

# Power Finance & Risk

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

By the publisher of GlobalCapital

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## ● PROJECT FINANCE

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SunRun has tapped Investec to refinance about \$140 million in loans inked in 2011.

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Pattern Energy LP is talking with banks about financing its first foray into solar—a 104 MW project in Chile.

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## Cheniere Hunts Mammoth \$11.5B LNG Financing

Sara Rosner &amp; Holly Fletcher

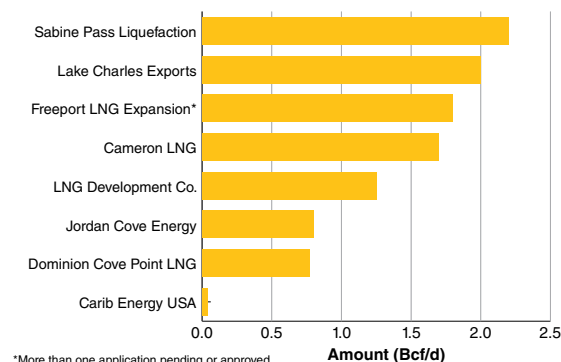
**Cheniere Energy** is talking to banks for an \$11.5 billion financing backing its Corpus Christi liquefied natural gas export project in Texas. **Société Générale** is advising Cheniere on the deal and auditioning potential joint lead arrangers on the single \$11.5 billion bank loan.

The Corpus Christi project could cost up

to \$14 billion, more than Cheniere's previous project Sabine Pass because the sponsor will need to build the seaports. The project will consist of up to three trains, three storage tanks with 10.1 billions of cubic feet equivalent, two LNG carriers and 23 miles of natural gas pipeline with two compressor stations.

Questions remain about where Cheniere will get roughly \$1 billion in equity, say observers. Going to [PAGE 11 >](#)

### LNG Export Projects With DOE Approval



\*More than one application pending or approved

Source: U.S. Department of Energy

## NRG, LS Among Shops Hunting PF Repricings

Holly Fletcher

**NRG Energy** and **LS Power** are among a wave of sponsors out looking for repricings on project finance deals inked in 2011 and 2012.

NRG is aiming to score LIBOR plus 162.5 basis points on a \$242 million deal called Tapestry backing a trio of wind farms that priced at L+250 bps with step-ups in 2012, say deal watchers. **WestLB** led the deal with eight par-

ticipants, including **Siemens Financial Services** and **CIT Group** (*PFR*, 12/23/11). The Princeton, N.J.-based sponsor is also trying to cut pricing on the \$500-600 million financing for its 500 MW Walnut Creek facility from L+225 bps to L+175 bps. **Mitsubishi UFJ Financial Group** and **Banco Santander** led that transaction with **Intesa Sanpaolo**, **Société Générale** and **WestLB** among the participants (*PFR*, 7/7/11).

Financiers say that NRG and LS are just two of several sponsors that have recently—or are planning to—come to market to shop for cheaper pricing on 2011 to 2012 vintage deals. “They are looking to bring deals inside 200 basis points in most cases,” says a banker in New York who has seen [PAGE 12 >](#)

## Panda Weighs Financing Options For Stonewall

Holly Fletcher

**Panda Power Funds** is mulling how to finance its latest gas-fired project, the \$500 million, 750 MW Stonewall combined cycle in Leesburg, Va.

Panda has taken pitches from project finance lenders, about non-recourse options, and from prospective term loan B arrangers, financiers say. It has not made a decision and financiers say it's difficult to gauge the outcome.

The shop has hit up the institutional loan market to finance five gas-fired projects in Texas and Pennsylvania over the last two years, racking up \$2.14 billion in total. Panda has worked with various combinations of lenders for its B loans: **Ares Capital**, **Credit Suisse**, **Goldman Sachs**, [PAGE 12 >](#)



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## ● THE BUZZ

# Reboots Abound For Q4

Autumn is a time for pumpkin-flavored everything, breaking out cozy sweaters and fresh starts for **Entegra Power Group** and **Lincoln Renewable Energy**.

Entegra has emerged from Chapter 11 bankruptcy with capital structure that is lighter by about \$700 million. The shop, based in Tampa, Fla., sped with a restructuring, in part because of its good relationship with lenders, **Michael Schuyler**, ceo of Entegra, told *PFR*. Read what the company is planning next on page 6.

Meanwhile, Lincoln Renewable Energy has rebranded from **Lincoln Clean Energy** as it expands into gas-fired development. The Chicago-based developer has primarily focused heavily on wind and solar projects in Texas and is now adding combined cycle projects to the ERCOT queue (see story, page 5).

**SunRun**, a residential solar developer out of San Francisco, is out to refinance a pair of loans it received from **Ares Capital** that carry all-in pricing around 9%. The shop is trying to take advantage of project finance lender interest in the booming residential

solar space and do a deal led by Investec that will wrap by year-end (see story, page 5). **Pattern Energy** is hanging on to the utility scale solar business, however, as it rounds up banks to finance its 104 MW Conejo project in the Atacama Desert in Chile (see story, page 7). The project shares an offtaker with Pattern's El Arrayan wind project. "Pattern will squeeze banks for every penny," notes one project financier of the sponsor's efforts in North America. Whether that approach carries into Latin America is yet to be seen.

On the project finance front, **Cheniere Energy** has returned to the market with an \$11.5 billion bank loan via advisor **Société Générale**, dwarfing the **Cape Wind** financing that arrived last month (*PFR*, 9/18). Cheniere's latest loan will back its Corpus Christi liquefied natural gas export project in Texas. Some bankers are keen on the deal as they spy future business in the debt capital markets. There is also some skepticism on the transaction, as the sponsor has yet to finalize LNG sale and purchase agreements for a little less than half of the project's capacity, secure federal regulatory approval, and, last but certainly not least, ink \$1 billion in equity (see story, page 1).



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## TELL US WHAT YOU THINK!

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

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

## GENERATION AUCTION &amp; SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Intelligence's database.  
A full listing of completed sales for the last 10 years is available at [www.powerintelligence.com/AuctionSalesData.html](http://www.powerintelligence.com/AuctionSalesData.html)

## Generation Sale ■ DATABASE

Seller	Assets	Location	Advisor	Status/Comment
Abengoa	Various (181 MW Wind, Solar)	Spain, Uruguay		These will be Abengoa Yield's first acquisitions (PFR, 10/6).
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	Sale relaunched after several PPAs were extended (PFR, 3/17).
ArcLight Capital Partners, Government of Singapore Investment Corp.	Stake (Southeast PowerGen)	Various, Georgia	Citi	Carlyle is buying out the stakes (PFR, 10/6).
ArcLight Capital Partners	Victoria (330 MW CCGT)	Victoria, Texas	UBS	Sale is near launch (PFR, 4/7).
ArcLight Capital Partners	Sun Peak (222 MW Gas)	Las Vegas, Nev.		Nevada Power is buying them (PFR, 5/12).
ArcLight Capital Partners	Hamakua (60 MW CCGT)	Hawaii	Energy Advisory Partners	Teasers out (PFR, 7/28).
ArcLight Capital Partners	Bayonne (512 MW CCGT)	Bayonne, N.J.	Morgan Stanley	Teasers recently out (PFR, 9/22).
Atlantic Power Corp.	Fleet (2.1 GW)	Various	Goldman Sachs, Greenhill	First round bids are in (PFR, 6/30).
Burrows Paper Corp.	Lyonsdale Associates (19 MW Hydro)	New York		Burrows in final stages of selling (PFR, 8/25)
Calpine	Osprey (550MW CCGT)	Florida	TBA	Comes after Duke recently said it wanted to build not buy plants (PFR, 9/1)
Centaurus Capital	Avalon (29 MW Solar)	California		Coronal Group is buying it (PFR, 10/6).
Coronado Power Ventures	La Paloma (690 MW CCGT)	Harlingen, Texas	Blackstone	Looking for equity and debt (PFR, 8/11).
Duke Energy	Portfolio (6.6 GW Coal, Gas, Oil)	Various	Citi, Morgan Stanley	Dynegy is buying it (PFR, 9/1).
E.ON Climate & Renewables North America	Stake (Wind Portfolio)	Various	Bank of America Merrill Lynch	Looking to sell 80% of several projects (PFR, 9/15).
Enel Green Power North America	Stake (Wind Portfolio)	Various	Bank of America Merrill Lynch	Sale process recently started (PFR, 9/15).
● Entegra Power Group	Portfolio	Arizona, Arkansas	Houlihan Lokey	Will scope tolling agreements, sales post-bankruptcy (see story, page 6).
Exelon Corp.	Quail Run (550 MW Gas-Fired)	Odessa, Texas	Citi	Starwood has agreed to buy it (PFR, 10/6).
Exelon Corp.	Fore River (809 MW Gas-Fired)	Massachusetts	Morgan Stanley	Calpine is buying it (PFR, 9/1).
● Exelon Corp.	West Valley (189 MW Gas-Fired)	West Valley, Utah		Wayzata is buying it (see story, page 6).
FGE Power	Portfolio (1.5 GW CCGT)	Texas	Fieldstone	Starwood has taken equity in two projects (PFR, 7/28).
Geronimo Energy	Various (Wind)	Various	Barclays	Algonquin has bought one project (PFR, 9/15).
NTR	Portfolio (Wind)	Various	TBA	Will take pitches to sell Wind Capital Group (PFR, 9/8).
NaturEner USA	Portfolio (399 MW Wind)	Montana		Morgan Stanley fund is taking over the assets (PFR, 8/25)
Olympus Power	Grant County Wind Farm (20MW Wind)	Minnesota	Ewing Bemiss	The deal power price is set at \$69.10 per MWh for first ten years (PFR, 9/1).
● Pioneer Green Energy	Green Pastures (300 MW Wind)	Texas	None	Capital Dynamics, Pru are buying it (see story, page 7).
Riverstone Holdings	Sapphire Power (807 MW Gas)	Various	Barclays	On the market recently (PFR, 8/25).
Stonepeak Infrastructure	Stone Mills (11 MW Solar)	Napanee, Ontario		DIF Infrastructure is buying it (PFR, 9/18).
SunShare	Portfolio (9.6 MW Solar)	Colorado	Infrastructure Finance Advisors	High interest; moved to second round (PFR, 8/18).
Tenaska	Westmoreland (950 MW Gas)	Pittsburgh, Pa.	Whitehall	Looking for development capital (PFR, 8/18).
Upstate New York Power Producers	Cayuga (306 MW Coal)	Lansing, N.Y.	Blackstone	Teasers recently went out (PFR, 6/23).

## ● New or updated listing

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

To report updates or provide additional information on the status of financings, please call Managing Editor Holly Fletcher at (212) 224-3293 or e-mail [holly.fletcher@powerfinancerisk.com](mailto:holly.fletcher@powerfinancerisk.com)

## ● PROJECT FINANCE

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

### Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Gener	Angamos (544 MW Coal)	Chile	TBA	TBA	\$700M-\$1B	TBA	Banks bid to lead a refi (PFR, 10/6).
Alterra, Fierro Axiom	Jimmie Creek (62 MW Hydro)	British Columbia	AMP Capital	TBA	\$110M	9-yr	AMP will disperse funds in three tranches (PFR, 9/15).
	Shannon (204 MW Wind)	Texas		TBA			
Apex Wind	Balko Wind (30 OMW Wind)	Oklahoma	TBA	TBA	TBA	TBA	Sponsor takes pitches from prospective MLAs (PFR, 9/8).
BluEarth Renewables	Bow Lake (58.23 MW Wind)	Sault Ste. Marie, Ontario	BMO Capital	Term	C\$203M	7-yr	Four banks participated (PFR, 8/4).
Cape Wind Associates	Cape Wind (468 MW Wind)	Cape Cod, Mass.	MUFJ, Natixis, Rabobank	TBA	\$1.95B	TBA	Deal launched (PFR, 9/18).
● Cheniere Energy	Corpus Christi (LNG Export Facility)	Corpus Christi, Texas	SocGen	TBA	\$11.5B	7-yr	SocGen is talking to prospective JLAs (see story, page 1).
Cobra Energia	Peru Portfolio (122 MW Wind)	Peru	U.S. Ex-Im	TBA	\$65M	17-yr	The Cobra projects have 20-year offtaker contracts with Peruvian government (PFR, 8/27).
Coronado Power Ventures	La Paloma (690 MW CCGT)	Cameron County, Texas	Blackstone	TBA	TBA	TBA	Debt and capital raise has had several setbacks (PFR, 8/11).
Competitive Power Ventures	St. Charles (725 MW Gas)	Maryland	Ares	Back Leverage	\$45M	TBA	The debt is reportedly in the price range of LIBOR + 845-900 bps (PFR, 9/29).
Dominion Energy	Cove Point (LNG Export)	Calvert County, Md.	Barclays, Citi, JPM	TBA	TBA	TBA	Dominion plans to IPO an MLP to partially fundy (PFR, 8/4).
Energy Investors Funds	Oregon (800 MW Gas)	Oregon, Ohio	BNP, Credit Ag	TBA	TBA	TBA	Deal is about to launch at L+325 (PFR, 8/18).
Exmar NV	Floating Liquefaction Project	Colombia	TBA	B Loan	\$170M	TBA	Sponsor looking to land a B loan for the debt on the project (PFR, 5/5).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	TBA	TBA	\$1B	TBA	Has opted for project finance loan over B loan (PFR, 7/28).
GDF Suez, Pemex	Los Ramones II Sur (178-mile Pipeline)	Mexico	Santander	TBA	TBA	TBA	BNP Paribas is also advising on the \$1B project (PFR, 8/11).
Greenwood Energy, ILIOSS	Portfolio (250 MW Solar)	Mexico	TBA	TBA	TBA	TBA	The sponsors are speaking to lenders and potential mid-size commercial and industrial offtakers (PFR, 10/6).
Invenenergy	Le Plateau 2 (21.5 MW Wind)	Quebec	BayernLB	TBA	TBA	TBA	Deal wraps (PFR, 9/8).
Invenenergy	Spring Canyon (60 MW Wind)	Spring Canyon, Colo.	Rabobank	TBA	TBA	TBA	Deal wraps (PFR, 9/8).
Korea Southern Power Corp., Samsung C&T	Kelar (517 MW Gas)	Chile	Natixis, BTMU, SMBC, Mizuho, Santander KEXIM	Guarantee, VAT, LC, Working Capital	\$310M	TBA	Deal is set to wrap in the next month (PFR, 10/6).
NextEra Energy Resources	Bluewater (60 MW Wind)	Lake Huron, Ontario	TBA	TBA	TBA	TBA	Sponsor is talking to lenders in the U.S. to finance the project (PFR, 5/19).
NTE Energy	Multiple (Gas)	Various, U.S.	Whitehall	TBA	TBA	TBA	Looking to arrange PPAs for a portion of gas-fired trio (PFR, 8/4).
● Panda Power Funds	Stonewall (750 MW CCGT)	Leesburg, Va.	TBA	TBA	TBA	TBA	Panda is choosing between a B loan and a project finance deal (see story, page 1).
Pattern Energy	Armow (180 MW Wind)	Kincardine, Ontario	TBA	TBA	TBA	TBA	Sponsor is looking for tighter pricing than its K2 financing (PFR, 5/26).
Samsung Renewable Energy	Kingston (100 MW Solar)	Ontario	RBC, Connor Clark & Lunn	TBA	\$500M	TBA	Lenders are beginning to circle up (PFR, 7/21).
D.E. Shaw	Red Horse 2 (51MW Wind)	Arizona	Santander, Sabadell	TBA	\$170M	20-yr	Near financial close (PFR, 8/25).
Tenaska	Brownsville (800 MW CCGT)	Brownsville, Texas	TBA	TBA	TBA	TBA	Tenaska is in early stages of talks, plans to wrap by year-end (PFR, 6/30).
Tenaska	Westmoreland (950 MW CCGT)	Pittsburgh, Pa.	Whitehall	TBA	TBA	TBA	Looking for development capital (PFR, 8/18).
Transmission Developers	Champlain Hunson (Transmission)	New York	RBC	TBA	-\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PFR, 3/3).

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## Southwest Gen Stalks Refi

**Southwest Generation** is refinancing a portfolio of natural gas-fired assets in the southwestern U.S. **Credit Agricole** is leading the deal, which is set to wrap this month.

The independent power producer decided to come to market after recently securing offtake contracts and hedges on some of the assets, notes a banker. Denver-based Southwest Gen has 979 MW of generation across seven plants:

- the 125 MW combined cycle Arapahoe in Denver,
- the 82 MW simple cycle Valmont in Boulder, Colo.,
- the 240 MW simple cycle Fountain Valley in Fountain, Colo.,

- the 152 MW simple cycle Valencia in Belen, N.M.,
- the 50 MW combined cycle Las Vegas I and the 230 MW combined cycle Las Vegas II near Las Vegas, and
- the 100 MW combined cycle Harbor in Wilmington, Calif.

Details, such as the structure and size of the refinancing and whether all of the plants are part of the transaction, could not be immediately learned. A Credit Agricole official declined to comment and Southwest Gen officials did not respond to an inquiry by press time.

**Nevada Power Co.** had agreed to buy Las Vegas I and II for \$129 million, pending

state regulatory approval (PFR, 5/6).

The IPP had tapped **Bank of America Merrill Lynch** to advise on a sale of Valencia last year (PFR, 10/2/13). Offtaker **PNM Resources** notified Southwest Gen in May that it intended to exercise the right to buy up to 50% of Valencia as part of its power purchase agreement, according to PNM's quarterly report.

The status of the sales of Las Vegas I and II and Valencia could not be learned. Southwest Gen is backed by Australian investment manager **Hastings Management Limited** and **IIF BH Investments**. **JPMorgan Asset Management** advises IIF BH Investments. ■

## SunRun Taps Investec For Refi

SunRun is working with Investec to refinance a portfolio of residential solar installations.

The San Francisco-based shop is looking to land up to \$200 million. Investec has begun talking with other lenders about joining the deal, says a financier, adding that the transaction has not yet officially launched. The transaction could be structured as a five to seven-year mini perm.

SunRun's refinancing is set to take out debt it arranged from **Ares Capital Corp.** last year. SunRun worked with Ares on two deals, each in the neighborhood of \$70 million with all-in pricing around 9% (PFR, 11/11). Investec and SunRun are targeting a close by year-end.

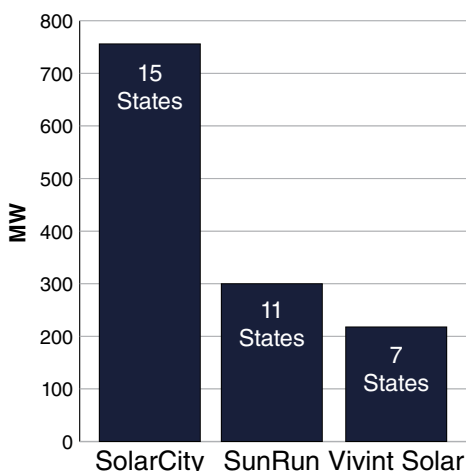
Lenders are excited to see a residential solar deal in the commercial bank market, says one financier, noting that **SolarCity Corp.** did a bond deal a few months ago and **Vivint Solar** recently inked a bank deal lead by **Bank of America Merrill Lynch** ahead of its initial public offering.

SunRun has about 60,000 customers in a dozen states with about \$2 billion in installed assets. By comparison, Vivint Solar had installations on 21,900 homes in seven states at the end of the second quarter (PFR, 9/26).

SunRun has been working with **Goldman Sachs** on an equity raise for over a year (PFR, 7/24). SunRun completed a \$150 million equity raise in the spring but the engagement with Goldman is on-going.

Price talk and the timeline for an official launch could not be learned. Neither a SunRun spokesperson nor Investec official could immediately comment. ■

### Solar Distributed Gen Portfolios As of 2Q



Source: SolarCity, SunRun, Vivint

## Lincoln Renewable Rebrands With Gas-Fired Bent

**Lincoln Renewable Energy**, the Chicago-based development shop, has changed its name to **Lincoln Clean Energy** as it looks to branch into gas-fired development.

Lincoln is focusing its early gas-fired development in Texas, where it's developed the bulk of its wind projects, say observers. The company reportedly has two combined cycle projects in early to mid-stage development. The name change has taken place within the last two months, says an observer.

The sponsor's 800 to 1,100 MW gas-fired South Texas project is on track to be construction ready in 2015, according to Lincoln's website. Lincoln is in mid-stage development of a 360 MW wind project also called South Texas and the 200 MW West Texas solar project. The developer also has the 200 MW West Texas wind project in early development.

A spokeswoman did not respond to email or phone inquiries about the project pipeline or geography of gas-fired project development. **Declan Flanagan**, ceo of Lincoln in Chicago, could not immediately comment. ■



## ● MERGERS & ACQUISITIONS

# Entegra To Scope Post-Bankruptcy Moves

**Entegra Power Group** is planning to revive its efforts to either contract or sell its gas-fired portfolio now that it was emerged from Chapter 11 bankruptcy.

The shop reduced its roughly \$1.3 billion in debt by more than \$700 million in a six-week bankruptcy proceeding. “[Reducing debt was] a good start for us to address financial stability,” **Michael Schuyler**, ceo of Entegra in Tampa Fla., told *PFR*.

Now, the shop is going to “focus on a full spectrum of value maximization,” Schuyler says, noting that the company will consider adding more tolling agreements to its merchant units as well as asset sales. Entegra arranged a tolling agreement until 2017 with **Entergy Arkansas** for one 550 MW block of its 2.2 GW Union Power Station gas-fired plant late last year (*PFR*, 1/17). In

addition to Union Power in El Dorado, Ark., Entegra owns half of the 2.2 GW Gila River CCGT in Gila Bend, Ariz.

The independent power producer filed a pre-packaged restructuring plan with the U.S. **Bankruptcy Court of Delaware** in early August that proposed third lien lenders take over the equity. The plan was broadly well-received by investors, Schuyler says, adding that he was “cautiously optimistic” that the process would go quickly. Nearly 85% of third lien lenders approved the plan (*PFR*, 6/6).

Third lien lenders have taken over 100% of the equity and will have a 64.6% investment recovery. **Luminus Management** and **Wayzata Investment Partners** are leading the third lien lenders, which include affiliates of **Highland Capital**

**Management**, **Bank of America Merrill Lynch** and **Silver Point Capital**. Third lien lenders will have a 64.6% investment recovery.

Second lien lenders will receive new Series A and Series B notes with a 100% recovery. Entegra arranged \$781 million in new debt, including a \$231 million second lien tranche of three-year notes are priced at LIBOR plus 900 basis points and are held by existing second lien lenders.

There is also a \$550 million third lien credit facility that is priced at L+925 bps. **Wells Fargo**, Entegra’s largest creditor, is the administrative agent.

**Houlihan Lokey** and **O’Melveny & Myers** advised Entegra, while third lien creditors worked with **Skadden Arps Slate Meagher & Flom**. ■

## TerraForm Chases Distributed Solar Acquisition

**TerraForm Power** and **SunEdison** are buying a portfolio of 30 MW of solar assets from energy retailer **Just Energy Group**.

TerraForm is acquiring the 25.5 MW portfolio of 101 operating assets from Just Energy’s **Hudson Energy Solar Corp.**, a solar developer that owns distributed generation. TerraForm will pay \$35 million and assume \$21 million in project level debt. Hudson’s portfolio consists of assets with schools, school districts and commercial and industrial counterparties.

SunEdison, which spun operating assets

into yield company TerraForm, will buy a 4.5 MW development pipeline from Just Energy. These projects will be added to the pipeline that SunEdison could contribute to TerraForm.

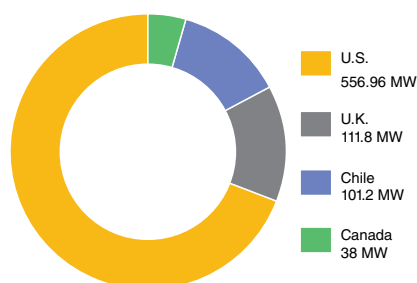
In addition to the existing assets and pipeline,

Just Energy has agreed to offer TerraForm a right of first offer to assets that it develops for commercial and industrial offtakers in Massachusetts, New Jersey, New York and Pennsylvania. Just Energy is based in Mississauga, Ontario.

TerraForm listed on the NASDAQ in July with an 808.2 MW portfolio (*PFR*, 7/17). It is trading at \$27.57 at close on Wednesday.

Details such as financing plans for the purchase or location of the operational assets could not be immediately learned. A spokeswoman for TerraForm could not immediately comment. ■

**TerraForm Power’s Existing Solar Portfolio**



Source: TerraForm Power

## Wayzata Ropes Exelon Plant in Utah

**Wayzata Investment Partners** has agreed to buy a simple cycle facility in Utah from **Exelon Corp.**

Wayzata is on track to purchase the 189 MW West Valley gas-fired facility in West Valley City, Utah, according to a recent filing with the U.S. **Federal Energy Regulatory Commission**.

The facility is owned by a subsidiary of **Constellation Holdings** called **CER II Generation, LLC**. Wayzata will own the plant via **West Valley Power LLC**. The deal is expected to be finalized by year-end.

Exelon has been selling down assets that came with its merger with Constellation that it deems non-core. It is in the process of finalizing deals with **Calpine Corp.**, and **Starwood Energy Group** for gas-fired plants in North Weymouth, Mass., and Odessa, Texas, respectively (*PFR*, 10/2).

Details such as purchase price or Wayzata’s financing plans could not be immediately learned. An Exelon spokesman declined to comment while an official with Wayzata in Wayzata, Minn., was not immediately reached. ■

## MERGERS &amp; ACQUISITIONS ●

# Capital Dynamics, Pru Partner On Texas Wind

**Capital Dynamics** and **Prudential Capital Group** have teamed up to buy a 300 MW wind project in Texas from **Pioneer Green Energy**.

Capital Dynamics and Prudential will co-own the first 150 MW phase of the Green Pastures project, which is already under construction, says an observer. Prudential is making the investment from the power team within its energy finance group, which can make equity and mezzanine investments. The equity split between the two shops could not be learned.

Green Pastures is comprised of two, 150 MW phases in Baylor and Knox counties

in Texas. Capital Dynamics and Prudential have arranged a power price hedge with a financial institution.

The duo will buy the second phase although the timeline for finalizing that deal could not be immediately learned. Pioneer Green Energy is a wind developer out of Austin, Texas, that looks to bring projects just to the point of construction and then sell them. Pioneer Green Energy has sold projects to **Pattern Development** and **Invenergy** (*PFR*, 12/30 & 8/8). The shop is also working on developing projects in California alongside **Infigen Energy** (*PFR*, 3/14).

Capital Dynamics, a global asset manager out of Zug, Switzerland, and equity investor **Wattage Finance** bought into a trio of gas-fired projects being developed by **NTE Energy**. The portfolio includes the 237 MW Pecan Creek peaking project in Nolan County, Texas (*PFR*, 7/24).

Neither the equity split between Capital Dynamics and Prudential nor the identity of the hedge counterparty could be immediately learned. A Capital Dynamics spokeswoman declined to comment while a spokesman for Prudential was not immediately available to comment. ■

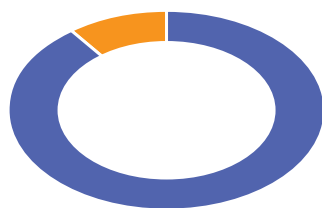
## PROJECT FINANCE ●

## Pattern Rounds Up Banks For Chilean Solar

**Pattern Energy Group LP** is selecting banks to participate in a financing backing its 104 MW Conejo solar project in the Atacama Desert in Chile.

The San Francisco-based sponsor has been courting potential lenders for several weeks, notes a project financier. Pattern aims to wrap the deal for Conejo by year-end or early next year. A spokesman for Pattern declined to comment on any ongoing financial transactions. Details, such as the deals pricing, size and tenor, could not be learned by press time.

### Pattern Energy's ROFO Pipeline



Source: Pattern Energy Group

Pattern added Conejo to its list of right of first offer assets to its yield company **Pattern Energy Group**

**Inc.** late last month. An unidentified third party will also have an option to buy a 30% stake in Conejo, according to a press release.

**Antofagasta Minerales** affiliate **Minera Los Pelambres** has a 22-year power purchase agreement for 70% of Conejo's output. Minera Los Pelambres is also the offtaker of Pattern's 115 MW El Arrayan wind project in Chile (*PFR*, 4/30/2012). **Bank of Tokyo-Mitsubishi UFJ**, **Credit Agricole** and **Sumitomo Mitsui Banking Corp.** participated in the \$220 million, 15-year financing backing El Arrayan. ■

## PEOPLE &amp; FIRMS ●

## Ex-WestLB Banker Moves To CreditAg

**Michael Boarts**, a former associate director at WestLB, has joined **Credit Agricole** as vice president in loan syndications.

Boarts began working at Credit Agricole's New York office last month. He reports to **Francois Coussot**, managing director of loan distribution in Credit Agricole's debt optimization and distribution division, according to a spokeswoman. Boarts will focus on project financings in North and South America.

Until July, Boarts worked for **EAA Portfolio Advisors**, an affiliate of **Portigon Financial Services**. WestLB emerged from its break-up as Portigon, a portfolio management company (*PFR*, 5/16/12). Prior to his stint at WestLB, Boarts worked at **CIT Group**. Boarts declined to comment. ■

## Canadian Solar Lands Manulife Loan

**Canadian Solar** has secured roughly C\$51 million (\$46 million) in construction and term financing from **Manulife Financial** for a 10 MW solar project in Ontario that will be sold to a real estate investor.

**Concord Green Energy** will buy the RayLight in Wyebridge when it is online in the fourth quarter.

Concord Green Energy is a clean energy development shop that is owned by **Concord Pacific**, a Vancouver-based real estate investor. It is also developing the C\$70 million (\$63 million) Red Lily wind project in Saskatchewan.

Concord Green Energy and Canadian Solar have done several deals similar to this one. Canadi-

an Solar lines up financing and brings the project online, at which stage Concord Green Energy steps in as owner (*PFR*, 5/6). Concord agreed to buy five plants totaling 49 MW from Canadian Solar for C\$290 million (\$264.04 million) in August. **BowMont Capital** and **Advisory** advises Concord Green Energy. ■

## ● INDUSTRY CURRENT

# Latin America: Practical Insights from Developers – Part II



This week's Industry Current is the second installment of a transcript of a discussion between developers on practical lessons learned in Latin America at **Chadbourne & Parke's** 25 Annual Global Energy and Finance conference in Washington D.C. The discussion is moderated by **Todd Alexander**, partner at Chadbourne. For the first part of this Industry Current, visit [www.powerfinancerisk.com](http://www.powerfinancerisk.com) and click on *Features*.



Todd Alexander

### The panelists are:

**John Haberl**, a director with **AES Corp.**,

**Natalie Jackson**, managing director for project finance at **SunPower Corp.**,

**Greg Raasch**, co-founder and executive vice president of geothermal developer **GeoGlobal Energy**, and,

**Niels Rydder**, ceo of wind developer **Oak Creek Energy Systems**.

### Crime in Mexico

**ALEXANDER:** Let's focus on some other practical advice for developers. Niels Rydder, when you first went into Mexico, how did you figure out the self-supply market and how to set up your own offtake arrangements?

**RYDDER:** We bought into an existing company, so we did not start from scratch. The company we bought had been working on projects in Mexico for five years, and we bought into the company two and a half years ago. We kept part of the existing team obviously because it is best to assume when entering a new country that you do not know anything. Our biggest concern in Mexico is in which part of the country to focus our efforts. We chose to be where fewer people are and that means you have security issues, and transmission from such locations is always a big issue.

**ALEXANDER:** Your project is in northern Mexico in Tamaulipas. By security concerns, do you mean police-type security?

**RYDDER:** It is different.

**ALEXANDER:** So we are not talking about a security interest. How do security concerns factor into your risk-adjusted return?

**RYDDER:** The way to deal with security in Mexico is to take the concern seriously. You choose contractors and suppliers who have done projects there and have dealt with the situation and can demonstrate how they mitigate the security issue and have the presence to handle it.

**ALEXANDER:** How receptive have you found the bank market to projects in areas where security is a concern?

**RYDDER:** Many investors and turbine manufacturers do not want to deal with it. You have a much smaller selection of manufacturers who want to sell you turbines in those areas. Many investors do not want to do the extra diligence to understand the situation and evaluate our risk mitigation strategies, but you also have investors who see things

**“The way to deal with security in Mexico is to take the concern seriously. You choose contractors and suppliers who have done projects there.”**

Niels Rydder

as we do and see that if we can solve the problem, the lack of market competition is a good thing. We have to compete with all the biggest companies in the world like AES. As a small company, we have to sneak into an area where they do not want to be. Even though we are a part of a big company, we are operating as a small company.

### Rates of Return

**ALEXANDER:** John Haberl, what returns are you getting on your projects in Chile? How do they compare to the United States? Do you view Chile as a better investment than the United States in terms of risk-adjusted returns?

**HABERL:** Chile is a core market for us, and we view it pretty much identically as the United States.

A lot of attention currently in Mexico is on identifying projects that can claim grandfather status under the old rules.

**ALEXANDER:** So are you looking for returns under 10%?

**HABERL:** We actually have not done much in the United States recently. We have done more in Chile. In Mexico, we have been looking for more of a premium. The one thing that we do to help our returns is we try to



## INDUSTRY CURRENT ●

be more efficient with our capital by selling down a piece of each project. For example, we sold 40% of a project recently to a Japanese partner, who then brought financing from an export credit agency. We sold 40% of another project to another investor who brought a PPA.

**ALEXANDER:** Is 40% a magic number?

**HABERL:** We want to maintain operational control. A lot of these players have cheaper forms of capital than we do.

**ALEXANDER:** Natalie Jackson, you will be one of the first movers in solar in Mexico. Is that an advantage or a disadvantage?

**JACKSON:** We are not planning currently on maintaining majority equity positions in our projects. We are looking for both debt and equity investors. Mexico is a great international banking market, but there are also local development banks like Banobras and Nafin that offer really attractive pricing and longer tenors and are anxious to do solar.

**ALEXANDER:** What returns are you looking for in Mexico, and how do they compare to return in the United States and Chile?

**JACKSON:** We work backwards from what we think equity investors will require. As a minority equity participant, we have our own thresholds that we set on a case-by-case basis. We are more complicated than other companies because we are a vertically-integrated supplier of solar panels for these projects. All of that said, Chile is attractive and more competitive than Mexico, say 11% to 13% in Chile for a contracted project on a levered basis and Mexico is a little higher in the mid-teens.

**ALEXANDER:** Greg Raasch, what are your returns in Chile?

**RAASCH:** We have been looking at projects in Chile with returns in high teens to as high as 20% to 21%.

**ALEXANDER:** How does that compare with a project in Germany or the U.S.?

## **“For Mexico, longer-term financing is available at fairly attractive rates. The local development banks are more interested in lending pesos.”**

Natalie Jackson

**RAASCH:** We have some projects in Germany that we are looking to finance currently, and the returns on them are in the mid-20s. You are probably thinking, “Germany? I didn’t know they have volcanoes in Germany.” Germany is one of those places where, if you drill deep enough, it gets hot enough. The government is shutting down the nuclear power plants and looking to establish a viable renewable energy industry of which geothermal is a part. Germany enacted a very attractive feed-in tariff. Germany is an incredible opportunity because it is low risk and high return.

**ALEXANDER:** How about Chile?

**RAASCH:** Chile has good returns but, at the same time, the geothermal industry is in startup there. The first person in is going to pay a higher price. It is always costly to get started. The resources look good, but there is start-up risk.

### **Financing Terms**

**ALEXANDER:** Natalie Jackson, what terms

### **Q1 2014 Latin America Mandated Lead Arranger Ranking**

Rank	MLA	% Share
1	Banco do Brasil	19.9
2	Banco Santander	16.4
3	BPCE SA	12.9
4	Mizuho Financial Group Inc	11.8
4	Sumitomo Mitsui	11.8
6	Arab Banking Corp	6.8
7	BNDES	4.7
7	Sudene	4.7
9	BANRISUL	4.6
10	CABEI	3.2
10	Nederlandse Financierings	3.2

Source: Dealogic

are you getting from the multilaterals and banks on financings in Mexico and Chile?

**JACKSON:** For Mexico, longer-term financing is available at fairly attractive rates. The local development banks are more interested in lending pesos, so we will have to involve an inter-national bank in the syndicate that can lend in dollars. We are also looking at tapping into the project bond market, but any such financing would have to be in the U.S. in dollars.

**ALEXANDER:** Niels Rydder, same question.

**RYDDER:** We are financing our first project with OPIC. We talked to the commercial banks initially, but commercial bank debt was going to be hard to arrange on terms that worked for the project. I think project bonds are the way to go ultimately, but Mexico has to turn into a more mature market before that is an option.

**ALEXANDER:** John Haberl, your hydro project in Chile was financed by the development banks, which is surprising given that Chile is a fairly developed market. Was the problem the bank market is not deep enough to do a project of the size you are building?

**HABERL:** The development banks were able to participate because there is a lot of risk involved. We are digging 67 kilometers of tunnels. There is merchant risk. They stepped up because they recognized that the project was not going to happen unless they came in.

They did not lend all of the debt — they put in about half — but that provided a seal of approval for the project that caused some local banks to come along as part of the syndicate.

We could not have done a coal-fired power project with the development banks, but hydro is good. The project had a limited environmental impact, although the development banks made us do a lot more environmental diligence than usual.

The other project we have under construction is a coal-fired power plant, so the development banks are

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## ● INDUSTRY CURRENT

### “The tax treaty for U.S. investors is really bad, so an American investor would have to invest through an offshore blocker corporation, which complicates things.”

Niels Rydder

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out. We had power contracts. We brought in a partner who could deliver an export credit agency, which lent a large amount of money, and we raised the rest from commercial banks.

We funded about \$3.4 billion in projects last year in Chile. We put in about \$600 to \$700 million in equity. We raised other, local equity. We sold corporate-level bonds to raise all but \$100 million of the AES equity investment. The coal project was not down the middle of the fairway. It is a brownfield development from an existing facility, and we have a lot of shared services and infrastructure. The project does not necessarily work without the other project. This made for complicated discussions with the lenders.

**ALEXANDER:** So there is a lot of liquidity in the market for projects in Chile?

**HABERL:** In my view, yes.

**ALEXANDER:** The hydro project is over \$1 billion, correct?

**HABERL:** You cannot just go to commercial banks and say, “I want to borrow \$1 billion.” The market is not deep enough to do that. You have to have an export credit agency or multilateral lending agency willing to lend a significant percentage of the capital.

**ALEXANDER:** Greg Raasch, how deep is the market for debt in these countries and how do the lenders view geothermal?

**RAASCH:** Debt is not an issue. The Chilean

pension plans are very active, and there was a lot of interest expressed by local banks, but none of them has geothermal experience. That is another way of saying we did not have much success with local banks, which is why we ended up going with the international financial institutions. We ticked all their boxes, so there was a lot of interest from them in doing the first geothermal project in Chile.

#### Disadvantaged U.S. Equity

**ALEXANDER:** Have you seen more appetite from Europeans and Asians to invest in Chile and Mexico than from Americans? From what I have seen, it looks like American investors are demanding higher returns.

**JACKSON:** We have seen a lot of interest from European and Asian funds on the equity side, but when you say American investors, what do you mean?

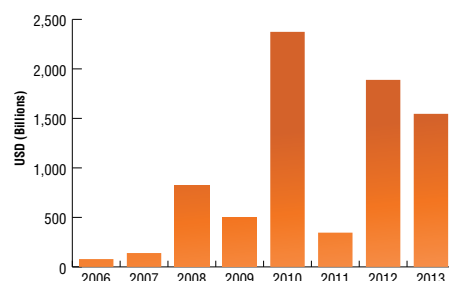
**ALEXANDER:** I mean U.S.-sourced equity.

**JACKSON:** That is available, too, but U.S.-based funds tend to have higher hurdle rates.

**RYDDER:** I can confirm that. There is also a tax issue. The tax treaty for U.S. investors is really bad, so an American investor would have to invest through an offshore blocker corporation, which complicates things. This puts American investors at a disadvantage when competing with Asian, European and Canadian investors.

The other reason is American investors are more concerned about peso risk. Every

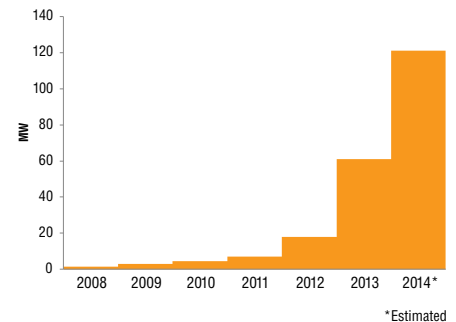
#### Mexico New Investment In Renewables\*



\*Includes marine, biofuels and waste-fired.

Source: Bloomberg New Energy Finance

#### Installed PV In Mexico



Source: Conermex

American investor to whom I talk wants to discount the pesos. Local investors have a different view. The gap in views can be quite large for projects with long-term contracts.

**ALEXANDER:** We have time for one more question. In the back of the room.

**CRESWELL:** Lachlan Creswell from Macquarie Capital. There are energy reforms underway in both Mexico and Chile. Both are high-priced markets, and that is part of the driver for energy reform. Both countries have high-quality renewable resources. Do you think that the renewable industry has a big enough voice in the policy debates to push for better structures and incentives? Natalie Jackson spoke about the difficulty getting PPAs in Chile and the uncertainty that wind developers are facing in Mexico.

**RYDDER:** One thing to pay attention to in Mexico is Mexico wants to get to 35% renewable energy by 2024, within 10 years. There is strong political support in Mexico City for renewables. There is more support there frankly than there is currently in Washington.

**RAASCH:** Chile has a 10% renewable portfolio standard of sorts that must be fulfilled by 2025. The government is very responsive to renewables. There is a bill moving through the Congress to add a \$5-a-ton carbon tax on all projects. Chile is a neo-liberal economy; it has a free market, and the government does not like to get too involved, but the government is strongly behind renewable energy. ■

# Cheniere Hunts Mammoth \$11.5B LNG Financing

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the project finance market while still looking for co-owners is unprecedented for a deal this size, deal watchers say, and leaves bankers divided on the transaction. The contracts that Cheniere has signed support the debt but the equity component leaves a “gaping hole at close,” says one financier, who is reticent about whether the deal would meet credit committee criteria.

The U.S. Federal Energy Regulatory Commission has issued the environmental impact statement today, which is a step toward receiving FERC’s final decision. The U.S. Department of Energy will begin its final review process after a 30-day period comment period that starts today with the release of FERC’s environmental statement, according to a DOE spokeswoman, who added that the DOE does not have estimated timeline for evaluation and looks at projects on a case-by-case basis. Cheniere anticipates receiving final notice in 2015, according to its website.

Corpus Christi has roughly half of its 13.5

million tonnes per annum LNG capacity contracted to purchasers. Electricite de France agreed in July to purchase up to 0.77 mtpa over a 20-year contract with an option to extend the contract up to 10 years. The other purchasers comprise:

- Endesa for 2.25 mtpa
- PT Pertamina for 1.52 mtpa
- Gas Natural Fenosa for 1.5 mtpa
- Woodside Energy Trading Singapore for 0.85 mtpa and
- Iberdrola for 0.76 mtpa.

The sponsor is in talks to finalize contracts for the project’s remaining export capacity by 2015, according to Cheniere’s website. The sale and purchase agreements are conditional upon securing regulatory approval and project financing.

The sponsor and SocGen are aiming to wrap the transaction in the first quarter, intentionally providing prospective lenders with ample time to digest it, according to one project

financier. However, the decision to come to market with such ample lead time could mean that Cheniere and SocGen are open to changing the structure.

Despite hurdles, some lenders are interested in the bank loan for the ancillary opportunities that Cheniere could provide when it looks to term out the debt in the capital markets à la Sabine Pass. “It’s an ideal name for institutions. There’s lots of deals down the road, so they’re being heavily banked,” says one financier.

Bank of Tokyo-Mitsubishi UFJ, Credit Agricole, Credit Suisse, HSBC, JPMorgan, Morgan Stanley, Royal Bank of Canada and SocGen led a \$3.4 billion A loan backing the 27 mtpa Sabine Pass (*PFR*, 7/19/12). All of those banks, and others, participated on billions of dollars of subsequent bond issuances and private placements for Cheniere (*PFR*, 5/14).

Spokespeople for Cheniere and SocGen did not respond to inquiries about either the financing or the approval process. A spokesman for Fulbright & Jaworski, Cheniere’s legal counsel, declined to comment. ■

## #PowerTweets

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

@LauraGoldbergHC

Texas power grid has first rotating outages since 2011: <http://fuelfix.com/blog/2014/10/09/texas-power-grid-has-first-rotating-outages-since-2011/> ...

@ExelonNuclear

DYK: “8 gummy-bear-size pieces of nuclear fuel would power every hour of your life for a year.” <http://ow.ly/Cdxgj>

@AmyAHarder

To limit global temperature rise to 2° C, 40% (!) of needed GHG cuts must come from energy efficiency, @IEA says. <http://bit.ly/1BRZeFs>

@SeanCasten

Really interesting - Navigant estimates that PJM capacity prices could be ~3x higher without DR. <http://bit.ly/1uwUEMB>

@EliasHinckley

This is a big deal => “@ReutersBiz: New York to form first U.S. state Ex-Im bank: Cuomo <http://reut.rs/10Mp4PR>”

@EIAgov

EIA projects a 10% decline in residential #natgas consumption this year <http://go.usa.gov/wYnQ> #STEO #WinterFuels

@Michael\_Panfil

New Jersey bill proposes tripling the net energy metering cap, which would raise it above California's cap: <http://bit.ly/1vRhA7D>

@GoldmanSachs

VIDEO: How @Sunrun is re-thinking #solar energy on a residential scale. <http://link.gs.com/QFuA> #GSCleanTech #CleanEnergy



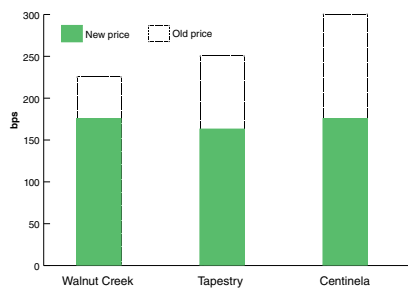
## NRG, LS Among Shops Hunting PF Repricings

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several requests.

LS is asking lenders to its 170 MW Centinela solar facility to drop pricing to L+175 bps from 300 bps, note financiers. Centinela, in Calexico, Calif., was financed with a \$450 million package that included a

### NRG Energy, LS Power Pricing Cuts



Source: Power Finance & Risk

roughly 12-year, \$180 million bank loan that was arranged by **Union Bank, Rabobank, CIBC and NordLB** (*PFR*, 9/20/12). The project was slated to come online in the middle of this year.

Lenders often feel compelled to comply with sponsors' request to cut pricing to help those clients save money and to deepen relationships. A financier likens it to being a home mortgage officer when homeowners want to take advantage of low interest rates. "There's been a lot of that," a bankers says, referring to repricings on project finance deals and home mortgages. A repricing typically takes around two weeks, says another financier.

Both Walnut Creek in the City of Industry, Calif., and Tapestry have been tagged as additions NRG's yield company **NRG Yield**. Tapestry includes the 19 MW Buffalo Bear and the 130 MW Taloga in Oklahoma and the 55 MW Pinnacle in Pennsylvania. NRG acquired the assets from **Edison Mission Energy** (*PFR*, 10/22).

Neither an NRG spokeswoman in Princeton, N.J., nor an official for LS responded to inquiries. ■

## Panda Weighs Financing Options For Stonewall

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**Investec, Morgan Stanley and Union Bank.** Goldman and CS have lead the most deals.

The competitive pricing on recent project financings backing gas-fired projects have attracted the developer, which is gearing up for a series of three gas-fired projects in PJM over the next couple of years. Pricing has been at LIBOR plus 350 basis points for the last two projects brought to the market by **Energy Investors Funds** and **Competitive Power Ventures** (*PFR*, 8/11 & 6/24). Panda is also developing the \$800-900 million, 859 MW Mattawoman CCGT project in Brandywine, Md.

In Panda's first deal backing the 758 MW Temple project in Temple, Texas, arranged by Morgan Stanley, pricing came in at L+1,000 (*PFR*, 7/23/12). Panda has steadily brought pricing down

as it made return trips to the market, locking in \$585 million for its 800 MW Patriot project in Lycoming County, Pa., at L+600 bps (*PFR*, 12/10).

The flexibility that Panda could eke out of lenders in the B loan market is an advantage, notes one observer, referencing the opportunity to get delayed draws. Panda's last two deals have each had a delayed draw for a total of \$350 million—a feature that is unusual in B loans but feasible because lenders like Panda and the opportunities for future transactions, financiers say.

Details such as whether Stonewall will have a hedge or the amount of debt sought could not be immediately learned. A Panda Power spokesman in Dallas declined to comment. Spokespeople or officials for its relationship banks either declined to comment or did not respond to inquiries. ■

### ● ALTERNATING CURRENT

## GE Taps Jeff Goldblum For Sales



**J**eff Goldblum, perhaps best known to a certain generation for his iconic role in the **Jurassic Park** film franchise, has teamed up with **General Electric**. He isn't schilling for the finance side of the conglomerate's business, unfortunately for star-struck syndicators.

**Tim Heidecker** and **Eric Wareheim**, the comedy duo behind a few Adult Swim series, have cast Goldblum as the ultimate satirical sophisticate in a commercial for GE's Link Lightbulb. Goldblum literally bares almost (thankfully) all as character **Terry Quattro**, who is helpfully and innocuously defined as 'famous person' in the commercial's subtitle.

"Now you can get successful guy lighting at normal guy prices," Quattro croons in his sparkly smoking jacket amidst a bevy of mid-century modern furniture and questionable wallpaper. And indeed, at \$14.97 and a 22-year life, the Link is a steal. Pricing aside though, the bulb provides the perfect ambiance in the home dojo, as well as the music room where Quattro's piano and Jacuzzi live in perfect harmony.

The Link is probably available in your local hardware store. The commercial, in all its smooth Goldblum glory, is available on GE's YouTube channel. ■

### ● QUOTE OF THE WEEK

**"[Reducing debt was] a good start for us to address financial stability."**

**Michael Schuyler**, ceo of **Entegra Power Group** in Tampa Fla., on the company's exit from Chapter 11 bankruptcy and its next steps. (*See story, page 6*)

### ● ONE YEAR AGO



The U.S. government shutdown was jeopardizing billions of dollars of wind projects, as developers looked for clarification from the U.S. **Internal Revenue Service** on the production tax credit ahead of its Dec. 31 2013 expiration. [The IRS and the U.S. **Department of Treasury** released guidance (*PFR*, 8/8), though many wind industry officials say it came too late for some projects to meet deadlines for the PTC, rendering them economically unviable.]