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Exclusive Insight on Power M&A and Project Financing

Power Finance & Risk

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Top Stories

Yearning For Years

Pattern Targets Funds For Calif. Wind

Pattern Energy is gearing up to finance its 315 MW Ocotillo wind project in Imperial Valley, Calif., next year, says **Hunter Armistead**, executive director in San Francisco. Wind projects generally cost $1.5-2 million per MW, meaning Ocotillo will cost at least $472.5-630 million.

Riverstone Holdings-backed Pattern will

(continued on page 12)

Southern Co. Stalks Solar Move

Southern Co. is casing solar generation acquisition opportunities, looking for projects to tuck into its unregulated subsidiary's development pipeline. **Southern Power** has been in conversations with manufacturers and developers, bankers say, noting it is interested in a project or project pipeline rather than acquiring a whole development platform.

The executives have looked at large projects such as the ones that **Exelon** and **NRG Energy** recently picked up from **First Solar** and **SunPower**. First Solar has two California projects—the 550 MW Topaz in San Luis Obispo County and the 300 MW Stateline in San Bernardino County—that have power purchase agreements that are attracting the eyes of prospective buyers (*PI*, 9/23).

The Southwest will be where Southern grows its solar footprint and projects would be

(continued on page 12)

DOE Sunset Glow

Project Finance $$$ Closings Spike 89%

More than $12.66 billion in project financings closed across 24 deals backing renewables, transmission and gas-fired projects in the third quarter in the U.S., according to data compiled from *PI*'s Project Finance Deal Book. That's nearly double the more than $6.7 billion in deals that wrapped in the second quarter (PI, 7/8).

The spike reflects the race to qualify for the U.S. **Department of Energy**'s Sect. 1705 loan guarantee program before expiry. A dozen of the 24 deals benefited from loan guarantees, which backed roughly $8.47 billion of the financings that closed over the quarter. The agency had to close all pending financings by Sept. 30, the sunset of the Sect. 1705 program for

(continued on page 11)

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At Press Time

Puget Fires Up RFP For Long-Term

Puget Sound Energy is seeking bids for long-term capacity. It is looking for a diverse mix of generation types including biomass, gas-fired, geothermal, run-of-river hydro, solar and wind, says a spokesman in Bellevue, Wash.

Puget is looking to add up to 385 MW of generation by the end of 2012, a spokesman says. It needs nearly 900 MW by 2016, according a recent assessment of Puget's portfolio. "We see a favorable market for us," he says of the timing of the RFP, pointing to low gas prices, which have put downward pressure on power prices.

The request for proposals was issued Oct. 17. Sponsors planning to bid must submit confidentiality agreements by Oct. 24 and offers by Nov. 1. Puget may choose zero, one or more bidders during its review. It plans to notify finalists in early 2012.

New and existing projects are eligible. Puget will consider various offtake options, including inking power purchase agreements and buying stakes in proposed projects. In its review of bids, Puget will evaluate cost and the seasonability of the generation. PSE's capacity needs are greatest during winter, notes the spokesman. Eligible projects must be online between December 2012 and December 2015.

Puget also issued an RFP for up to 1 GW of generation from all power types by 2012 (*PI*, 4/9/10). **Iberdrola Renewables** won the lone contract from that tender in May, when it snagged a winter-only offtake agreement from Puget for 100 MW from a gas-fired plant in Klamath Falls, Ore. Beneficiaries of prior Puget RFPs include **Calpine Corp**. and **Wayzata Investment Partners** (*PI*, 1/22/10).

KMI Acquisition Loan Details Surface

Barclays Capital is in the midst of wholesale syndication the $13.3 billion package backing **Kinder Morgan** to fund its $38 billion purchase of **El Paso Corp**. Close to 10 banks are taking roughly $1 billion tickets and a retail round that includes $250-500 million tickets is also in the works, according to a deal watcher.

The package includes $5 billion and $6.8 billion term loans maturing in 2014 and 2015, respectively, and a $1.5 billion revolver. Banks with the most exposure to KMI on various facilities and historic relationships will be first in line to get pieces of the wholesale deal, a banker notes. **Jonathan Burn**, managing director at Barclays, is running the deal.

Proceeds from KMI's planned sale of El Paso's exploration and production assets will be used to pay back the debt. **Standard & Poor's** affirmed a BB corporate credit rating for KMI on Monday. The pricing of the financing and details regarding the E&P sale could not be learned.

The purchase is slated to wrap in Q2 of next year, pending regulatory approval.

Barclays Capital and **Evercore Partners** are financial advisers to Kinder Morgan and **Morgan Stanley** advised El Paso. At Evercore, Founder **Roger Altman** and Senior Managing Directors **Robert Pacha**, **Raymond Strong** and **Shaun Finnie** worked on the deal. **Brian McCabe**, managing director in the global energy group, **Stephen Munger**, co-chairman of global M&A, and **Jonathan Cox** worked on the deal at Morgan Stanley. Spokesmen and officials at the companies and advisors declined to comment or could not be reached by press time.

The remaining purchase price will be funded in stock and the assumption of $16.7 billion in existing consolidated debt and other adjustments at El Paso and its subsidiaries. The stock trade equals a total value of $26.87 to El Paso shareholders, or a 37% premium over the Oct. 14 closing price of El Paso stock. Upon closing the transaction, KMI and EP shareholders will own 68% and 32% of the combined company, respectively. The combined company will be the largest midstream energy company in North America with an enterprise value of $94 billion and 80,000 miles of pipeline.

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Institutional Investor Intelligence

Australia — August 2011

South East Australia Gas Pty Ltd

AUD 405,000,000
Project Finance Facility

Mandated Lead Arranger
WestLB

Italy — August 2011

TotalErg SpA

EUR 900,000,000
Long Term Financing

Mandated Lead Arranger
WestLB

Singapore — July 2011

GMR Energy (Singapore) Pte Ltd

SGD 670,000,000
Term Loan Facility
800 MW CCGT Power Plant

Mandated Lead Arranger
Technical Bank
WestLB

Italy — July 2011

Nuova Rete Solare S.r.l.

EUR 220,000,000
Project Financing of up to
79 MW PV plants portfolio

Mandated Lead Arranger
WestLB

Spain — May 2011

Ibereolica Solar Olivenza

EUR 286,000,000
Project Financing for a
50 MW solar thermal plant

Mandated Lead Arranger
WestLB

Spain/Mexico — April 2011

Energía y Recursos Ambientales
Energías Ambientales Guadalajara

USD 148,800,000
Project Financing for a
102 MW wind farm

Mandated Lead Arranger
WestLB

Russia /Germany — April 2011

Nord Stream Phase 2

EUR 2,500,000,000
Project Financing of
1,200 km sub-sea gas pipeline

Mandated Lead Arranger
WestLB

UAE — March 2011

Shams Power Company PJSC

USD 612,000,000
Project Financing

Mandated Lead Arranger
WestLB

US — February 2011

Viento II Funding, Inc.

USD 255,200,000
Financing of a 360 MW
wind farm portfolio consisting
of three projects

Joint Lead Arranger
Sole Bookrunner
WestLB

Kazakhstan — January 2011

KC Kazakh Panama KNOC Consortium

USD 168,000,000
Term Loan Facility
Zhambyl Rig Project

Mandated Lead Arranger
Co-Financial Advisor
WestLB

Chile — December 2010

Hidroelectrica San Andrés Ltda.
Hidroelectrica El Paso Ltda.

USD 120,000,000
Project Financing for
two 40 MW hydroelectric
run-of-river power plants

Mandated Lead Arranger
Bookrunner
WestLB

Turkey — November 2010

EnerjiSA Enerji Üretim A.S

EUR 1,000,000,000
Senior Debt Facilities

Bookrunner
Joint Lead Arranger
WestLB

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Project Finance

GE EFS Open For More PF Loans

GE Energy Financial Services is open to picking up more project finance loans after buying a $1 billion portfolio from **Bank of Ireland** at 8% below par. "If it's good quality, broad diversification and good pricing, we'd absolutely be interested," says **Matt O' Connor**, managing director and leader the financial institutions group at GE EFS in Stamford, Conn., of potential acquisitions of project finance portfolios.

The lender is interested in larger portfolios, as opposed to single loans, O'Connor says, adding that many sellers on the market are marketing single assets. "We haven't seen pricing that approaches what we agreed to with BOI. I think pricing will have to come down if sellers are truly motivated to deleverage," he notes.

Allied Irish Bank, **BNP Paribas**, **Crédit Agricole** and **Société Générale** are among banks looking to offload project finance loans. Details surrounding GE EFS's potential purchases could not be learned.

The BOI portfolio includes a dozen renewable and thermal generation, midstream and oil and gas assets across North America, Australia, Asia and Europe. The average loan size in the portfolio is $35 million. Of the loans in the portfolio, roughly $782 million has been drawn down. The sale is part of a broader effort on behalf of Irish banks to shore up capital reserves and reduce their dependence on emergency funding from Irish and European central banks.

The bank participated in a financing backing **First Wind**'s 203 MW Milford I wind farm and in a deal backing **Caithness Energy** and GE EFS' Shepherds Flat wind farm (PI, 4/17/09 & 12/10/10). It also made a commitment to a $596 million refinancing of a **Centrica** wind portfolio in Europe (PI, 4/17/09). The details of the projects backed by the loans in the portfolio could not be learned.

An official at Bank of Ireland in New York directed inquiries to a spokesman in London who did not respond to inquiries by press time.

Sponsors Scope Dexia Replacements

Developers working with Dexia are reaching out to other lenders to see whether they would be able to replace the Franco-Belgian bank in project financings that have yet to wrap.

At least three senior project financiers say their banks have been approached by sponsors wondering whether they'd be interested in replacing Dexia. The bank is participating in a $735 million deal backing **Boralex** and **Gaz Métro**'s 272 MW wind project in Quebec and is leading a financing backing **Gradient Resources**' Patua geothermal project in Nevada (*PI*, 9/28 & 10/10). **Guy Daoust**, director of finance and treasury for Boralex in Montreal, declined to comment and **Richard Atkinson**, cfo in of Gradient in Reno, Nev., did not return a call.

Dexia Tower Brussels

Developers are mitigating potential risk as the bank's restructuring process raises questions over the future of its project finance operations, says a banker. Another financier says the bank plans to honor deals to which it has contractually committed. It is not taking on new financings.

As part of a rescue deal, Dexia sold its mostly retail Belgian division to Belgium for EUR4 billion ($5.4 billion) earlier this month and its Luxembourg private banking operation to **Precision Capital** for an undisclosed sum. Precision is backed by **Al Thani** royal family of Qatar. An official at Dexia declined to comment.

EME Prices Wind Deal

Edison Mission Energy has priced a roughly $220 million financing backing a trio of wind projects at 250 basis points over LIBOR. **WestLB** is leading the deal, which has a 10-year tenor.

Interested lenders are expected to begin committing to the deal as early as next week, financiers say. **Krish Koomar**, EME managing director in Irvine, Calif., and **Craig Howard**, treasurer, are leading the sponsor effort on the deal (*PI*, 10/5).

> **FAST FACT**
> **Krish Koomar**, EME managing director and **Craig Howard** treasurer, are leading the sponsor's effort on the deal.

The financing backs the 130 MW Taloga wind project in Dewey County, Okla., the 55 MW Pinnacle wind farm near Keyser, W. Va., and an undisclosed third farm. **Oklahoma Gas & Electric** has a 20-year offtake agreement for Taloga. Howard and a WestLB official didn't return calls by press time.

EME has jointly developed Pinnacle with **US Wind Force**, a Greensburg, Pa.-based sponsor. Construction of Pinnacle began earlier this year. It is expected to be operational by year-end. The **University of Maryland System** and the Maryland **Department of General Services** have 20-year offtake agreements for Pinnacle. **David Friend**, chairman and ceo of US Wind in Greensburg, didn't return a call.

Crédit Agricole Scopes Power Loan Sale

Crédit Agricole is peddling a batch of at least seven North American power loans, says a senior banker. Bank officials declined to comment or didn't return calls. A spokeswoman in New York declined to comment. Which loans are up for sale could not be learned.

The sale is part of a global plan to reduce EUR50 billion ($68.8 billion) in debt globally by December next year, according to the bank. It attributes this campaign to diminished access to financing across the banking industry. Basel III also requires European

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lenders to strengthen capital reserves against outstanding loans.

The bank is an active North American player. It led a $373 million non-recourse financing supporting the retrofitting of **Calpine Corp**.'s 188 MW Los Esteros peaker to a 300 MW combined-cycle plant (*PI*, 8/26). That deal wrapped in August. Crédit Agricole also took a $56 million ticket in a $688 million financing backing **NRG Energy**'s 550 MW gas-fired project in El Segundo, Calif., (*PI*, 8/26) and helped lead deals backing **LS Power**'s transmission lines in west Texas and a (*PI*, 8/10 and **American Renewables**' 100 MW biomass project in Gainesville, Fla. (*PI*, 6/6).

French peers **BNP Paribas** and **Société Générale** have also been looking to sell loans to increase capital reserves (*PI*, 10/14).

Key Bank To Lead First Wind Deal

First Wind has tapped relationship lender Key Bank to lead a roughly $180 million financing supporting its 100 MW Palouse wind project in Whitman County, Wash. The sponsor is also talking with **Banco Santander** and **NordLB** about participating, says a deal watcher.

The deal is slated to start between 225 and 250 basis points over LIBOR (*P*I, 8/22). First Wind is seeking a tenor longer than 20 years to reflect a 30-year offtake agreement with **Avista Corp**. However, few lenders are willing to grant loans longer than 10 years, given increasing costs of self-funding (*P*I, 9/23). Key Bank and NordLB financed First Wind's 60 MW Rollins wind project in Penobscot County, Maine, last year (*PI*, 12/6).

Steve Schauer, First Wind senior v.p. of finance and treasurer, manages project financing for the company. The tenor of the loan couldn't be learned. A First Wind spokesman in Boston didn't return a call, while bank officials declined to comment or didn't return calls.

Palouse is expected to be operational next year.

Mergers & Aquisitions

Investor Eyes Stake Increase In La Paloma

SOLA and affiliate **Solus Alternative Asset Management** are looking to increase their stake in the 1,020 MW La Paloma combined-cycle plant to 20% from 12.55%, according to documents filed with U.S. **Federal Energy Regulatory Commission** last week.

> **FAST FACT**
> **TCW Asset Management** and affiliates of **Morgan Stanley** hold a 52.3% stake in the plant.

Solus is an institutional investment management company based in New York. **TCW Asset Management** and affiliates of **Morgan Stanley** hold a 52.3% stake in the plant in Kern County, Calif. **Rockland Capital** is the managing owner and **Credit Suisse**, **Merrill Lynch**, **Loews Corp**., **Complete Energy** and **Stark Investments** also have stakes.

Rockland, which wrapped a $447 million refinancing of the plant via **Bank of America** and **Macquarie Capital** (*PI*, 9/20), had been looking to replace some hedges on the plant earlier this year. **Morgan Stanley Capital Group** has a tolling agreement for 720 MW of the plant's capacity through next year.

Company officials and spokespeople either declined to comment or did not return calls. Which party is selling its stake in the plant, the purchase price of the stake and a timeline for approving the sale could not be learned.

ArcLight Bids Could Get More Time

Final round bids for **ArcLight Capital Partners**' 1.12 GW gas-fired and transmission portfolio could be pushed into November. Advisors **Citigroup** and **Barclays Capital** are targeting the final week of October for bids, although that deadline could be extended to give prospective buyers more time for due diligence on a large portfolio, bankers say. No date has been set.

A handful of investors, including an infrastructure fund, a private equity shop and a Japanese investor—said to be **Tyr Energy**—have been shortlisted. Barclays is offering a staple financing, but other lenders, including **Credit Suisse**, are pitching bespoke packages to the bidders, bankers say.

ArcLight is selling its majority equity stake, 59%, in the 391 MW, 65-mile Neptune transmission line that connects Sayreville, N.J., to Long Island, N.Y. The gas-fired plants include:

- 162 MW Crockett cogeneration in Crockett, Calif., has a PPA until 2024 with **Connecticut Light & Power** and $139.9 million in debt. ArcLight owns 67.5% of the facility;
- 60 MW Hamakua combined cycle in Honokae, Hawaii, which has a PPA with **Hawaii Electric Light Co**. until 2030 and $76.4 million in debt;
- 604 MW Hobbs combined cycle in Hobbs, N.M., which is contracted to **Southwestern Public Service** until 2033 and $280.8 million in debt;
- 230 MW Borger cogeneration in Borger, Texas, which is contracted to SPS until 2024, with an extension option through 2034 and $80.6 million in debt;
- 72 MW Waterside peaker in Stamford, Conn., with a **Connecticut Light & Power** PPA until 2024 and $32.1 million in debt.

Citi and Barclays spokesmen declined to comment, while an ArcLight spokeswoman did not respond to a message.

Industry Current

Guaranteeing Positive Returns On Solar Energy Investments

*This week's Industry Current is written by **Boris Schubert**, coo of developer **Q-Cells North America** in San Francisco.*

Power utilities are expected to drive demand for solar energy generation in the coming years, but utility-scale photovoltaic plants are notoriously difficult to finance. Historical data to predict performance is scarce, expected returns are presumptive and warrantees are inconsistent. The high-end solar market needs a new framework to offer guaranteed plant performance that is linear and predictable, thereby alleviating the risk of designing, building and operating a solar plant. The actual return on energy investment must meet or exceed the expected. For that to happen, PV providers must show predictability, reproducibility and scalability.

In the U.S., utility-scale and utility-owned projects are expected to fuel much of solar energy growth—by some estimates doubling annual capacity through 2015. According to **Greentech Media** Analyst **Shayle Kann**, "installations of so-called utility-scale solar projects will reach about 3,000 MW annually, worth $8 billion, in five years from 58 MW in 2009." Greentech Media also states that lower solar module prices will bring the potential value of solar power investments to a broader range of investors, including utility companies, institutional investors, family offices, municipalities and public services.

> "Without accurately predicting (and ultimately reproducing and scaling) the value or the return of such large-scale solar investments, market momentum will slow or even cease."

There is one snag in this forecast—predictability. Without accurately predicting (and ultimately reproducing and scaling) the value or the return of such large-scale solar investments, market momentum will slow or even cease. PV component costs may be coming down, but the concern remains: can an investment in a large-scale solar power generation project deliver a predictable and valuable return over the lifetime of a plant?

Predictability--It's a Matter of Metrics

In many fields, whether it is financial services, energy or real estate, determining predictability boils down to knowing what to measure. In the early days of PV, the industry used simple metrics that were not focused on lifetime costs versus lifetime returns. As a result, they painted an inaccurate and short-term portrait that misaligned expectations and all too often set projects up for failure.

More recently, the PV industry has turned to levelized cost of electricity (LCOE) as a standard performance indicator for power generation investment assessments. As LCOE is often stated, it measures the net present value of total life cycle costs of the project divided by the quantity of energy produced over the system life. LCOE creates a broad assessment of the cost it takes to produce a lifetime of power.

To get the LCOE right, it is imperative that all lifetime component costs and total lifetime energy output is properly calculated. The initial cost of developing the project, the return for the investor and the cost of building the project are the most important cost components in this assessment. Ongoing costs to ensure that the system generates the output as expected should be included as well.

The Performance Gap

Any model offering predictability must present actual results as close as possible to the expected results. While LCOE is straightforward and more comprehensive than previous models, it still measures the sum of the parts rather than the whole. This difference might seem academic, but only summing the parts allows assumed variables and unknowns that fail to live up to their assumptions to multiply in effect on other parts of the system.

In the past, the LCOE model helped fine-tune the assumptions feeding the LCOE that was expected from PV power plants. But LCOE relies on numerous assumptions, including: irradiation, installation time line, commercial operation date, actual system capacity, capital expenditure, yield, module degradation, annual costs and average system uptime. These assumptions can be easily thrown off by limited data and lack of operational oversight. If not managed carefully and communicated transparently, these assumptions can lead to a performance gap between expected and achieved LCOE. Moreover, the performance gap generates uncertainty during the critical financial assessment phase of PV investments. The result jeopardizes acceptance of the solar plant

Industry Current is a feature written by industry professionals that highlights and clarifies key issues in the power sector. Power Finance & Risk runs the feature periodically and is now accepting submissions from industry professionals for the Industry Current section. For details and guidelines on writing an Industry Current, please call Sara Rosner at (212) 224-3165 or email srosner@iinews.com.

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and can ultimately compromise acceptance of utility-owned and utility-scale solar generation as a whole.

Performance Ratio

Simply put, a power plant performance ratio (PR) measures the system's efficiency in converting solar irradiation into electricity. Because the Performance Ratio looks at the whole rather than the sum of the parts, this indicator provides a straightforward basis for assessment. By measuring PR, power plant owners and operators can immediately and fully predict the performance of the plant over its lifetime, accurately assessing the value of the plant. If a guarantee can be issued against that value, the aspiration gap of the expected versus actual LCOE disappears.

PR is a dimensionless quantity used to describe the amount of available sunlight converted to AC electrical energy, generally measured at the revenue meter for the power plant. It is calculated by dividing the final PV system yield (also known as the Specific Energy of the system) by the Reference Yield.

Predictability Drives System-Wide Guarantees

No one can guarantee exactly how much sunlight will be available for power production in a given month or year. The PR analysis allows the owner and/or operator of the system to know how well their system is operating just by measuring energy delivered at the meter and plane of array irradiance at the solar project site. It is important to note that PR is most useful at evaluating system performance on longer periods of time and is typically intended to be used on a monthly or yearly basis.

PR is quickly becoming the preferred qualitative metric because it presents a very easy way to measure how well the actual yield of a system compares to its expected yield. Once a system design is established and the performance model has been substantiated, system owners can quickly know how well their system is performing relative to its expected output. The Performance Gap is no longer a surprise and predictability is achieved.

Turning A Performance Ratio Into A Performance Guarantee

Because a PR can evaluate the effectiveness of the system's "whole" rather than the sum of the parts, a system-wide guarantee driven by a PR is better in every way than any combination of component guarantees. However, this system must be managed by a solar player with the breadth and depth of knowledge to deliver the data needed to offer true performance guarantees of a whole system. Only players with integrated systems experience can wrap or bundle their offerings based on the real-world experience of product performance. With a project-level perspective, an experienced integrated system developer possesses a thorough knowledge of field-tested system performance down to the level of the module and even the cell. In other words, a car can come with a single 200,000 mile warrantee because it is specified, designed, built, tested and maintained by people who know the vehicle inside and out and consider it a single operational entity rather than a collection of parts.

In order to constantly deliver predictable, high-performing PV power plants, integrators need to develop a multi-leveled PR framework that covers the total timeline from pre-construction to installation to end of useable life – from design, to build, to run:

- Design: technical development services
- Build: proven installation methodologies
- Run: fixed-priced Operations & Maintenance

Implemented as a package, this framework gives owners a worry- and risk-free solution to large-scale PV power plants. This is critically beneficial to those who are involved in the RFP process or overall system deployment of utility-scale projects. By engaging PV providers who are focused on integrated solutions, utilities not only benefit from necessary experience at the build and run stages, but automatically benefit from up-front design expertise as an integral part of the solutions package.

When an integrated PV solutions provider is driving the design, building and running of a utility-scale solar power plant, the whole does perform greater than the sum of the parts. The provider is engaged in an end-to-end project where the company has responsibility throughout the entire lifecycle. As a result, the project can be managed so that the effective performance is not only linear (predictable and guaranteed), it surpasses other warrantees by significant amounts--a triple win for the power plant owner or operator.

A PR guarantee that secures the total performance of a PV power plant is the key to mitigating risks for power plant owners and advancing the PV market. Just as no parts supplier would offer a 200,000 mile warrantee on any individual component as a car manufacturer would for the entire vehicle, only an integrated PV solutions provider of utility-scale solar PV power plants can guarantee and deliver on a system-wide warrantee that covers the entire life cycle of the plant.

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Project Finance Deal Book

Deal Book is a matrix of energy project finance deals that *PI* is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iiintelligence.com.

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
American Renewables	Gainesville (100 MW Biomass)	Gainesville, Fla.	BoTM, Crédit Agricole, ING, Natixis, Rabo, SocGen	TBA	$500M	TBA	CIT joins retail syndication (PI, 8/29).
Boralex, Gaz Métro	Unidentified (272 MW Wind)	Seigneurie de Beaupré, Quebec	BoTM, DB, KfW	TBA	$500-600M	18-20-yr	Commerz joins deal; Hermes wrap nears (PI, 10/3).
Competitive Power Ventures	Ashley (200 MW Wind)	McIntosh County, N.D.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PI, 8/8).
	Cimarron (165 MW Wind)	Gray County, Kan.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PI, 8/8).
Edison Mission Energy	Portfolio (Wind)	U.S.	WestLB	TBA	$200M+	TBA	Deal priced at 250 bps over LIBOR (see story, page 4).
Enova Energy Group, NuPower	Plainfield (37.5 MW Biomass)	Plainfield, Conn.	SocGen	TBA	TBA	TBA	SocGen wins mandate to lead syndicated financing (PI, 7/18).
First Wind	Palouse (100 MW Wind)	Whitman County, Wash.	Key Wind	TBA	$180M	20+-yr	Key Wind to lead financing (see story, page 5).
Gradient Resources	Patua (132 MW Geothermal)	Reno, Nev.	BNP, Dexia, Scotia	TBA	$600M	TBA	Project to be financed in phases (PI, 10/17).
Inkia Energy	Unidentified (400 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC, WestLB	TBA	$525M	12-yr	Sponsor mandates lenders (PI, 9/26).
Invenergy	Bishop Hill I (200 MW Wind)	Henry County, Ill.	BayernLB, Rabo	Term/Bridge	$415M	10-yr	Deka and Siemens join financing (PI, 10/17).
	Hardin Wind (300 MW Wind)	Hardin County, Ohio	TBA	Term	$500M	TBA	Sponsor reaches out to lenders (PI, 9/19).
Macquarie Mexican Infrastructure Fund, Macquarie Capital, Fomento Económico Mexicano	Oaxaca (396 MW Wind)	Oaxaca, Mexico	Banorte, BBVA, Crédit Agricole, HSBC	TBA	TBA	16-yr	Four lenders join financing (PI, 10/10).
MPX	Castilla (2.1 GW Coal-Fired)	Chile	TBA	TBA	TBA	TBA	Sponsor talks to lenders about $1 billion first phase (PI, 9/26/11).
Northland Power	Manitoulin Island (60 MW Wind)	Maitoulin Island, Ontario	Manulife	TBA	TBA	TBA	Northland taps Manulife to lead financing (PI, 8/29).
NRG	Alpine (66 MW PV)	Lancaster, Calif.	TBA	Term	$300M	18-yr	Sponsor to delay financing until next year (PI, 10/17).
Odebrecht	Chaglla (406 MW Hydro)	Peru	BNP	TBA	$650M	TBA	Brazilian Development Bank mulls contribution (PI, 10/3).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Sponsor targets financial close in 2012 (see story, page 1)
	Santa Isabel (75 MW Wind)	Santa Isabel, P.R.	Siemens	Construction	TBA	TBA	Deal wraps (see story, page 1).
Peregrine Midstream Partners	Ryckman Creek (18-35 bcf Gas Storage)	Uinta County, Wyo.	TBA	TBA	$160M	TBA	Sponsor hunts financing (PI, 9/5).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Loan priced at 200 bps over LIBOR (PI, 10/3).
Wind Capital Group	Post Rock (201 MW Wind)	Lincoln and Ellsworth, Kan.	BayernLB, Rabo	Term/ Construction	$300M	TBA	Mizuho, NordLB, UniCredit and Union Bank join deal (PI, 10/17).
	Unidentified (150 MW Wind)	Osage County, Okla.	BayernLB, Rabo	TBA	TBA	TBA	Sponsor mandates BayernLB, Rabo (PI, 8/15).

Shaded items indicate latest entries.

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News In Brief

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

AMERICAS

• **NextEra Energy** has halted the permitting process for its 150 MW wind project in Hyde County, S.D. The developer plans to identify an offtaker before proceeding with a federal environmental review (*Bloomberg*, 10/20).

• Seven U.S. solar photovoltaic manufacturers, including Hillsboro, Ore.-based **SolarWorld Industries America**, have filed a trade complaint with the **Commerce Department** against the Chinese solar industry, alleging that it sold panels in the U.S. for prices beneath the manufacturing and shipping costs. The manufacturers are seeking tariffs that exceed the wholesale price of Chinese solar panels (*New York Times*, 10/20).

• Utilities are better positioned than independent power producers to develop solar generation because of lower bowering costs, says **James Rogers**, **Duke Energy Corp**.'s ceo. Utilities have access to low-cost capital, he explains (*Bloomberg*, 10/20).

• **Campbell Soup Co**. has commissioned **American Capital Energy** of North Chelmsford, Mass., to build a 2.3 MW solar array on 14 acres at its Sacramento, Calif., facility. Campbell will offtake the generation, while the **Sacramento Municipal Utility District** will buy solar renewable energy credits from the project (*The Sacramento Bee*, 10/20).

• **SolarCity**, the Foster City, Calif.-based rooftop solar company, has hired **Robert Kelly**, a former **Calpine Corp**. executive, as cfo. Kelly managed Calpine's initial public offering in 1996, leading some analysts to speculate that SolarCity is considering an IPO of its own (*Bloomberg*, 10/19).

• **Lauren McDonald**, a Georgia public service commissioner, has endorsed charging **Georgia Power** customers up to a nickel more each month to help build solar projects. McDonald previously pushed the **Southern Co**. subsidiary to add 50 MW of solar generation (*Bloomberg*, 10/19).

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Generation Auction & Sale Calendar

Generation Sale DATABASE

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hfletcher@iiintelligence.com.

Seller	Assets	Location	Advisor	Status/Comments
AES	Cayuga (306 MW Coal) Greenidge (105 MW Coal) Somerset (675 MW Coal) Westover (83 MW Coal)	Lansing, N.Y. Dresden, N.Y. Barker, N.Y. Binghamton, N.Y.	Barclays Capital	Signed a forbearance agreement with lenders that is in place until October (PI, 9/5).
AES Solar, Riverstone Holdings	Stakes (Solar pipeline)	Variou, Europe	Morgan Stanley	Bids for a partnership stake are due the week of Sept. 19 (PI, 9/12).
AES Thames	Thames (208 MW Coal-fired)	Montville, Conn.	Houlihan Lokey	Less than a dozen shortlisted bidders are preparing second round bids (PI, 9/26).
AE Investor II	Astoria Energy II (4%, or 23.3 MW Gas-fired)	Queens, N.Y.	Whitehall & Co.	First round bids were scheduled for Fri., Sept. 16 (PI, 9/19).
Atlantic Power, Catalyst Renewables	Onondaga (40 MW Biomass)	Syracuse, N.Y.	Concentric Advisors	Sponsors tap advisor for sale (PI, 10/17).
ArcLight Capital Partners	Waterside (72 MW Peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (391 MW, 65-mile transmission line)	Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokae, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y	Citigroup, Barclays Capital	Bid deadline pushed to November (see story, page 5).
Black Hills Corp.	Stake (29 MW Wind)	Huerfano County, Colo.	None	Utility sub is looking to bring in an outside owner for 50% (PI, 8/22).
Brookfield Asset Management	Paper Mill Paper Mill	Millinocket, Maine Millinocket, Maine	TBA TBA	Cate Street Capital buys mills for biomass conversion (PI, 8/12).
Brookfield Infrastructure Partners	Cross Sound Cable (24-mile Transmission)	N.Y., Conn.	Rothschild	Brookfield entered the lender-requested auction late in the game with a proposal to keep the line (PI, 9/12).
Citigroup	Alta V (Stake in 168 MW Wind)	Tehachapi, Calif.	TBA	ING Capital has bought out Citi's stake in a sale leaseback (PI, 10/3).
Cogentrix Energy	50% Stake (115 MW Portsmouth Coal-fired) 50% Stake (135 MW James River Coal-fired)	Portsmouth, Va. Hopewell, Va.	TBA	Quantum Utility Generation is buying half of each facility (PI, 8/29).
Conti Group, Grupo Arranz Acinas	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went out in late July (PI, 8/1).
Coram Energy	Stake (102 MW Wind)	Tehachapi, Calif.	Marathon Capital	Coram is selling a 50% stake in a wind project co-owned by Brookfield Renewable Power (PI, 8/22).
Energy Investors Funds	Mojave (55 MW Gas-fired)	Boron, Calif.	None	A pair of investors have bought the facility (PI, 8/22).
FirstEnergy	Richland (432 MW Gas-, diesel-fired) Stryker (18 MW Gas-fired)	Defiance County, Ohio	TBA	A unit of Quintana Capital has agreed to buy them (PI, 8/22).
First Solar	Topaz (550 MW PV)	San Luis Obispo County, Calif.	No advisor	Enbridge is in talks to buy the project (PI, 9/26).
Macquarie Capital, Fomento Econ-mico Mexicano	Stakes (396 MW Wind project)	Oaxaca, Mexico	TBA	Bidders are in due diligence (PI, 10/10).
Mississippi Power	Plant Daniel (Gas-fired)	Escatawpa, Miss.	N/A	Utility exercises option to buy the plant from Juniper Capital (PI, 10/17).
NextEra Energy Resources	Blythe (507 MW Combined-cycle) Calhoun (668 MW Peaker) Doswell (708 MW CCGT & 171 MW Peaker) Cherokee, (98 MW CCGT) Risec (550 MW CCGT)	Blythe, Calif. Eastaboga, Ala. Ashland, Va. Gaffney, S.C. Johnston, R.I.	Credit Suisse, Citigroup	LS Power is looking to put debt on two of the assets (PI, 10/3). Final bids came in around the first of the month (PI, 10/10).
Newind, WindRose Power	CCI (120 MW Wind)	Childress County, Texas	RedWind Consulting	Teasers have gone out for the project (PI, 9/19).
Signal Hill Power, CarVal Investors	Wichita Falls (77 MW CCGT) Rensselaer (79 MW Peaker)	Wichita Falls, Texas Rensselaer, N.Y.	Scotia Capital	Teasers out in late June; first round bids said to be in (PI, 8/8).
Starwood Energy Group	Thermo Cogeneration (272 MW CCGT)	Fort Lupton, Colo.	None	Tri-State Generation and Transmission Association is buying the plant (PI, 10/10).
Strategic Value Partners, JPMorgan, Cargill	Liberty Electric Power (586 MW CCGT)	Eddystone, Pa.	JPMorgan	Energy Capital Partners is buying the facility for a price just under $1,000/kW (PI, 8/29).
TCW Asset Management, Consortium	La Paloma (1,020 MW Gas-fired)	Kern County, Calif.	TBA	Solus increases its stake to 20% from 12.55% (see story, page 5).
Tenaska	High Desert (800 MW CCGT) Rio Nogales (800 MW CCGT)	Victorville, Calif. Seguin, Texas	Barclays, Citi	Has tapped Barclays Capital and Citigroup for the sale (PI, 9/12).
Third Planet Wind Power	Petersburg (40.5 MW Wind)	Petersburg, Neb.	Morgan Stanley	Edison Mission Energy is buying the project (PI, 10/10).
Tuusso Energy, Akula Energy Ventures	TA High Desert (209 MW Solar)	Tehachapi, Calif.	Marathon Capital	Said to be close to a purcahse sale agreement (PI, 10/17).
U.S. Power Generating Co.	Astoria Generating (2.1 GW Gas-fired)	Queens, N.Y.	Perella Weinberg Partners	Perella Weinberg has been hired to advise on strategic alternatives (PI, 9/26).

Shaded items indicate latest entries.

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Project Finance (Continued from page 1)

renewables projects.

Few are expecting the fourth quarter to carry the surge, given the absence of the DOE program and the compression in project finance felt toward the tail-end of the last quarter. European banks, burdened with exposure to struggling Greek debt and rising self-funding costs, began efforts to offload their portfolios (PI, 9/23). Mini-perms returned as tenors shortened from at least 18 years for attractive renewables projects to 10 years. Some deals were flexed, while others were pushed off until 2012 (PI, 9/23).

"The third quarter has been probably artificially high because of the deadline for closing DOE transactions," says **Olivier Delay**, **Natixis** head of specialized finance in New York and the incoming head of project finance Americas. "I think the fourth quarter will feature closings that banks already have mandates for. But, I don't anticipate a significant amount of new deals to close by the end of the year."

One-third of the project money doled out last quarter derives from traditional bank loans or bond deals. Five such deals cleared the $400 million-mark in Q3, including a $688 million financing supporting **NRG Energy**'s 550 MW gas-fired project in El Segundo, Calif. (PI, 8/26). One of those five, a $660 million deal supporting **Midland Cogeneration Venture**, was a refinancing principally in the private placement market without the burden of construction risk (PI, 8/12).

*The Project Finance Quarterly Report is a regular PI feature. Please direct feedback to Senior Reporter **Brian Eckhouse** at (212) 224-3624 or beckhouse@iiintelligence.com.*

Project Finance Deals Wrap Sheet-Q3

The following power project finance deals closed between July 1 and Sept. 30. The accuracy and completeness of our data, which are derived from many sources, are deemed reliable but cannot be guaranteed. To report updates or provide additional information on closed deals, please call Senior Reporter **Brian Eckhouse** at (212)224-3624 or e-mail beckhouse@iinews.com.

Sponsor	Project	Location	Lead(s)	Financing	Amount
Brookfield Asset Management, Isolux Corsan	CREZ (378 Miles Transmission)	West Texas	BOTM, DB, Scotia, SocGen	TBA	$560M
Brookfield Renewable Power	Granite Reliable	Coos County, N.H.	Citi, WestLB	Private Placement	$168.9M
Calpine Corp.	Los Esteros (300 MW Retrofit)	San Jose, Calif.	BBVA, BLB, CA, WestLB	Term	$373M
Cate Street Capital, Starwood Energy	Unidentified (75 MW Biomass)	Berlin, N.H.	TBA	Private Placement	$200M
Cogentrix	Alamosa (30 MW PV)	San Luis Valley, Colo.	FFB	TBA	$90.6M
Edison Mission	Walnut Creek	City of Industry, Calif.	MUFG, Santander	Term	$500-600M
Entegra Power Group	Gila River	Gila River, Ariz.	WestLB, GE EFS, MUFG	Term/LCs	$300M
First Solar	Antelope Valley (230 MW PV)	Antelope Valley, Calif.	Federal Financing Bank	Federal	$646M
	Desert Sunlight (550 MW Solar PV)	Desert Center, Calif.	Citi, Goldman	Term	$1.4B
Independence Wind, Wagner Wind Energy	Record Hill (50.6 MW Wind)	Oxford County, Maine	FFB	Federal	$102M
Invenergy	Gratiot (110.4 MW Wind)	Gratiot County, Mich.	BoTM, Rabo, Siemens, UniCredit	Term/Bridge/LCs	$280M
LS Power	CREZ (234 Miles Transmission)	West Texas	BNP, Citi, CA, MUFG	Term/LCs/Revolver	$433M
Midland Cogen	Midland Cogen (1.56 GW Wind)	Midland, Mich.	Credit Suisse, MUFG	Bond/LCs	$660M
NextEra Energy Resources	Genesis (250 MW Solar Thermal)	Blythe, Calif.	Credit Suisse	TBA	$1B+
	White Oak (150 MW)	Illinois	Lloyds, UniCredit	Term	$70M
NRG	Agua Caliente (290 MW Solar PV)	Yuma County, Ariz.	FFB	Federal	$967M
	El Segundo (550 MW Gas)	El Segundo, Calif.	Crédit Agricole, Mizuho,ING, MUFG, RBS	TBA	$688M
Ormat Technologies	Various (113 MW Geothermal)	Nevada	John Hancock	TBA	$350M
Pattern Energy	Spring Valley (150 MW Wind)	Spring Valley, Nev.	Siemens , Credit Agricole, MUFG	Construction/Term	TBA
Prologis	Project Amp (752 MW DG PV)	U.S.	FFB	Federal	$1.4B
Recurrent	Portfolio (39.4 MW PV)	Northern California	BoTM, Lloyds, Mizuho, UniCredit	Term/Bridge	$130M
Sempra Generation	Mesquite I (150 MW Solar PV)	Maricopa County, Ariz.	FFB	Federal	$359.1M
SolarReserve	Crescent Dunes (100 MW Solar)	Tonopah, Nev.	Federal Financing Bank	Federal	$737M
SunPower Corp.	California Valley Solar Ranch (250 MW Solar)	San Luis Obispo County, Calif.	Federal Financing Bank	Federal	$1.24B

Southern Co. (Continued from page 1)

evaluated as to whether they fit the company's risk appetite and return targets, says a spokeswoman. Projects would need a power purchase agreement before operation, she says, noting the company is open to negotiating with a utility, entering a request for proposals or acquiring a contracted project. She declined further comment on plans to expand or whether it is looking at acquisition opportunities.

The company's strategy is akin to how Exelon watched and waited for an opportunity. It made its expansion move by purchasing the 230 MW Antelope Solar Valley project in Los Angeles County, Calif., from First Solar (*PI*, 3/11). The company owns the 30 MW Cimarron photovoltaic project in New Mexico in a joint venture with media magnate **Ted Turner** (*PI*, 3/15/10).

—Holly Fletcher

Pattern Targets (Continued from page 1)

favor lenders capable of offering long-term debt. "Tenor has been a big thing to us. We'll be trying to effectively match the tenor of the debt to the length of the PPA," says Armistead, who acknowledges the challenge of securing long-dated money in the current climate. **San Diego Gas & Electric** has a 20-year offtake agreement for Ocotillo.

"There's no question that the market has tightened," Armistead says of the conditions. "There's less capacity, higher pricing."

The downgrade of U.S. sovereign debt by **Standard & Poor's** and uptick in self-funding costs for European banks has transformed the project finance landscape, compressing tenors and prompting pricing to rise (*PI*, 9/23). The tenor on at least one recent financing has been flexed down, from 18 years to 10 years, reflecting little appetite for long-dated money (*PI*, 9/23).

Most project lenders are resisting offering tenors longer than 10 years, bankers say. Those that may go longer include Japanese banks and others flush with cash and low self-funding costs. "Only a few banks can do it," says a syndicator at a European bank. "As you go up in tenor, costs [for lenders] go up, so there's a limitation as far as banks can go."

Pattern will likely seek to fund Ocotillo with 70-80% leverage. The sponsor will contribute equity, says a Pattern spokesman, declining to elaborate. A Riverstone spokesman in New York declined to comment.

Relationship lenders include **LBBW**, **Mitsubishi UFJ Financial Group** affiliate **Union Bank**, **Siemens Financial Services**, **Société Générale** and **WestLB**. "We like them, but they're not a frequent borrower," says a senior banker.

Pattern is targeting operation by the end of 2012. Ocotillo's generation will be transmitted along SDG&E's 500 kV Sunrise Powerlink, which is under construction in Southern California.

Separately, Pattern wrapped a financing backing its $250 million, 75 MW wind project in Santa Isabel, Puerto Rico. Siemens provided construction financing via fixed-rate debt. Armistead declined to reveal the terms of that financing. The **Puerto Rico Electric Power Authority** has a 20-year power purchase agreement for the Santa Isabel project, the first commercial wind farm in the territory. Construction is expected to begin this month and be completed in 2012.

Bankers or spokespeople declined to comment or didn't return calls.

—Brian Eckhouse

ALTERNATING CURRENT

Doggie Power

The quest to maximize natural resources has reached a core of many a U.S. neighborhood: the dog park. Leaders of Gilbert, Ariz., are mulling whether to use excessive dog waste at Cosmo Dog Park to power a street lamp, according to *The Arizona Republic*.

Arizona State University students would fashion "the dog waste digester" to convert the waste to methane gas, the paper adds. Pet owners would scoop the waste in biodegradable bags, place the bags into the digester and turn a lever to enable the methane to burn in the lamp. The project was scheduled to go before Gilbert Town Council this summer. The status of the council's decision could not be learned. Spokespeople for ASU and Gilbert didn't return calls by press time.

Dog Fancy, a monthly magazine for dog lovers, has honored Cosmo Dog Park as one of the nation's top parks for dogs. The park receives more than 600,000 local visitors annually. No word yet on how many kWh could be generated from this volume of traffic. If we could only get these $25,000 machines for street corners in New York City, our morning commute would be infinitely more pleasant, at least in the olfactory sense.

Quote Of The Week

"The third quarter has been probably artificially high because of the deadline for closing DOE transactions. I think the fourth quarter will feature closings that banks already have mandates for."—**Olivier Delay**, head of specialized finance for **Natixis** in New York, on the increase in project finance volume in the third quarter (see story, page 1).

One Year Ago In Power Finance & Risk

NextEra Energy Resources mandated **Crédit Agricole** and **Lloyds TSB** to lead a refinancing supporting its 507 MW combined-cycle project in Blythe, Calif. [The leads wrapped a $311.5 million deal, after **BayernLB**, **Royal Bank of Scotland**, **Scotia Capital** and **Siemens Financial Services** joined the deal (PI, 12/23). **LS Power** bought the plant as part of a 2.7 GW gas-fired portfolio (PI, 9/2).]

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