Bayonne after the plant failed to secure an extension of the lease of the land it is built on.

International Matex Tank Terminals, a subsidiary of **Macquarie Infrastructure**, leases the land to Bayonne under an agree-

ment which expires on Oct. 31, 2018. In October 2014, IMTT notified Bayonne that it did not intend to renew the lease.

Bayonne and Riverstone's subsequent negotiations with IMTT to attempt to extend the lease were unsuccessful, according to the FERC filing.

Bayonne has cleared PJM's forward capacity auctions for delivery years through May 31, 2018 and is slated for retirement on November 1 of the same year.

"Accordingly, divesting the Bayonne facility could prove challenging," the filing reads.

Under its latest proposal, Talen would sell the 660 MW combined cycle gas-fired Ironwood facility, the 399 MW coal-fired Crane plant, and two hydro projects: the 248 MW Holtwood facility and the 44 MW Wallenbaupack project.

The new proposed divestiture plan would, if approved, ensure that the merger would not have a detrimental effect on competition in PJM, according to the filing which describes the new plan. Talen had originally considered simply removing Bayonne from its first two sell-off plans, but decided to file a new proposal to provide "slightly better market power mitigation," according to the filing.

The asset sales must be agreed by June 1, 2016 to comply with the conditions of the Talen merger.

Talen is 65% owned by PPL shareholders and 35% by affiliates of Riverstone. ■

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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
Apex Clean Energy	Grant (151 MW Wind)	Grant County, Okla.		Southern Power has agreed to acquire the proejct (PFR 9/14).
Ares-EIF	Allegheny Lock and Dam 8 & 9 (30.4 MW Hydro)	Armstrong and Indiana counties, Pa.		A fund managed by Ares has sold the projects to the Public Sector Pension Investment Board (PFR 9/7).
Carlyle Group, Goldman Sachs	Cedar Bay (250 MW Coal)	Jacksonville, Fla.		Florida Power & Light, the offtaker, plans to retire the plant after buying it for \$520.5M (PFR 9/7).
Competitive Power Ventures	Sentinel (800 MW Gas, 25%)	Riverside County, Calif.		A portfolio co. owned by Partners Group has acquired a 25% stake in the project (see story, page 5).
ContourGlobal	PowerMinn (64 MW Biomass)	Benson, Minn.		CPV subsidiary Benson Power has aquired the asset (PFR 9/7).
Dominion Resources	Portfolio (425 MW Solar, 33%)	U.S.		SunEdison is acquiring the stake with equity raised by JPMorgan (PFR 9/14)
EDF Renewable Energy	Longhorn (200 MW Wind, 50%)	Floyd and Brisco counties, Texas		A fund managed by BlackRock Infrastructure has acquired the 50% stake (see story, page 6).
Energy Future Holdings	Transmission & Distribution Assets	Texas		Hunt Consolidated is acquiring EIF subsidiary Oncor as part of bankruptcy exit (PFR, 8/17).
First Solar	Desert Stateline (300 MW Solar)	San Bernardino County, Calif.		Southern Power has taken a controlling stake through a tax equity partnership flip transaction (PFR 9/7).
GE Financial Services	Linden (953 MW Gas, 50%)	Linden, N.J.		Ares-EIF has acquired GE FS's 50% stake. Highstar Capital owns the remaining 50% (see story, page 6).
IFM Investors	Portfolio (1.08MW Gas, Oil, Hydro)	U.S.	Morgan Stanley	IFM has launched the sale of its Essential Power portfolio (PFR 8/31)
Invenergy	O'Brien (250 MW Wind)	O'Brien County, Iowa		The asset will be transferred to MidAmerica Energy in 2016 (PFR 8/31)
Invenergy	Morgans Corner (20 MW Solar)	Pasquotank County, N.C.		A subsidiary of Dominion will acquire the project to supply the U.S. Navy with renewable power (PFR 9/28).
LS Power	Portfolio (4,300 MW Gas)	U.S.	Citi, Morgan Stanley	LS Power has taken second round bids (PFR 9/28).
OwnEnergy	Portfolio (2 GW Wind)	U.S.	Marathon Capital	EDF RE is acquiring OwnEnergy and making it a wholly owned subsidiary (see story, PFR 31/8)
Petrobras	Pipeline Network (4038-mile)	Brazil		First Reserve is mulling a bid for an interest in the assets (PFR, 8/17).
Quantum Utility Generation	Passadumkeag (40 MW Wind)	Penobscot County, Maine	BNP Paribas	A SunEdison subsidiary is set to acquire the project (see story, page 6).
Recurrent Energy	Tranquility (200MW Solar, 51%)	Fresno County, Calif.		Southern Power has acquired a controlling interest in the project (PFR 9/7).
Star West Generation (Highstar)	Portfolio (523 MW Gas, stake)	California		AltaGas has acquired the projects for C\$642M (PFR 9/28).
Sumitomo Corp. of Americas	Mesquite Creek (211 MW Wind, 50%)	Lamesa, Texas		Duke Energy Renewables has bought a 50% stake in the project (PFR 9/7).
SunEdison	Three Cedars (210 MW, 50%)	Utah		Dominion is investing \$320M in 50% cash equity and 99% tax equity stakes (PFR 9/14)
Talen Energy	Portfolio (about 3,250 MW)	U.S.		Talen has added a third option to its divestment plans (see story, page 2).
TECO Energy	Portfolio (2.32 GW Gas/Oil, 2.64 GW Coal, 27 MW Solar)	Florida		Emera has acquired TECO Energy for \$10.4B (PFR 9/14)
Tenaska Capital Management	Portfolio (4,900 MW Various)	U.S.	Barclays	The asset sale had been delayed until after the PJM auction (PFR 31/8)
U.S. Bancorp	Portfolio (414 MW Solar)	Illinois		SunEdison is acquiring tax equity stakes from U.S. Bancorp in two wind projects it is buying from Invenergy (PFR 9/21).
Upstate New York Power Producers	Somerset (668 MW Coal)	Somerset, N.Y.		Riesling Power (Blackstone) is acquiring the projects in a transaction expected to close in December (see story, page 1).
	Cayuga (312 MW Coal)	Lansing, N.Y.		
Wasatch Wind	Pioneer (80 MW Wind)	Converse County, Wyo.		sPower has acquired the asset (PFR 9/7).

● New or updated listing

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

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
Apex Clean Energy	Grant (151 MW Wind)	Grant County, Okla.	BayernLB, KeyBank, Siemens Financial Services	Construction	\$216M	Approx 1-yr	Southern Power has agreed to acquire the project on completion (PFR, 9/14).
Cemig	Unnamed Project (Capacity Unknown)	Minas Gerais, Brazil	TBA	Debt	TBA	TBA	The sponsor intends to seek debt for the project, which is pegged at a cost of \$114B (PFR, 8/17).
Competitive Power Ventures	Towantic (805 MW Gas)	Oxford, Conn.	GE EFS, ING, Natixis, MUFG, NordLB, Mizuho	Debt	TBA	TBA	The sponsor is in the market for debt and is in talks with the lenders listed here (PFR, 8/17).
	Fairview (980 MW Gas)	Cambria County, Pa.	TBA	TBA	Debt, Equity	TBA	The sponsor will be in the market for debt when the deal launches in Q3'16 (PFR, 6/15).
EDF Energies Nouvelles, Marubeni	Laberinto Este, Laberinto Oeste (146 MW Solar)	Chile	DNB, Corpbanca, Banco BICE, Caixabank	Debt	\$187M	TBA	Debt financing has wrapped for two merchant solar projects in Chile (PFR, 9/7).
Greenskies Renewable Energy	127 C&I Projects (Capacity Unknown, Solar)	U.S.	First Niagara Financial Group	Loan	\$165M	TBA	The proceeds will be used to fund small-scale projects across 12 states (PFR, 8/30).
			TBA	Tax Equity		TBA	
Innergex Renewable Energy	Mesgi'g Ugju's'n (150 MW Wind)	Avignon, Québec	National Bank Financial Markets, SunLife Assurance Co. of Canada	Construction, Term Loan	C\$103M	C+9.5-yr	The C\$49.2M tranche will be repaid with the proceeds of a reimbursement by Hydro-Québec for the electrical substation. The deal also included two letter of credit facilities totalling \$38.4M (see story, page 5).
					C\$159.5M	C+19.5-yr	
					C\$49.2M	Construction	
Invenergy	Clear River (900 MW+ Gas)	Burrillville, R.I.	TBA	TBA	TBA	TBA	The project is slated to cost \$700M to develop (PFR, 8/10).
Invenergy	Portfolio (2 GW Gas)	U.S., Canada	Morgan Stanley, ICBC	Sen. Secured Term Loan	\$390M	7-yr	Invenergy has relaunched the deal with a revised structure. Price talk on the recently upgraded senior secured term loan is 325bps over Libor (PFR, 9/28).
				Sen. Secured RCF	\$70M	5-yr	
				Second Lien Term Loan C	\$200M	TBA	
Magnolia LNG	Magnolia LNG (80 mtpa LNG)	Lake Charles District, La.	TBA	Debt	<=\$3B	TBA	Teasers are likely to be sent out in early October (PFR, 8/10).
Moxie Energy	Freedom (900 MW Gas)	Luzerne County, Pa.	BNP Paribas, Citigroup, GE EFS, MUFG Union Bank	Debt	\$600M	TBA	The deal, which is likely to be oversubscribed, is priced at 325 bps over Libor (PFR 9/21).
NextEra Energy Resources	Breckinridge (98 MW Wind)	Garfield County, Okla.	JPM Capital Corp, Wells Fargo	Tax Equity	TBA	TBA	JP Morgan has taken 75% of the Class B shares and Wells Fargo 25% (PFR, 9/14).
Panda Power Funds	Panda Sherman (1,200 MW Gas post expansion)	Grayson County, Texas	TBA	TBA	TBA	TBA	The 450 MW expansion project is pegged at a cost of \$200M to \$300M (PFR, 8/30).
Panda Power Funds	Hummel (1 GW CCGT)	Snyder County, Pa.	Goldman Sachs (left lead)	Term Loan B	\$455M	7-yr	Rated B by S&P, the deal has launched and price talk is 375bps over Libor (PFR, 9/28).
			Investec, another joint lead	Term Loan A	>\$445M	6.5-yr	The deal has launched and price talk is 550bps to 575bps over Libor (PFR, 9/28).
Recurrent Energy (Canadian Solar)	Mustang (100 MW Solar)	Kings County, Calif.	Santander	Construction, Term, Tax Equity Bridge	\$165M	TBA	Santander plans to syndicate the loan in the coming weeks (PFR, 9/14).
			U.S. Bancorp	Tax Equity	101M	TBA	
Recurrent Energy (Canadian Solar)	Tranquillity (200 MW Solar)	Fresno County, Calif.	NordLB, Rabobank, Santander, KeyBanc, CIT, CIBC	Construction, Letters of Credit, Term	\$337M	TBA	The deal has closed (PFR, 9/14).
Ares EIF	St Joseph Energy Center	New Carlisle, Ind.	BNP Paribas	Term	\$400M	TBA	The deal has launched and price talk is 325bps over Libor (see story, page 1).
SunEdison	South Plains II (300 MW Wind)	Floyd County, Texas	Citi	Construction Loan	\$360M	TBA	The project is expected to be acquired by TERP on completion in 2016 (PFR, 8/10).
			Berkshire Hathaway, Citi	Tax Equity	\$360M	TBA	
SunEdison	Comanche (120 MW Solar)	Pueblo, Colorado	First Reserve Warehouse	Warehouse facility	\$253 million	TBA	SunEdison drew on its \$1.5 billion First Reserve Warehouse facility for the construction financing (PFR, 8/30).
			Wells Fargo	Tax Equity	TBA	TBA	

New or updated listing

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

PROJECT FINANCE ●

Innergex Closes \$300M+ Financing for Québec Wind Project

Innergex Renewable Energy has sealed C\$311.7 million (\$232.9 million) in non-recourse construction and term loans for its 150 MW Mesgi'g Ugju's'n wind facility in the Avignon Regional County Municipality of Québec.

National Bank Financial Markets was co-lead arranger and sole book runner on the deal. **SunLife Assurance Co. of Canada** was co-lead arranger.

The deal was structured in three tranches:

- ◆ a C\$103 million (\$77 million) floating-rate construction loan with a swap-fixed interest rate of 3.54%, which will convert into a 9.5-year term loan once the project is online. The principal will be amortized over the term of the loan;
- ◆ a C\$159.5 million (\$119.2 million) construction loan with a fixed interest rate of 4.28%, which will convert into a 19.5-year term loan. The principal will be amortized after

the maturity of the 9.5-year term loan;

- ◆ a C\$49.2 million (\$36.8 million) floating-rate construction loan with a swap-fixed interest rate of 2.41%, which will be repaid with the proceeds of a scheduled reimbursement by utility **Hydro-Québec** for the Mesgi'g Ugju's'n electrical substation.

The package also included two letters of credit facilities worth around C\$51.3 million (\$38.4 million), one for the debt service reserve and the other for the letters of credit issued to Hydro-Québec during the construction of the project.

Proceeds of the deal will be used to fund the construction of the project, as well as to pay for a loss of approximately \$27 million realized upon settlement of bond forward contracts. Innergex entered into the bond forward contracts for Mesgi'g Ugju's'n and four hydro projects to insulate itself from interest

rate and inflation currency risks (PFR, 8/6).

Hydro-Québec has a 20-year offtake agreement with the project, which is being developed in a 50:50 joint venture between Innergex and three **Mi'gmaq First Nations: Lis-tugui, Gesgapegiag and Gespeg**. The project is slated to be complete in December 2016.

Prior to the deal closing Innergex spoke to a number of Canada-based insurance companies and institutional investors about backing the project including **Canada Life Assurance Company, Manufacturers Life Insurance Company, and Caisse de Dépôt et Placement du Québec** (PFR, 8/6).

In October 2014 National Bank Financial and Sun Life Assurance Co. of Canada arranged a C\$92.9 million (\$83.4 million) loan backing the Innergex 21.2 MW Tretheway Creek run-of-river hydro project in British Columbia (PFR, 2/10).

Spokespeople Innergex, National Bank Financial Markets and SunLife Assurance Co. of Canada did not immediately respond to inquiries. ■

MERGERS & ACQUISITIONS ●

CPV Seals Equity for Sentinel

A newly formed portfolio company owned by **Partners Group** is buying a 25% stake in its 800 MW Sentinel combined-cycle gas-fired project in Riverside County, Calif., from **Competitive Power Ventures**.

The portfolio company is made up of eight limited partners, including **Blue Triangles Private Markets Investments, BVK Direct Infrastructure, Infidem Partners** and **WIN Alt IC** and a number of Partners Group subsidiaries, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

CPV and **Mitsubishi Corp.** subsidiary **Diamond Voltage Holdings** will maintain their

combined 50% share in the project. **Voltage Finance** hold the remaining 25% stake. **GE Energy Financial Services** sold its stake to Voltage Finance in 2013. The entity is a subsidiary of **Voltage Holdco**, which is run by a group of private investors (PFR, 8/21/13).

Southern California Edison has a 10-year power purchase agreement with the project for its entire output. The project has been online since summer 2013.

Zug, Switzerland-based Partners Group is a private equity shop with over \$46 billion in investment programs under management. The firm provided mezzanine debt for the **Panda Power Funds** Temple 1 refinancing (PFR, 3/9).

Spokespeople for CPV in Braintree, Mass. and Partners Group in Zug, Switzerland declined to comment. ■

Blackstone Subsidiary Picks Up Pair of Coal Projects

◀ FROM PAGE 1 regulatory approval, says a deal watcher.

The facilities were part of a portfolio of four coal-fired projects that wound up in USNYPP's hands after an unsuccessful sale and restructuring process landed their holding company, an **AES Corp.** subsidiary, in bankruptcy court in 2012 (PFR, 6/20/14).

USNYPP initially consisted of the group of creditors that took over the facilities, formerly known as **AES Eastern Energy**. The creditors included affiliates of **JP Morgan, Prudential Life Insurance Co., John Hancock, New York Life Investment Management Holdings, Allstate Insurance** and **Stan-**

dard General (PI, 3/23/12). Some of the creditors opted to sell down their stakes, a deal watcher tells *PFR*.

The California Public Employees' Retirement System, Carlyle Strategic Partners, JP Morgan Investment Management and **Marathon Asset Management** are listed as USNYPP's affiliates in a filing submitted to the U.S. **Federal Energy Regulatory Commission** on Sept. 25.

The output from the two facilities is sold into the NY-ISO market. The Cayuga project has a reliability support services agreement with **New York State Electric & Gas Corporation**, to offer power generated at the facility at peak times at an agreed price, extending through June 30, 2017.

Spokespeople for Blackstone in New York and USNYPP in Lansing either declined to comment or did not immediately respond to inquiries. ■

● MERGERS & ACQUISITIONS

SunEd Scores Quantum Wind Facility

A subsidiary of **SunEdison** is set to acquire the 40 MW Passadumkeag wind project in Penobscot County, Maine from **Quantum Utility Generation**. **BNP Paribas** advised Quantum on the sale, a deal watcher tells *PFR*.

In the proposed transaction, the project will be either acquired by a wholly-owned indirect subsidiary of SunEdison or **IIF US Holdings 2**, an investment fund advised by **J.P. Morgan Asset Management**, and

a wholly-owned subsidiary of SunEdison, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Houston-based Quantum wrapped debt financing on the project in March. **Sumitomo Mitsui Banking Corp.** and **Mizuho** led on the \$95 million construction and term loan package (*PFR*, 3/10).

Quantum acquired the Passadumkeag project from Centerbrook, Conn.-based **Noble Environmental Power** in 2011

(*PFR*, 7/6/2011).

Western Massachusetts Electric Co., a subsidiary of **Northeast Utilities**, has a 15-year offtake agreement with the project, which is slated to be online by the end of this year. **Vestas** is supplying fourteen V112 turbines for the project.

Spokespeople for SunEdison in St. Louis, Quantum in Houston and BNP Paribas in New York did not immediately respond to inquiries. ■

BlackRock Seals Second Texas Wind Project Stake from EDF

A fund managed by **BlackRock**'s infrastructure investment group has acquired a 50% stake in the 200 MW Longhorn wind farm in Texas, as part of an agreement to provide equity for a portfolio of **EDF Renewable Energy** projects.

Spread across Floyd and Briscoe counties, Longhorn has a long-term fixed-price power hedge with an undisclosed

counterparty. EDF RE acquired the project from **RES Americas** after signing an agreement in late 2013 (*PFR* 11/7/13).

The closing of the deal follows the announcement in February that a **BlackRock Infrastructure**-managed fund had acquired half of the 200 MW Hereford wind project in Deaf Smith County, Texas, and that investments in Longhorn

and a third project, the 194 MW Spinning Spur 3 wind farm in Oldham County, Texas would follow.

Hereford was completed in April and has a 12-year offtake agreement with **Morgan Stanley**, while Spinning Spur 3, which EDF RE bought from **Cielo Wind Power** in 2014, has long-term power purchase agreements with **Georgetown**

Utility Systems and **Garland Power & Light**.

"The projects are in a region where we have a proven wind resource and a very attractive wholesale power market, and EDF is using the highest quality equipment and provides some of the highest quality operations and maintenance services," said **David Giordano**, m.d. at **BlackRock Alternative Investments** of his firm's partnership with EDF RE.

The deregulated market, transmission system and healthy offtake market add to the attractiveness of the projects' location, he adds.

BlackRock has also agreed to invest in the 250 MW Roosevelt project and the 50 MW Milo project, both in Roosevelt County, N.M., once construction and tax equity financing is in place.

Roosevelt has a long-term power purchase agreement with **Southwest Public Service Co.**, while Milo is seeking authorization to make market-based energy and capacity sales, according to a filing with the **Federal Energy Regulatory Commission**.

A spokesperson for EDF RE did not respond to a request for comment. ■

Ares Lands Linden Stake

Ares-EIF has emerged as the buyer of **GE Energy Financial Services**' 50% stake in the Linden cogeneration project in New Jersey.

The 943 MW combined cycle facility will become a fully merchant asset when its 15-year 645 MW power purchase agreement with **Consolidated Edison** expires in April 2017.

Additional agreements to sell steam and 182 MW of electricity

to two oil refineries also expire in April 2017, according to a **Moody's Investors Service** report dated November 2013.

The plant's Linden, N.J. location places it in Zone J, the power supply zone with the highest capacity prices of the 11 zones in the NY-ISO market, because of its proximity to New York City.

"In addition to significant locational advantages, Linden Cogen has a strong steam host, and an excellent operating track record," said **Mark Voccola**, a partner of the Ares-EIF group, in a statement announc-

ing the closing of the acquisition on Sept. 22. Terms, such as the purchase price, were not disclosed.

Highstar Capital has owned the remaining 50% of the project since it acquired the stake from GE EFS in 2013 (*PFR* 12/18/13).

The project's debt was refinanced at the same time that Highstar acquired its stake, with an \$825 million seven-year term loan and a \$100 million five-year senior secured revolving credit facility. Moody's rates the project's senior secured loans Ba1. ■

STRATEGIES ●

Downgrade Looms for NRG Yield as Moody's Assesses Yieldcos

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development because, without access to the equity market, the yieldco will not function as it is designed,” they wrote. “As a result, the management may be motivated to modify its financial strategy to enhance shareholder value, having an uncertain effect on the credit quality of the rated bonds.”

The yieldco's senior unsecured debt has ratings of Ba1 and BB+ from Moody's and **Standard & Poor's**. Moody's will make a decision on whether or not to downgrade NRG Yield in a few days, Shea, vice president and senior credit analyst at Moody's, tells *PFR*.

The rating agency will also be looking at the credit ratings of other yieldcos, he adds, since all of them will be affected to some extent by the general sell-off which has hit energy sector equities.

But not all of the yieldcos will be affected to the same degree, says Shea.

“We don't rate **NextEra's** yieldco, but NextEra is a very big, stable, solid company,” he says. “They don't need the yieldco to run their business, it's not the most important thing for them, and they can live just fine without the yieldco for a long time.”

By contrast, if NRG Yield does not have access to the equity capital markets, its sponsor cannot use yieldco drop downs to recycle its capital for reinvestment, he adds, noting

that NRG Yield has many renewable assets in its right of first offer pipeline.

“Then you've got **Terraform Power**,” says Shea, “Which really is a way for **SunEdison** to develop assets and find a home for them, so without it that will also create a big strategic issue.”

SunEdison has created several warehouse

Rated Yield Companies

Yieldco	Moody's	S&P
NRG Yield	Ba1	BB+
TerraForm Power	Ba3	BB-
TerraForm Global	B1	B+
Abengoa Yield	Ba3	BB+
Brookfield Renewable Energy Partners	NR	BBB

Source: Moody's Investors Service, Standard & Poor's

facilities with private finance to hold projects destined for its yieldco, TerraForm Power, which could be dropped down in the future, when yieldco stocks might have recovered (*PFR*, 8/18).

TerraForm Power is rated BB- by Standard & Poor's, while **TerraForm Power Operating LLC** is rated Ba3 by Moody's, in both

cases two notches lower than NRG Yield.

NextEra's yieldco, **NextEra Energy Partners**, is not rated by any of the three main rating agencies.

In a Sept. 18 conference call, NRG's management confirmed that NRG Yield would not need to access the capital markets to fund two planned drop downs. The yield company has agreed to acquire a 75% interest in a 814 MW wind portfolio from NRG, while the sponsor's 51% ownership of the 250 MW California Valley Solar Ranch is slated to be transferred to the yieldco by the end of the year. NRG Yield already owns the other 49% stake in the project (*PFR* 9/21).

Should its access to equity markets fail to improve, NRG Yield is likely to use cash on hand and its revolving credit facilities to fund asset purchases or drop downs from NRG, say the analysts.

A spokesperson for NRG Yield told *PFR* the company believed its long term fundamentals were solid.

“We continue to reiterate the guidance we shared on the second quarter conference call. Our stable credit profile, lower payout ratio, strong liquidity position and strategic relationship with NRG Energy give us the financial flexibility and ability to achieve our growth objectives through 2018,” said the spokesperson in an e-mailed statement.

The spokesperson reiterated that NRG Yield had no need to access the equity markets during this period of volatility, adding that the company was in line with its credit metrics. ■

TransAlta Renewables Subsidiaries Prices Wind Project Bond

A subsidiary of **TransAlta Corp.**'s renewables yield company **TransAlta Renewables** has issued a C\$442 million (\$316 million) project bond secured on three wind facilities in Ontario.

The issuer, **Melancthon Wolfe Wind**, owns and operates the 67.5 MW Melancthon I and 132 MW Melancthon II projects, near Shelburne, and the 197.8 MW Wolfe Island project, near Kingston, on

which the bond is secured.

The facilities have separate power purchase agreements with the **Independent Electricity System Operator** (formerly the **Ontario Power Authority**), expiring in March 2026, November 2028 and June 2029 respectively.

The amortizing senior secured bond, maturing on Dec. 31, 2028, was priced on Sept. 24 at 280 basis

points over Canadian government bonds maturing in June 2022 and carries a 3.834% coupon.

Scotia Capital was the sole lead agent and bookrunner on the deal, which is slated to close on Oct 1. **DBRS** has given the bond a BBB rating, noting that the projects have performed at high availability levels since they came online six to nine years ago.

Analysts at **RBC Capital Markets** expect the proceeds to be used to repay \$120 million of debt maturing this month, to partially

finance the 150 MW South Hedland combined cycle gas-fired project TransAlta is developing in the Pilbara region of Western Australia, and potentially to fund a drop down transaction.

Calgary, Alberta-based TransAlta announced in July that it had agreed to acquire its first solar assets. **Rockland Capital** is selling the 21 MW Mass Solar portfolio in Massachusetts to the Canadian independent power producer along with a 48 MW windfarm in Rollag, Minn., for \$75.8 million (*PFR* 7/27). ■

● PEOPLE & FIRMS

Conergy Opts to Hold Solar Assets and Become IPP

German solar developer Conergy has made a strategic decision to begin directly owning operating solar projects as it seeks to become a solar independent power producer, according to an announcement on Sept. 28.

A regional leadership team led by **Yann Brandt**, who has taken up a new role as regional head of the Americas, will spearhead the strategy initially in the Americas. Brandt was previously the company's global head of global marketing and public relations.



Yann Brandt

David Munsky and **Michael Cocchimiglio**, both

of whom joined Conergy as vice presidents in project development in April, will report to Brandt as co-heads of rooftop and ground mounted solar development in the Americas.

Munsky was previously a v.p. in development at Summit, N.J.-based **Nautilus Solar**, while Cocchimiglio joined Conergy from **ConEdison Solutions**, where he was a developer, according to their **LinkedIn** profiles.

Conergy's first strategically held solar assets comprise a portfolio of five solar projects totaling 28 MW in North Carolina.

Until recently, Conergy had been in talks with a number of parties about pos-

sibly selling the projects, and in August, **NextEra** had gone as far as obtaining approval from the **Federal Energy Regulatory Commission** for the potential acquisition (PFR, 08/25).

"Conergy was in discussions with potential buyers, including NextEra, due to the attractive returns and quality of the installations before choosing to forego sale of the projects," Brandt told *PFR* in an e-mailed statement.

The projects, which are held in Conergy's Holocene Renewable Energy Fund 3, all have 15-year power purchase agreements with **Duke Energy**.

Progress.

Hamburg-headquartered Conergy has a global development pipeline in the thousands of MW across 15 countries, including in Brazil, where the company won 60 MW of PPAs for its Angico 1 and Malta facilities in Paraíba state (PFR, 8/31).

Brandt declined to go into details about how Conergy would fund its development pipeline, but added that the aspiring solar IPP "has good options when it comes to financing its projects."

Conergy increased the size of its bank guarantee facility from \$60 million to \$75 million with a commitment from an affiliate of **Goldman Sachs** (PFR, 09/15). ■

Solar Shop Hires BAML SVP

Sunlight Financial, a new player in the residential solar loan market, has appointed **Matthew Potere** as ceo. Potere started in September and works in New York City and Charlotte, N.C.

Potere was a senior v.p. at **Bank of America Merrill Lynch** in Charlotte, N.C., from 2012 until August this year. At BAML he was responsible for oversee-

ing a \$90 billion home equity portfolio.

Sunlight, founded a year and half ago by **Hudson Clean Energy Partners**, provides loans to homeowners to finance the installation of residential rooftop solar systems. The shop recently closed \$300 million in equity and debt and is eyeing and is eyeing an asset-backed securitization (PFR, 9/21). Hudson remains a minority shareholder in the platform.

Potere could not be reached by press time. ■

● ALTERNATING CURRENT

Utility Makes Unusual Hires for Hydro Repairs



A utility company has employed 20 surefooted creatures to help haul equipment to its remote hydroelectric project in the Eldorado National Forest in California.

The **Sacramento Municipal Utility District** hired engineers and 20 pack mules to replace a valve at the Rubicon Dam and to replace a weir at the Buck Island Reservoir, both part of the 688 MW Upper American River hydroelectric project.

There are no roads leading to the remote area and the forest service limits the number of helicopter flights.

The mules, who are owned and handled by a contractor, earned their keep by transporting the 2,300-pound replacement valve, two generators that weigh almost as much, as well as two sections of pipe weighing 900 pounds each. ■

● ONE YEAR AGO



Ares Management back-levered **Competitive Power Ventures'** 25% stake in the 725 MW St. Charles combined cycle project in Waldorf, Md. with about \$45 million of mezzanine debt. [**Toyota Tsusho** owns another 25% of the project and **Marubeni Corp.** owned the remaining 50% until it sold a 25% stake to a subsidiary of **Osaka Gas** (PFR, 5/5).]

● QUOTE OF THE WEEK

"The projects are in a region where we have a proven wind resource and a very attractive wholesale power market, and EDF is using the highest quality equipment and provides some of the highest quality operations and maintenance services."

David Giordano, m.d. at **Blackrock Alternative Investments**, on the firm's partnership with **EDF Renewable Energy** (see story, page 6).