

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

Sempra Evaluates Unregulated Gas-Fired, Solar Auctions

Sempra Energy is talking with prospective advisors about selling its unregulated gas-fired and solar generation as it looks to hone its core operations under subsidiary **Sempra U.S. Gas & Power** down to natural gas distribution and pipelines.

The company has floated the idea of running two separate auctions, one that sells the gas-fired generation totaling 1.88 GW and another that sells the operational solar assets and development projects, bankers in New York say. The company has been taking pitches and has not yet selected an advisor. A timeline for selecting an advisor could not be learned. A Sempra U.S. Gas & Power spokesman declined to comment.

Sempra U.S. Gas & Power Solar Assets

Nevada			
58 MW	Copper Mountain 1	Online	Pacific Gas & Electric
150 MW	Copper Mountain 2	First 92 MW in construction	Pacific Gas & Electric
250 MW	Copper Mountain 3	Online in 2015	No offtaker
California			
300 MW	Rosamond	Construction in 2014	No offtaker
Arizona			
150 MW	Mesquite 1	Online in 2013	Pacific Gas & Electric
*Can be expanded up to 700 MW			
<small>Source: Sempra U.S. Gas & Power</small>			

(continued on page 12)

THE BUZZ

About a year ago this month, San Francisco-based **Pattern Energy** started hunting for a financing backing its 265 MW Ocotillo wind project in Imperial Valley, Calif., that finally closed last week. The journey from launch to close is remarkable not only because of the long lead time, but also because of how it reflects the challenges that sponsors and financiers face in a perpetually shifting project finance landscape.

Pattern started looking for funds on the heels of a downgrade of U.S. sovereign debt by **Standard & Poor's** that added to uncertainty that was already putting upward pressure on pricing. Project site litigation, a contraction in lending by stalwart European banks, expiring federal subsidies and a possible initial public offering in Canada

For PFR's take on these stories and the rest of the market, see page 2.

Former AES Execs Hunt \$800M For Gas-fired Plant

Moxie Energy, a Vienna, Va.-based sponsor created by **AES Corp.**-alum, is looking for about \$800 million to back its 850 MW Moxie Liberty gas-fired facility in Bradford County, Pa. The company will finance the project with or without a power purchase agreement, says **Kent Morton**, a v.p. at Moxie and former project developer at AES.

"Whether we get a PPA or it is straight merchant, or other structures are used, is yet to be decided," says Morton. Representatives from **Moxie Liberty**, the subsidiary leading the search, are speaking with banks and lenders to secure both debt and equity for the facility. Morton says the company is talking to many different parties at the moment, but declined to go into specifics. The plan is to source the equity from outside the company, but it is not ruling out any options at this stage,

(continued on page 12)

Generation Call Calendar

Check out our quarterly feature that tracks ongoing calls for generation in the Americas.

See Calendar, page 11

New Project Finance Loans

We've added updates to our weekly round-up of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

Generation Sale DATABASE

Get the rundown on the latest asset trades in *PI's* weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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THE BUZZ

compounded those issues. Despite these hurdles, the sponsor managed to snag a \$110 million loan from the **North American Development Bank** at a 20-year tenor as part of the deal—a noteworthy feat in a market where 10-year debt is the norm.

One knows that fall is in the air when the pumpkin lattes debut at coffee shops and the M&A auctions start coming to a close in preparation for the end of the fiscal calendar year. In the last month, several auctions that launched in the summer—think Midland Cogeneration, Bosque and Harquahala—have announced buyers with the aim to tie up the details by the end of the year. **Highstar Capital**, a private equity fund in New York, has snagged the **GWF Energy** fleet in California from **Harbert Power** (see story, page 8). A handful of other processes, including two renewables auctions, are within about a month of finding a buyer, industry officials say.

Padraic Fallon, Euromoney Institutional Investor Chairman, Dies At Age 66



Padraic Fallon

Padraic Fallon, chairman of **Euromoney Institutional Investor**, died last week after a battle with cancer. He was 66.

Born in Ireland, the son of a famous Irish poet of the same name, he became editor of *Euromoney* magazine in 1974 at the age of 28. He developed the title into one of the best read and most influential monthly magazines about international finance and capital markets. He moved on to run the business, becoming an Executive Director in 1975, Managing Director in 1985 and Chairman in 1992. He was also a director of the **Daily Mail and General Trust**, publisher of the *Daily Mail*, and he worked for the Mail Group, including Euromoney, for more than 40 years.

He was, at heart, always a journalist. A stickler for good writing, he was the author of the *Euromoney* style guide, which provided a model for generations of reporters. His own contribution to business writing was recognized when he won a Wincott Special Award for outstanding financial journalism in 1981.

He also wrote three books. The first, *A Hymn of the Dawn*, was about his childhood. *The Circles of Archimedes* was published in 2009. The third book is yet to be published.

He is survived by his wife Gillian and their four children Jolyon, Nicola, Harriet and Annabel.

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Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

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Institutional Investor, LLC

Issn# 1529-6652

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GENERATION AUCTION & 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

Seller	Assets	Location	Advisor	Status/Comments
ArcLight, Olympus Power, John Hancock, Atlantic Power Corp.	Delta Person (140 MW Peaker)	Albuquerque, N.M. Capital Group	Fieldstone Private	Shortlist to emerge this month (PI, 9/10).
Dominion	Brayton (1,536 MW Coal, Oil, Gas) Kincaid (1,158 MW Coal) 50% Stake (1,424 MW Elwood Peaker)	Somerset, Mass. Kincaid, Ill. Chicago, Ill.	Citigroup, Morgan Stanley	Teasers are expected soon (PI, 9/17).
Duke Energy	Various (7.5 GW Coal, Gas, Oil)	Ill., Ohio, Pa.	Citigroup, Morgan Stanley	Sale on hold as Duke seeks a regulatory fee increase (PI, 9/24).
EQT Infrastructure Fund, Fortistar	Midland (1.56 GW Gas Cogen)	Midland, Mich.	Credit Suisse, Royal Bank of Canada	Borealis Infrastructure has agreed to buy it (PI, 10/8).
▶ Edison Mission Energy	Homer City (1,884 MW Coal)	Indiana, Pa.	Barclays	GE Capital Corp. is taking over its sale leaseback agreement in bankruptcy court (see story, page 7).
▶ Energy Investors Funds	Stake (550 MW Astoria Energy II)	Queens, N.Y.	Barclays	EIF recently mandated Barclays to sell its stake—the largest of the co-owners' (see story, page 7).
Energy Investors Funds	Rathdrum (275 MW Gas) Plains End 1 & 2 (228.6 MW Gas) Stakes (245 MW Cottage Grove Gas) Stakes (249 MW Whitewater Gas)	Rathdrum, Idaho Arvada, Colo. Cottage Grove, Minn. Whitewater, Wis.	Scotiabank	Initial bids are due by Sept. 12 (PI, 9/10).
Finavera Wind Energy	Wildmare (150 MW Wind development)	Vancouver, B.C.	Capital West Partners	Finavera nixed the sale of the project to Innergex in favor of a corporate sale (PI, 10/8).
GSO Capital, Starwood Energy, Tyr Energy	Vaca Dixon (49 MW Peaker) Panoche (49 MW Peaker) Border (49 MW Peaker) Enterprise (49 MW Peaker)	Vacaville, Calif. Firebaugh, Calif. San Diego, Calif. Escondido	Scotiabank	Teasers are out (PI, 7/3).
GSO Capital, Strategic Value Partners	San Joaquin (48 MW Peaker)	Lathrop, Calif.		San Joaquin, from Bicent, is part of the CalPeak sale (PI, 7/3).
▶ Harbert Power	Hanford (95 MW Gas) Henrietta (97 MW Gas) Tracy (314 MW Gas)	Kings County, Calif. Kings County, Calif. Stockton, Calif.	Morgan Stanley, Merit Capital Advisors	Highstar Capital is buying the fleet (see story, page 8).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	CIBC	The sale has entered the second round (PI, 9/3).
Iberdrola Renewables	Various (Wind, Solar)	Various	JPMorgan, Blackstone	The Spain-based parent is driving the sale of 700 MW of spinning wind plus wind, solar development assets (PI, 7/16).
Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Calpine is buying it for \$432M (PI, 10/15).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	Wayzata has agreed to buy it (PI, 10/15).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas)	Brooklyn, N.Y.	Credit Suisse	High competition for the facility as management presentations get underway (PI, 7/27).
Rockland Capital, John Hancock Life Insurance and Atlantic Power Corp.	Gregory Power Partners (400 MW CCGT Cogen)	Gregory, Texas	TBA	Tagged Barclays for the sale (PI, 9/24).
SunPower	AVSP 1 (325 MW Solar PV) AVSP 2 (276 MW Solar PV)	Rosamond, Calif.	Morgan Stanley	Teasers were recently released (PI, 9/17).
Tenaska Energy, Energy Investors Funds, Diamond Generating	Ferndale (271 MW Gas)	Ferndale, Wash.	TBA	Puget Sound Energy is buying the plant to meet demand (PI, 10/15).
Western Wind Energy Corp.	Windstar (120 MW Wind) Windridge (4.5 MW Wind) Mesa (30 MW Wind) Kingman (10.5 MW Wind, Solar PV) Yabucoa (30 MW Solar PV)	N/A California California Arizona Puerto Rico	Rothschild, PI Financial	Shareholders vote for current management in proxy; sale on track (PI, 10/1)

▶ 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 Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hffletcher@powerintelligence.com.

PROJECT FINANCE DEAL BOOK

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	Alta Maipo (531 MW Hydro)	Chile	TBA	TBA	~\$1B	TBA	IFC, IDB and OPIC are participating in multilateral tranche. Sponsor also talking to commercial lenders (PI, 7/2).
AES Solar, 8minutenergy Renewables	Mount Signal (200 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	\$700M	TBA	Mandates expected soon (PI, 5/21).
Alterra	Dokie II (156 MW Wind)	Fort St. John, B.C.	TBA	Expansion	\$300M	TBA	The sponsor is hoping to close the financing in the next few months (PI, 9/24).
	Upper Toba (124 MW Hydro)	Toba Valley, B.C.	TBA	Expansion	\$40M	TBA	Sponsor is looking for project equity (PI, 9/10).
Astoria Generating	Various (Unknown)	New York, N.Y.	BofA, Goldman Sachs, Morgan Stanley	Refi	\$450M	6-yr, 5-yr	The sponsor is looking for pricing at around LIBOR plus 550 (PI, 10/15)).
BP, Semptra	Flat Ridge 2 (419 MW Wind)	Wichita, Kan.	Banco Santander, Bank of Tokyo-Mitsubishi, Prudential Financial	TBA	\$500-600M	TBA	The deal will hit the market next month. Structure will include bonds (PI, 8/10)
BrightSource	Rio Mesa (500 MW Solar)	Riverside County, Calif.	TBA	TBA	TBA	TBA	Sponsor is tapping banks in New York and hopes to close by end of Q2 next year (PI, 9/3).
	Hidden Hills (500 MW Solar)	Hidden Hills, Calif.	TBA	TBA	TBA	TBA	Sponsor has an offtake agreement with Southern California Edison for both projects.
Competitive Power Ventures	St. Charles (660 MW Gas)	Charles County, Md.	TBA	TBA	\$500M	TBA	Sponsor talking with banks for a club deal and may consider a bond component (PI, 9/17).
Duke Energy Renewables	Los Vientos (402 MW Wind)	Willacy County, Texas	BBVA, Citigroup	TBA	\$600-\$800M	7-yr	BBVA and Citi tapped as leads (PI, 9/3). Sponsor looking for pricing below 250 bps over LIBOR. (PI, 8/17).
EmberClear Corp.	Good Spring (300 MW Gas)	Schuylkill County, Pa.	TBA	TBA	\$400M	TBA	The company is looking for debt and equity in a 70:30 ratio for its maiden project (PI, 10/1).
Energy Investors Funds	Pio Pico (300MW Gas)	San Diego County, Calif.	SocGen	TBA	\$300M	TBA	The sponsor has tapped Société Générale to lead the financing (PI, 10/1).
Greengate	Blackspring Ridge I (300 MW Wind)	Lethbridge, Alberta.	Citigroup	TBA	~\$600M	TBA	Sponsor may be looking for financing or to sell (PI, 9/10).
Innergex Renewable Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (PI, 4/2). Innergex buys project from Finavera Wind Energy (PI, 8/6).
Kruger Energy	Various (202 MW Wind)	Ontario, Canada	CIBC, Scotia Capital	Refi	\$400M	TBA	Both projects have long-term PPAs (PI, 9/3).
► Moxie Energy	Moxie Liberty (850 MW Gas)	Bradford County, Pa.	TBA	TBA	\$800M	TBA	The plant may be financed merchant by the team, made up largely of AES Corp alum (See story, page 7).
NextEra Energy Resources	Various (Wind)	U.S.	TBA	Refi	TBA	TBA	The sponsor has been talking with lenders refinance a portfolio of about 10 wind projects (PI, 10/1).
OCI Solar Power, CPS Energy	Alamos I - V (400 MW Solar)	Texas	TBA	Term	~\$500M	TBA	Sponsor is likely to decide on an Asian bank to lead the financing (PI, 9/17).
Odebrecht	Chaglia (406 MW Hydro)	Peru	BNP Paribas	Term	\$650M	17.5-yr, 20-yr	Pricing set at roughly 350 over LIBOR (PI, 7/9).
Ocean Renewable Power Company	Maine Tidal Power (5 MW Tidal)	Eastport, Maine	TBA	TBA	\$25M	TBA	The company is looking for equity financing to complete its maiden project (PI, 9/3).
► Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	Deutsche Bank, RBC	Mini-Perm	\$600M	C+ 7-yr	The deal wrapped with pricing around LIBOR + 250 (See story, page 5).
	South Kent (270 MW Wind)	Haldimand County, Ontario	TBA	TBA	\$800M	TBA	Pattern is looking to round up funds for South Kent and Grand at once.
	Grand (150 MW Wind)	Haldimand County, Ontario	TBA	TBA		TBA	
Quantum Utility Generation	Various (Unknown)	U.S.	TBA	TBA	TBA	TBA	The sponsor is talking to lenders after the successful close of a roughly \$120 million refinancing last month (PI, 10/8).
Termotesajara	Norte de Santander (180 MW Coal)	Norte de Santander, Colombia	TBA	Expansion	\$330M	TBA	Bankers say that the plant's arrangement for the generation are attractive to investors (PI, 9/10).

► New or updated listing

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PROJECT FINANCE

Pattern Nets Ocotillo Financing

Pattern Energy has closed the roughly \$600 million financing backing its 265 MW Ocotillo wind project in Imperial Valley, Calif. The deal closed late last week.

The financing comprises a seven-year, \$490 million loan funded by commercial banks and a 20-year, \$110 million loan from the **North American Development Bank**. **Deutsche Bank** and **RBC Capital Markets** led the commercial bank facility and **Royal Bank of Scotland**, **Société Générale**, **NordLB** and **KeyBank** participated. Bank officials and spokespeople declined to comment.

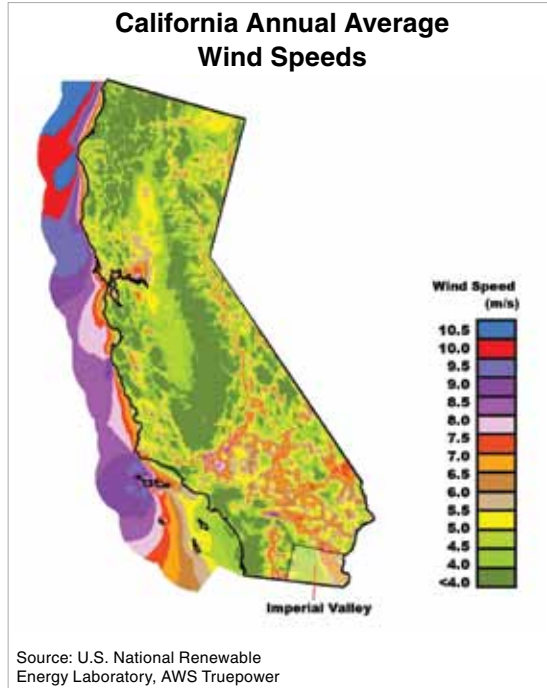
The San Francisco-based developer was looking for pricing at LIBOR plus 250 basis points ([PI, 5/9](#)), and it closed at around that mark, according to a financier at one of the lenders that participated in the transaction. A Pattern official in New York would not share any further details of the deal's pricing, terms or ticket sizes.

The San Francisco-based developer encountered legal and environmental issues as well as a stalled initial public offering

along the way, which pushed the deal beyond an expected close date at the end of June ([PI, 8/31](#)). A well-known club of banks,

the strength of the sponsor and a highly regarded utility offtaker all helped to get the deal done, says a deal watcher. Ocotillo has a 20-year power purchase agreement with **San Diego Gas & Electric** and will be the first renewable energy project to interconnect into the utility's Sunrise Powerlink, the transmission line that SDG&E developed to carry renewable generation from the Imperial Valley to San Diego.

The project uses 112 2.37 MW turbines made by **Siemens**. Most of the road and civil work on the project has been completed, including a majority of the turbine foundations, with over 30 wind turbines already assembled. The company expects to begin commercial operation by year-end.



Enel Snares Tax Equity For Wind

Enel Green Power North America has lined up three tax equity investors with \$410 million for two wind projects that are slated to be online by year-end. **JPMorgan Capital Corp.** and affiliates of **Wells Fargo** and **MetLife** have each agreed to an equal slice in projects totaling 432.5 MW in Minnesota and Oklahoma.

Enel anticipates closing the tax equity deals before the end of the month, according to a filing with the U.S. **Federal Energy Regulatory Commission**. It's important to get the documents filed with FERC now in order to have the requisite approvals before the expiration of the production tax credit at year-end, says an attorney. The two projects are currently in testing and are expected to be operational in December.

The tax equity investment in the 200 MW Prairie Rose project in Rock and Pipestone Counties, Minn., will be around \$190 million. The project is fully contracted to **Northern States Power Co.** for 20 years. **GE Energy Financial Services** paid \$156 million for a 51% stake in Prairie Rose ([PI, 8/7](#)).

The tax equity investment in the 232.5 MW Chisholm View wind project in Grant and Garfield Counties, Okla., will be about \$220 million. The project will use **GE** 1.6 MW turbines and sell 202 MW to **Alabama Power**. GE EFS also owns 51% of Chisholm View. Enel Green Power has the option to buy up 26% of Chisholm View from

GE EFS through the end of next year.

The same set of investors—**JPMCC**, **Wells Fargo Wind Holdings** and **MetLife Capital Credit**—lined up for tax equity positions in two Enel Green Power projects totaling 348 MW in Kansas and Oklahoma ([PI, 11/29](#)).

Spokespeople for Wells Fargo, MetLife and Enel Green Power in Boston could not be reached by press time.



GE 1.6 MW Turbine

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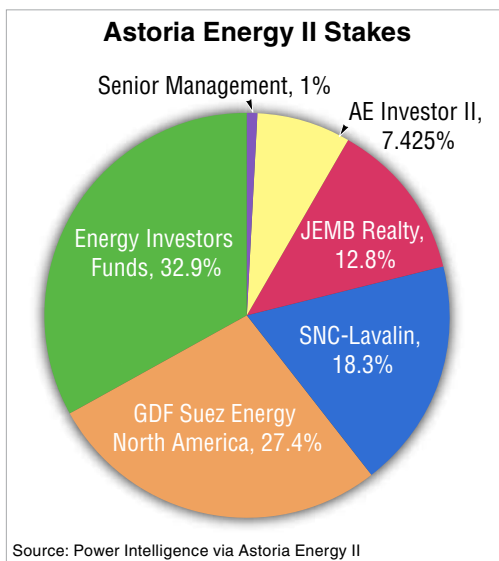
MERGERS & ACQUISITIONS

EIF Looks To Exit Astoria II

Energy Investors Funds is looking to sell its stake in the 550 MW Astoria Energy II combined cycle plant in New York. The private equity shop has tagged **Barclays** to run the sale of its 32.9% stake in the contracted gas-fired plant, bankers say. Teasers have not been released yet.

AE II has a 20-year tolling and power purchase agreement with the **New York Power Authority**. The facility came online July 1, 2011. The facility was financed with a roughly \$1.02 billion package that includes a \$915 million mini-perm and \$110 million in letters of credit ([PI, 7/10/09](#)). The loan has a tenor of 20 years.

The contracted plant has been the focus of a complaint that **U.S. Power Generating** filed with the U.S. **Federal Energy Regulatory Commission** last summer regarding a capacity pricing mechanism



in NY-ISO. FERC has ruled that NY-ISO must recalculate whether AE II can bid into the wholesale markets ([PI, 9/14](#)). The ruling will not impact the facility financially because it has a long-term offtake agreement; it is not a factor in EIF's decision to sell, says a banker.

EIF owns the largest stake at 32.9%. Other co-owners include **GDF Suez Energy North America** (27.4%), **SNC-Lavalin** (18.3%), **JEMB Realty** (12.8%), **AE Investor II** (7.425%) and the senior management (1%). A portion of the 7.425% stake was put up for sale by high-net-worth individuals last year in a process ran by boutique advisor **Whitehall & Co.** ([PI, 9/14/11](#)).

A timeline for releasing teasers could not be immediately learned. An EIF spokeswoman declined to comment, as did a Barclays spokesman.

Homer City Funding Vehicle Nears Ch. 11 Filing

GE Capital Corp. is moving toward a Chapter 11 pre-packaged bankruptcy filing for a special purpose vehicle, **Homer City Funding**, that is affiliated with its 1,884 MW Homer City coal-fired plant in Pennsylvania.

Blackstone Group is advising GECC, while EME has worked with **Barclays** on the Homer City restructuring.

As of Sept. 18, there had been no filing with the U.S. **Bankruptcy Court District of Delaware**. The timeline for filing is linked to receiving approval for the reorganization from bondholders, says a deal watcher. Just over three quarters of bondholders had approved the plan as of Oct. 3, and more have joined the ranks since, he adds. In 2001 GECC and **MetLife** entered into a 33-year sale leaseback under which EME leases the facility.

GECC, the lessor, along with lessee **Edison Mission Energy**, has filed with the U.S. **Federal Energy Regulatory Commission** for approval of GECC's takeover of the sale leaseback that will make it and MetLife the owners through a pre-pack bankruptcy proceeding. A pre-pack bankruptcy is a consensual and voluntary filing and the involved entities anticipate the proceeding to go without contention, says the deal watcher.

Homer City Funding, a vehicle created in 2001 to issue bonds, failed to make an interest payment on its senior secured notes on Oct. 1, putting it into a forbearance agreement, according to analyst reports. There was \$660 million in senior secured notes outstanding on the plant at the end of 2011, according to

EME parent **Edison International's** 10-K filed in February with the U.S. **Securities and Exchange Commission**. The interest payment was missed because an affiliate, **EME Homer City**, did not make a scheduled rent payment, according to an analyst report. Why EME Homer City did not make the scheduled rent payment, or when it was due, could not be learned.

GECC will look to issue new bonds with the same maturities and coupons when it exits bankruptcy proceedings, according to SEC documents associated with Homer City Funding. Of the senior secured notes, there is \$183 million in notes with a 2019 maturity and an 8.137% coupon outstanding and \$477 million in notes with a 2026 maturity and an 8.734% coupon. GE Capital will also provide a five-year, \$75 million working capital facility, according to an SEC filing.

Emission control upgrades at the plant near Pittsburgh, Pa., are slated to cost \$700-750 million to comply with emissions standards. How the upgrades would be financed became a source of friction between the lessee and lessors when EME opted to not pay for the upgrades ([PI, 9/23/11](#)).

MetLife will own less than 10% of Homer City upon emergence from bankruptcy proceedings, according to the FERC filing. Spokesmen at Barclays, Blackstone and GECC either declined to comment or could not immediately comment

FAST FACT

➤ Homer City Funding, a vehicle created in 2001 to issue bonds, failed to make an interest payment on its senior secured notes on Oct. 1, putting it into a forbearance agreement.

GE To Sell B.C. Hydro, Wind

GE Energy Financial Services is selling its stakes in hydro and wind assets in British Columbia that it co-owns with **Alterra Power**. Alterra will likely sell its stake in the assets at the same time, says an industry official, explaining there's a clause in the ownership agreement with GE that allows it to do so.

GE EFS is running the sale itself and has already approached some pension funds, says a source who has taken a look at the deal. The assets up for sale include:

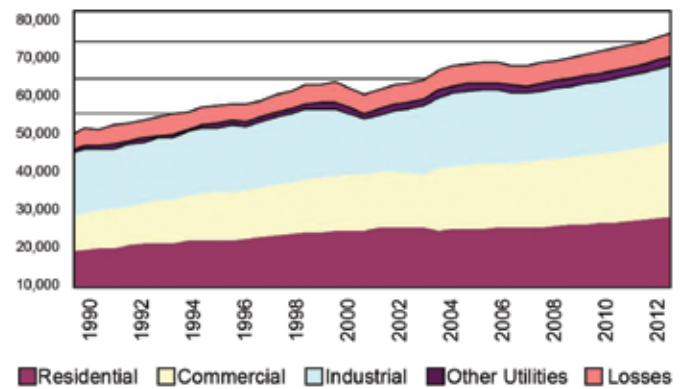
- 60% of the 78.4 MW Toba Montrose hydro facility in the Toba Valley; and
- 51% of the 73.4 MW Dokie I wind project in Dokie Ridge.

GE is targeting pension funds, which like long-term contracted assets that provide a stream of cash, because of the assets' high performance. The assets are very attractive because they have increased markedly in value since their original sale, says a banker who helped offload the assets to GE EFS. Dokie is the largest operating wind farm in B.C. and has performed at 106% of its projected annual production capacity. As of July this year, Dokie had earned \$48.1 million in revenue since February 2011, when it began commercial operations, and has a 25-year power purchase agreement with **BC Hydro**. Toba Montrose has a 35-year PPA with the same utility.

Alterra and GE EFS bought the original Dokie project from the now bankrupt **EarthFirst Canada** for C\$52.5 million (\$49.7 million) in December 2009.

Alterra is currently looking to raise about \$1 billion to complete

Forecast Demand Growth In British Columbia*



Source: BC Hydro
*Includes demand side management and rate impacts.

Upper Toba and Dokie II, as well as the Reykjanes geothermal project in Iceland ([PI, 9/1](#)). The Vancouver-based company is expected to use the proceeds from a sale to fund development. The development projects are not included in the current sale talks because the construction risk would make these assets hard to sell to institutional investors, says a deal watcher.

Calls placed to **Mark Tonner**, the managing director of GE EFS in Canada, were not returned. A spokesman from Alterra and representatives from GE in Stamford, Conn., declined to comment on the sale.

Highstar Looks Set To Buy GWF Fleet

Highstar Capital has emerged as the buyer for **Harbert Power's GWF Energy** fleet in California, bankers say. GWF is an independent power producer that owns the 95 MW Hanford peaker and the 97 MW Henrietta in Kings County, Calif., as well as the 314 MW Tracy combined cycle facility in Stockton, Calif.

Merit Capital Advisors and **Morgan Stanley** are advising Harbert. **Barclays** is advising Highstar, a New York-based private equity infrastructure fund.

GWF is wholly owned by several funds at Harbert ([PI, 6/11](#)). There was a \$410 million refinancing in late 2010 to fund a 145 MW expansion at the Tracy facility, which originally generated 169 MW ([PI, 11/30/10](#)). **Pacific Gas & Electric** is the offtaker for Tracy.

Highstar bought the 579 MW Griffith and 572 MW Arlington Valley in Arizona from **LS Power** in March 2011 as its first power investments since it sold a stake in **InterGen** in 2008 ([PI, 3/29/11](#)). It established **IPP Star West Generation** to own the facilities. The GWF fleet is expected to be added to the Star West fleet, says a deal watcher.

Officials and spokespeople at the companies either declined to comment or did not immediately respond to inquiries.

FAST FACT

Merit Capital Advisors and Morgan Stanley are advising Harbert. Barclays is advising Highstar.

EquiPower Charges Toward Re-Pricing

EquiPower Resource Holdings has entered the market this week to reprice a first lien \$685 million term loan B that it signed in June. It is aiming to bring pricing from 500 basis points over LIBOR down to 425-450 bps, say deal watchers. **Barclays**, which arranged the original term loan, is lead left.

The loan will carry the same ratings—Ba3 by **Moody's Investors Service** and BB by **Standard & Poor's**. **Deutsche Bank**, **Goldman Sachs** and **Morgan Stanley** are participating. A deadline for commitments could not be immediately learned.

The independent power producer backed by private equity shop **Energy Capital Partners** is trying to take advantage of attractive rates in the institutional markets that have a host of companies looking to refinance, says one banker.

The original \$975 million package included a \$100 million revolver and a seven-year, \$200 million term loan and secured pricing at L+850 bps ([PI, 6/19](#)). No changes are being sought for the second lien term loan.

EquiPower owns four gas-fired plants—812 MW MassPower, 548 MW Milford Power, 812 MW Lake Road and the 168 MW Dighton—in New England. A more recent acquisition, the 575 MW Liberty Power gas-fired in Eddystone, Pa., is also included in the portfolio backing the debt.

PEOPLE & FIRMS

Advisory Boutique Lands Ex-BES Financier

Oliver Langel, an executive director at **Banco Espirito Santo** who left earlier this year, has joined boutique advisory shop **Whitehall & Co.** in the last couple of weeks.

Langel left BES amid a downsizing due to capital constraints ([PL, 2/3](#)). Detail such as when Langel started and his title could not be immediately learned.

Whitehall was founded in 2010 by **Jonathan Cody** and **Timothy Page**, both formerly of **WestLB**. The shop also added **Roland DaCosta**, formerly a managing director with **Royal Bank of**

Scotland, to its roster earlier this year as a managing director, according to the company's website. Prior to RBS, DaCosta was director of loan syndications at **BNP Paribas** ([PL, 2/3/09](#)). A call to Cody was not immediately returned, and Langel could not be reached.

The shop, based in New York, works with sponsors to arrange debt and also advises on asset sales. It marketed a minority stake in the 550 MW Astoria Energy II combined cycle plant in Astoria, N.Y., for a group of high-net-worth individuals in 2011 ([PL, 7/11/11](#)).

NEWS IN BRIEF

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



- **Panasonic Eco Solutions North America** has teamed up with real estate investment trust **Macerich** to put solar installations totaling 10-12 MW on a dozen shopping malls around the country (*The Sacramento Bee*, 10/18).
- **Southern Co.** and **Turner Renewable Energy** have bought a 2.5 MW solar project near Oxford, N.C., from **SunEdison** (*Atlanta Business Chronicle*, 10/18).
- Covanta is closing a 16.5 MW woody biomass-fired cogeneration plant in Oroville, Calif., because its not profitable to run the facility (*Oroville Mercury Register*, 10/17).
- The Oregon **Public Utilities Commission** has received a complaint from **Partners Development Group**, a shop that has submitted a 650 MW gas-fired project into **Portland General Electric's** request for proposals, saying that the RFP favors the utility's own proposal. PGE is using an independent consultant and says the process is impartial (*The Oregonian*, 10/17).
- Grid operators NY-ISO and PJM have agreed to cooperate on improving cross-grid power flow and to evaluate how additional natural gas will impact existing infrastructure as well as new developments (*Reuters*, 10/17).
- President **Barack Obama** and Republican nominee **Mitt Romney** again sparred on energy policy and how to carry the U.S. into energy independence at the second presidential debate. Oil and gas prices, renewables and Romney's energy record as Massachusetts governor were mentioned (*NBC*, 10/17).
- AltaGas has completed the building of the Busch Ranch wind project in southern Colorado. The Calgary-based developer owns a 50% interest in the 29 MW wind project with the local utility **Black**

Hills/Colorado Electric Utility Co. The power generated from AltaGas' stake is sold under a 25-year power purchase agreement (*MarketWire*, 10/17).

- Construction of **RES Americas'** 300 MW Pleasant Valley wind farm is still on hold, largely due to the looming Dec. 31 expiration of the federal wind production tax credit. "Due to the uncertainty regarding the [production tax credit,] buyers are on the sidelines, and this is slowing down the project's advancement," **Joe DeVito**, RES' v.p. of development, says (*The Austin Daily Herald*, 10/16).
- Electricity generated at northwestern Oklahoma wind farms could soon be buzzing through a \$3.5 billion, 800-mile high-voltage transmission line proposed by **Clean Line Energy Partners** that will stretch to Tennessee (*Muskogee Phoenix*, 10/16).
- The Laramie-based **Biodiversity Conservation Alliance** is considering legal action against a proposal to build the largest wind project in the U.S., south of Rawlins, Wyo. The group is concerned that the potentially 3,000 MW Chokecherry Sierra Madre wind project would devastate local sage grouse and golden eagle populations (*Wyoming Tribune Eagle*, 10/15).



Sage Grouse

- **Kentucky Utilities** and affiliated company **Louisville Gas & Electric** expect to shut down three coal-fired plants months ahead of schedule in order to meet new federal environmental regulations (*The Lexington Herald-Leader*, 10/15).

INDUSTRY CURRENT

Sisyphus or CFIUS—Can The President Roll the Development Of Your Power Deal Down The Mountain?

IN THIS WEEK'S INDUSTRY CURRENT the authors take a look at President **Barack Obama's** order requiring a Chinese company to sell its stakes in four wind projects in Oregon and its potential implications for other projects. The piece is written by **Amanda Forsythe, John Marciano** and **Simon Stevens**, associates at **Chadbourne & Parke** in Washington D.C.



John Marciano



Simon Stevens

Even in the U.S., developers of power assets (and their lenders and investors) should consider political risks. President Obama's recent order requiring Chinese nationals to divest their interests in four U.S. wind farms near a naval test facility in Boardman, Ore., following a recommendation of the **Committee on Foreign Investment in the U.S.**, was a wake-up call. But it was not the start of a war on power projects.

CFIUS is an interagency committee that reviews the national security implications of transactions where a foreign person could take control of a U.S. business. The committee has authority to initiate a review of a transaction on its own. The review can occur

before or after the transaction is completed. Planning ahead can alleviate costly headaches down the road.

A party to the transaction in which a foreign person may acquire control of a U.S. business can self-report proactively. Consider whether there is a real risk that the transaction raises a national security concern. Is the project near a military base? Is the foreign person from a country with which the U.S. has had recent tensions? Is

Consider whether there is a real risk that the transaction raises a national security concern. Is the project near a military base? Is the foreign person from a country with which the U.S. has had recent tensions?

the equipment capable of disrupting a sizeable portion of the electricity grid or some other pivotal U.S. infrastructure?

A favorable ruling gives the parties access to a safe harbor that curtails any further action by CFIUS. The tradeoff is that the parties may have to follow certain "mitigation" conditions CFIUS imposes and obtaining a ruling can be time consuming and sometimes costly. A negative decision permits the parties to cut their losses before they get too far down the road.

President Obama's recent order stemmed from a CFIUS review initiated after a transaction closed. The order requires **Ralls Corp.**

(a U.S. corporation owned by two Chinese nationals) to divest itself of the four, 10 MW projects within 90 days and have a third party remove any property from the project sites within 14 days. Equipment made by **Sany Group** (a Chinese affiliate of Ralls) for the project can't be sold to third parties for use at the sites. Ralls is challenging the President's order on constitutional grounds, but the story is still unfolding.

If the parties forego a protective filing, like Ralls, they will need to allocate risks in the transaction documents. That means they need to decide who interfaces with CFIUS, who makes strategic decisions, who pays the cost of proceedings and, potentially, how the deal may be unwound most efficiently and whether one party will indemnify the other. They also should require the non-filing party to cooperate and provide all information necessary to conclude CFIUS' review of the transaction.

Ultimately, the parties may decide to avoid falling into the CFIUS trap in the first place. It is not triggered by greenfield investments or where the foreign person does not acquire a controlling interest. Control doesn't mean merely that the foreign person has a direct controlling interest (indirect interests count as well). However, it often is possible to avoid shedding control by spreading it out amongst unrelated parties or giving foreign persons only passive roles (with certain blocking rights).

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GENERATION CALL CALENDAR

The Generation Call Calendar is a feature that *PI* runs on a quarterly basis that tracks ongoing calls for generation in the Americas.

Caller	Capacity	Contracts	Deadlines	Requirements	Notes
Arizona Public Service Co.	32 MW (Solar PV)	N/A	Bids were due Oct. 8.	APS is only interested in turnkey proposals.	APS does not reveal the winning bid details such as costs, in order to remain competitive.
Cleco Power	800 MW	At least 20 years	Final RFP issued July 10, with bids due Aug. 9. Winning bidders could be notified as early as Nov. 12.	Qualifying projects must generate at least 50 MW and be operational by May 1, 2015.	All resources apply. Company looking for "highly reliable" and "lowest reasonable cost." A subsidiary called Cleco Evangeline won its last RFP.
Delmarva Power	470 MW (All sources)	N/A	The first round of bidding will begin Nov. 26 and the final round will conclude in early February 2013.	The program has been approved until Dec. 31, 2014. All facilities must be operational by then.	A pre-bid conference for prospective bidders in the wholesale process will be held Wednesday Oct. 24.
East Kentucky Power Cooperative	300 MW (All sources)	TBA	Bids were due August 30, 2012.	Contracts for new resources should have a minimum of 50 MW for any conventional resource and 5 MW for any renewable resource.	EKPC is still evaluating proposals and expects to make a decision in early 2013. It had 105 responses to the RFP.
Empresa Eléctrica de Guatemala, Distribuidora de Electricidad de Oriente, Distribuidora de Electricidad de Occidente	800 MW (Renewables and Thermal)	15 years	Utility reportedly anticipated at least 30 bids filed by Jan. 26.	N/A	Award winners were expected to be announced in March.
Indianapolis Power and Light Company	600 MW (Gas-based capacity)	20-year minimum.	Bids were due September 10, 2012.	Resources must be dispatchable to MISO and deliverable to IPL for a minimum of 20 years.	Consulting firm Burns & McDonnell is managing the RFP.
Kentucky Utilities and Louisville Gas & Electric Company	700 MW (All sources)	TBA	Bids are due November 2, 2012.	The capacity and energy delivery would begin after January 1, 2015.	The projects will be evaluated by an in-house team, which will reach a decision by March 15 next year.
Pepco	360 MW (All sources)	3-yr contracts awarded for 170 MW in residential load and 10 MW in small commercial load. One-year contracts for 180 MW in large commercial load.	TBA	Suppliers will be bidding for supply service contracts to begin on June 1, 2013.	Pepco will be holding a pre-bid conference for the wholesale process in mid to late October.
Portland General Electric	200 MW (Gas-fired)	TBA	Bids due August 8. Final decisions late 2012 / early 2013.	The utility is targeting year-round flexible and peaking resources.	It is considering 32 bids for 15 different projects and plans to bring resources into its portfolio between 2013-2017 (PI, 1/27). A decisions should be made in November.
	200 MW (Gas-fired)	TBA	Third party bids due August 8. Final decisions late 2012 / early 2013.	The utility is seeking winter and summer peaking supply generation.	See entry above.
	150 MW (Gas-fired)	N/A	Third party bids due August 8. Final decisions late 2012 / early 2013.	The utility is looking for winter-only peaking capacity.	See entry above.
	100 MW (Renewables)	N/A	PGE's benchmark proposal will be due Oct. 30, while Bids from outside parties are due Nov. 13.	Resources must be at least 10 MW in size, although there is no preference for renewable type.	Accion Group is helping to run the RFP.
Government of Quebec	700 MW (Wind)	TBA	TBA	A 250 MW portion is set aside for projects entered into with First Nations.	Details are expected to be released in Q4 of 2012.
San Diego Gas & Electric	45 MW maximum (Renewables)	10-, 15- and 20-years	Bids were due May 31.	Anticipated delivery start date within 24 months after the anticipated CPUC Approval date of December 10, 2012.	Notification to winning bidders were expected on August 16. Baseload 5 MW, peaking as available 35 MW, non-peaking as available 5 MW.
Southern California Edison	50 MW (New Solar PV)	TBA	TBA	TBA	Utility is planning to issue a call for 50 MW of new photovoltaic generation.
	400-700 MW (New Renewables)	TBA	TBA	Solar, hydro under 30 MW, wind, biomass and geothermal would be the only qualifying resources.	RFP possible this fall. Winning bidders would secure PPAs starting later this decade.
Southwestern Public Service Co.	88.7 MW (Non-solar, non-wind renewables)	10-, 15- and 20-years	Bids were due Oct. 1.	The company is looking for a cost of between \$65-\$110/MWh.	The RFP is open to projects in Texas, but they must be deliverable to the SPS grid in New Mexico.

To report updates or new request for proposals or to provide additional information, please contact Senior Reporter, **Nicholas Stone** at (212) 224-3260 or nicholas.stone@powerintelligence.com.

Sempra Evaluates *(Continued from page 1)*

Through subsidiaries, Sempra, based in San Diego, Calif., owns the 1,250 MW Mesquite Power gas-fired combined cycle in Arlington, Ariz., as well as the 625 MW Termoeléctrica de Mexicali gas-fired plant, in Mexicali, Baja California, Mexico. The Mexicali plant would be included in the sale as it sits roughly a mile south of the Mexico-California border, says a banker.

Sempra's solar portfolio includes 900 MW of operational, early- and late-stage development assets with the bulk clustered in southern Nevada, where 58 MW are operational and 92 MW are slated to be online by year-end. There are projects of various development stages in California, Arizona and Nevada.

The sale is the most recent iteration of a corporate strategy that has been taking root since 2005 to expand Sempra's presence in gas distribution, bankers say. Sempra recently set up a new regional headquarters in Greenville, S.C., as it looks to grow its natural gas distribution operations and pipeline presence in the Southeast.

The company has considered putting its gas-fired fleet on the block in the past ([PI, 1/13/06](#)). Why it chose not to sell at the point could not be learned. Two gas-fired plants that were part of the unit have been sold in the last two years. **Occidental Petroleum Corp.** bought out **Sempra Generation's** 50% stake in the 550 MW Elk Hills Power CCGT near Bakersfield, Calif., and Sempra affiliate **San Diego Gas & Electric** picked up the 480 MW El Dorado CCGT in Boulder City, Nev. ([PI, 11/29/10](#) & [8/19/11](#)).

Sempra U.S. Gas & Power is also developing three wind projects and has two online—four in the U.S. and one in Baja California, Mexico—alongside **BP Wind Energy**. These projects are unlikely to be included in this process but will probably go up for sale when more are complete, bankers say.

—Holly Fletcher

Former AES Execs *(Continued from page 1)*

including chipping in some equity of its own, Morton notes. It will be Moxie's first financing and the sponsor is hoping to close it by the end of the first quarter. The company aims to select a lead arranger as soon as possible, Morton says.

Despite this being the company's maiden deal, the standing of its employees and their reputations that they carry from AES should help it get competitive pricing, says a banker. Without a PPA, however, the debt will be more expensive than it would be for a contracted project and the company probably will have to put more equity into the deal, he adds.

Financiers have been tipping an increase in merchant deals, as high-load regions such as ERCOT and PJM look for capacity and mezzanine debt and term loan Bs, which typically tolerate more risk, resurface ([PI, 9/12](#)). Moxie is also looking to take advantage of its location near Marcellus Shale to provide cheap natural gas, without the need for oil backup. The last company to secure financing for a merchant facility was **Panda Power Funds**. It closed financing on its similarly sized 758 MW Sherman facility last month ([PI, 9/20](#)). The Dallas-based company finally settled on an equity stake of \$360

ALTERNATING CURRENT

Developer Takes Solar Project To 'Top Gear' Track



Pay close attention to the ground around the track the next time you watch *The Stig* test out the latest exotic sports car on the **Top Gear** campus in Surrey, England. The **BBC** motoring show beloved by car fanatics around the world has gone solar.



The Stig

Lightsource Renewable Energy

installed a 2 MW solar project this summer on the grounds of Dunsfold Park, where the show tests new car models and challenges celebrities to get "a reasonably priced car" around the track as fast as they can. The business park uses the power when it's in operation. Excess power is sold to **National Grid**, according to Lightsource's web site.

The hour-long show, available on some channels in the U.S. and downloadable online, is kooky and always entertaining—even for those who just like to sing with the car windows down, not caring about the horsepower—although the lead host **Jeremy Clarkson** isn't a fanboy of environmental initiatives, such as electric cars. Clarkson much prefers supercars to the compact, electron-fueled cars that may be the future of the motoring world. He purports to have never taken public transport.

million and a \$342 million term loan B at LIBOR plus 750 basis points via lead arrangers **Credit Suisse** and **Goldman Sachs**.

After a couple of years of planning, Moxie in 2010 finally started looking to develop, own, and operate clean energy infrastructure projects and to provide consulting services to the energy industry, according to its Web site. **Aaron Samson**, president, **Christopher Diez**, v.p. and **Scott Taylor**, cfo, all hail from Arlington, Va.-based AES. Morton says that the company has since built new relationships with banks and lenders.

"With the many, many years of experience we had in the industry, we saw this as an opportunity and something crying out for natural gas plants to be developed," says Morton. "The Marcellus Shale is an absolute game changer."

The U.S. **Department of Environmental Protection** issued an air quality plan approval to the company this week. The company now has all the regulatory approval needed for the project to proceed. **Moxie Patriot**, a sister company to Moxie Liberty, has applied for an air quality plan approval for a similar facility to be built in Clinton Township, Lycoming County, Pa.

The Moxie Liberty plant is planned for Asylum Township and will use two power blocks, with each block including a combustion gas turbine and a steam turbine. Construction is expected to begin in spring or early summer next year.

—Nicholas Stone