

# Power Finance & Risk

The weekly issue from **Power Intelligence**

[www.powerintelligence.com](http://www.powerintelligence.com)

## Moxie Readies Next PJM Merchant Financing

**Moxie Energy** is shooting to launch a B loan package in November backing the merchant Moxie Patriot gas-fired facility in Lycoming County, Pa., say deal watchers.

The deal is slated to follow a very similar route to the recent Moxie Liberty financing, which closed in August. However, the Patriot deal will reportedly keep the mezzanine tranche that was dropped in the Liberty transaction and feature a little less equity ([PI, 8/26](#)).

"That is quite an aggressive timeline," says a deal watcher. "They have seen an opportunity there with the credit markets picking up. They got LIBOR plus 650 basis points with the last one, I think they can do at least that and maybe even tighter at LIBOR plus 600 bps."

**Goldman Sachs** was lead left on the Liberty deal, while **Credit Suisse**, **Ares Capital Corporation** and **Union Bank** were lead arrangers. Moxie has approached the same banks to work on the upcoming deal, says another observer. That B loan package included a \$150 million delayed draw loan and a \$435 million first-draw term loan. It featured a 1% floor and a 99 original issue discount. There was also a \$42 million letter of credit. The term loan Bs and LOC mature in 2020 and 2018, respectively.

It will also reportedly transfer an ownership stake in the facility to **Panda Power Funds** at the closing of the debt package, as it did with Liberty. Panda officials in Dallas declined comment on Patriot.

Once completed in mid 2015, the more than \$800 million, 800  
*(continued on page 12)*

## Etrion Targets Projects For Solar Build-Out

**Etrion Corp.**, a solar developer with assets in Europe and South America, is looking at ways to fuel growth.

The company is on the hunt to find projects to buy to build out its project pipeline, **Marco Northland**, ceo, told *PFR* in an interview in New York. It has 78.8 MW queued up for construction and about 100 MW more in development, but wants to line up projects in different development stages.

Etrion has its sights on being a long-term yield player—and needs projects bringing in cash to pay out dividends. It is also open to the possibility of being acquired by a public or private company, Northland says. The company would entertain a merger that afforded it capital to grow its platform and



Marco Northland

*(continued on page 12)*

## LS Power Launches Sandy Creek Refi

LS Power has launched a \$1.025 billion B loan refinancing its stake in the 900 MW Sandy Creek pulverized coal-fired plant in Texas. **Goldman Sachs** is leading the deal that launched today.

"A number of guys are looking at it and I think they are really going to be able to push the envelope on pricing," says a deal watcher. Pricing talk is coming in at LIBOR plus 400 basis points. In addition to the B loan, the deal includes a \$41 million revolver, a \$102 million tax exempt senior secured term loan and a \$34 million debt service reserve.

LS Power officials were waiting for the market to settle down after the recent government shutdown, which caused widespread volatility in financial markets, notes a deal watcher.

The project was originally financed with \$1 billion in bank debt in a deal led by **Credit Suisse** and **Royal Bank of**

*(continued on page 12)*

### Industry Current: Creating A New Market For Calif. Energy Storage

Check out this feature written by Kerin Cantwell, partner at Dechert.

*See story, page 9*

### 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 7*

### 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

## Solar Financings Flow

It was a big week for residential and distributed solar. **Vivint Solar**, a Utah-based company, announced that it had landed \$540 million in debt from two large financial institutions backing its expansion (see story, page 6). This comes shortly after securing \$200 million in tax equity. It also hired **Thomas Plagemann**, managing director, head of energy, corporate and investment banking at **Banco Santander** in the U.S., as executive v.p., as head of capital markets (see story, page 8).

**LS Power** hit the B loan market this week with its Sandy Creek refinancing (see story, page 1). The company was waiting for financial markets to calm down, following a period of uncertainty during the government shutdown. **First Wind** has been rather active of late. The developer recently landed its maiden solar financing ([PI, 10/1](#)), and is now out talking to banks about raising debt backing its maiden project in Texas called Route 66 (see story, page 5). It is the second wind facility the company is looking to finance at the moment, with feelers being put out for a debt package backing the 147 MW Oakfield wind project in Aroostook County, Maine ([PI, 10/17](#)).

The yieldco structure is continuing to making waves—and not just as companies try to decide whether they have assets that could be spun off and taken public. The publicly traded phenomenon is driving entities, **NRG Energy** and **TransAlta Renewables**, to look harder at M&A opportunities as they peruse the market for assets to drop into the yieldco giving investors a dividend. NRG has stepped up with a promise to acquire **Edison Mission Energy** in its entirety; a deal that must survive a go-shop period and be approved by a bankruptcy court judge (see story, page 7). TransAlta Renewables has signed a deal to buy a wind farm in Wyoming from **NextEra Energy Resources** (see story, page 6). M&A players say that these two players—and possibly more down the road—are likely to be usual suspects in auctions as they go on a never-ending hunt to make sure investors see a return.

**Royal Bank of Canada** is making a push to fill out its investment banking and lending bench. It's hired managing directors **Marybeth Mandanas** and **Paul McNutt** from **Citigroup** and **UBS**, respectively, along with a junior banker from Citi. The U.S. utilities group, headed by **Frank Napolitano**, is in its third year and is looking to play a bigger role in sponsor coverage, observers say.

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## GENERATION AUCTION &amp; SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comment
Advanced Power Systems	Cricket Valley (1 GW CCGT)	Dutchess County, N.Y.	TBA	Looking for equity (PI, 7/15).
Ameren	Elgin (460 MW Gas)	Cook County, Ill.	Barclays	Rockland is set to buy the facilities (PI, 10/21).
	Grand Tower (478 MW Gas)	Jackson County, Ill.		
	Gibson City (228 MW Gas)	Ford County, Ill.		
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	First round bids due July 11 for Juniper and SEGS assets (PI, 6/17).
	50% Stake (SEGS VIII 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
	50% Stake (SEGS IX 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
BP Wind Energy	Various (3.7 GW Wind)	Various	TBA	Relaunched the sale of its development assets (PI, 10/7).
Corona Power	Stake (Sunbury, 900 MW Repowering)	Shamokin Dam, Pa.	Perella Weinberg	An equity investor to precede financing of the coal-to-gas-fired project (PI, 6/24).
Direct Energy	Portfolio (1.3 GW Gas)	Texas	Barclays	Portfolio went on the market recently (PI, 10/14).
Edison Mission Energy	Various (7.5 GW Coal, Wind, Gas)	Various	JPMorgan, Perella Weinberg	NRG has emerged as stalking horse (see story, page 7).
Energy Capital Partners	Empire Generating (635 MW Gas)	New York	Deutsche Bank	Teasers went out recently (PI, 6/10).
	Odessa (1 GW CCGT)	Odessa, Texas	Goldman Sachs	Koch Energy Services is buying the plant (PI, 10/21).
Entegra Power Group	Union Power Station (2.2 GW Gas)	El Dorado, Ark.	Bank of America	Tucson Electric Power wants a stake in Gila (PI, 10/7).
	Stake (50% 2.2 GW Gila River Gas)	Gila Bend Ariz.		
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Houlihan Lokey	Equity offers to come in by Labor Day; finalizing final permits (PI, 7/8).
FirstEnergy	Various (1,181 MW Hydro)	Ohio, Virginia, Pennsylvania	Goldman Sachs	LS Power is buying a portion (PI, 9/9).
GE Energy Financial Services	Stake (800 MW CPV Sentinel Gas)	Riverside, Calif.	GE EFS	Details emerge on investors behind Voltage Finance (PI, 10/14).
Global Infrastructure Partners	Channelview (856 MW Cogen)	Channelview, Texas	Credit Suisse	First round bids are in (PI, 8/26).
Green Energy Partners	Stake (750 MW Gas Project)	Loudoun County, Va.	TBA	Panda Power Funds has bought a majority stake (PI, 9/30).
Hess Corp.	Stake (512 MW Gas)	Bayonne, N.J.	Goldman Sachs	Sale is said to be launching (PI, 9/9).
	Stake (655 MW Gas)	Newark, N.J.		
K Road Power	Various (Solar Development Pipeline)	Various	TBA	Looking to wind down the solar development (PI, 10/21).
LS Power	Columbia (20 MW Solar)	Pittsburg, Calif.	Marathon Capital	Process is in the second round of due diligence (PI, 7/1).
	Doswell (708 MW CCGT)	Ashland, Va.	Citigroup, Credit Suisse and Morgan Stanley	Process has slowed and LS is tipped to be considering other options
Longview Power	Longview (695 MW Supercritical Coal)	Maidsville, W.Va.	Lazard	Filed for Ch. 11 in Delaware (PI, 9/9).
Mesa Power Group	Stephens Ranch (377 MW Wind)	Lubbock, Texas	JPMorgan	Starwood has bought the project and will project finance it shortly (PI, 8/19).
Mexico Power Group	Stakes (250 MW Wind)	Various, Mexico	Marathon Capital	The shop is looking for late stage equity in the run up to construction financing (PI, 6/24).
Midwest Wind Energy	Broken Bow (Wind)	Nebraska	TBA	Sempra unit is buying it (PI, 10/7).
NextEra Energy Resources	Wyman (796 MW Oil)	Maine	Marathon Capital	Indicative bids due by end of June (PI, 6/17).
Ontario Teachers Pension Plan Board	Wyoming Wind (144 MW Wind)	Uinta County, Wyo.	None	TransAlta Renewables is buying it (see story, page 6).
	Stake (Northern Star Generation)	Various	Citigroup	
PPL Corp.	Various (633 MW Hydro)	Various, Montana	UBS	NorthWestern is buying the assets for \$900M (PI, 10/7).
Sempra Energy	Energias Sierra Juarez (156 MW Wind)	La Rumorosa, Mexico	TBA	Will start a process to find a JV partner replacing BP Wind (PI, 7/8).
Southern Power	Oleander (800 MW Peaker)	Cocoa, Fla.	TBA	In the second round with potential buyers (PI, 10/14).
Southwest Generation	Valencia (145 MW Gas)	Belen, N.M.	None	PNM Resources is considering buying up to 50% of the plant (PI, 10/7).
Tenaska Capital Management	Wolf Hills (250 MW Gas)	Bristol, Va.	Bank of America, Barclays	Teasers have gone out recently (PI, 9/30).
	Big Sandy (300 MW Gas)	Wayne County, W. Va.		
	High Desert (830 MW Gas)	Victorville, Calif.		
Wayzata Investment Partnes	Castleton (72 MW Cogen)	New York	Scotiabank	Teasers are out (PI, 8/19).

## 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 [hlfletcher@iintelligence.com](mailto:hlfletcher@iintelligence.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
AME/Austalis Power	Octopus LNG (LNG Re-gas)	Concepcion Bay, Chile	BNP, Credit Ag	TBA	TBA	TBA	The developers are set to mandate the French banks this week to lead the deal (PI, 9/30).
BrightSource	Palen (500 MW Solar)	Riverside County, Calif.	TBA	TBA	~\$1.6B	TBA	Sponsor is looking to close the deal by Q4 this year (PI, 3/25).
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor sells three equity stakes to offtakers (PI, 5/27).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU	TBA	TBA	TBA	The sponsor was able to secure a tightly priced mezzanine tranche from PensionDanmark (PI, 7/15).
Cheniere Energy	Sabine Pass Trains 3 & 4 (Trains)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Sponsor ups the original bank loan to \$4.4 billion and taps Korean entities for a further \$1.5 billion (PI, 6/3).
Corona Power	Sunbury Generation Facility (900 MW Gas)	Shamokin Dam, Pa.	TBA	Term Loan A & B	TBA	TBA	The financing will be dictated by the equity investor the company is looking to secure (PI, 6/24).
Coronado Power	Edinburg (700 MW Gas)	Edinburg County, Texas	TBA	TBA	\$650M	TBA	The new shop will fire up the financing after some of the final permits are issued (PI, 12/3).
Duke Energy	Los Vientos III & IV (Wind)	Starr County, Texas	TBA	TBA	~\$600M	TBA	The sponsor is slated to look for bank debt (PI, 10/7).
EDP Renewables North America	Headwaters (200 MW Wind)	Randolph County, Ind	TBA	Tax Equity	\$350-400	TBA	The sponsor is looking to secure both equity and tax equity investment (PI, 6/24).
EmberClear Corp.	Good Spring (300 MW Gas)	Schuylkill County, Pa.	CCA Capital	TBA	\$400M	TBA	Sponsor taps Boston-based CCA Capital to manage both the debt and equity sale (PI, 12/24).
First Wind	Oakfield (147 MW Wind)	Aroostook County, Maine	TBA	TBA	\$300M	TBA	The sponsor is looking to line up the debt, with tax equity (PI, 10/21).
▶	Route 66 (200 MW Wind)	Amarillo, Texas	TBA	TBA	TBA	TBA	The sponsor will likely follow its traditional route of securing debt and tax equity (see story, page 5).
Freeport LNG	Freeport (LNG Export Terminal)	Freeport, Texas	Credit Suisse	TBA	~\$4B	TBA	The deal is slated to launch in mid-November (PI, 10/21).
Genesis Power	Keys Energy Center (750 MW Gas)	Brandywine, Md.	TBA	TBA	TBA	TBA	EIF is taking an equity stake in the project (PI, 3/4).
GDF Suez/Marubeni	GNL del Plata (LNG Re-gas)	Montevideo, Uruguay	BBVA	TBA	TBA	TBA	GDF brings in Marubeni and taps BBVA to lead the financing (PI, 8/12).
ICE	Reventazón (305.5 MW Hydro)	Limon Province, Costa Rica	TBA	TBA	TBA	TBA	Sponsor is eyeing a private placement alongside an IDB loan (PI, 8/19).
Innergex	Three projects (153 MW Hydro)	B.C., Canada	TBA	TBA	\$590M	40-yr	Innergex wrapped on one of its hydro facilities, the 17.5 MW Northwest State River (PI, 6/3).
Invenergy	Nelson (584 MW Gas)	Rock Falls, Ill.	GE EFS	TBA	TBA	TBA	Sponsor is looking for a bank loan backing the merchant facility (PI, 9/2).
ISA	Cardones to Polpaico Transmission	Chile	BBVA	TBA	TBA	TBA	The sponsor has tapped BBVA as advisor for the facility (PI, 8/19).
Lake Charles Exports	Lake Charles LNG Export Facility	Lake Charles, La.	TBA	TBA	TBA	TBA	Sponsor begins preliminary financing search for the potentially \$11B project (PI, 8/26).
▶ Moxie Energy	Patriot (800 MW Gas-fired)	Lycoming County, Pa.	TBA	TBA	TBA	TBA	Timeline emerges on Moxie's next gas-fired facility (see story, page 1).
Radback Energy	Oakley (586 MW Gas)	Contra Costa County, Calif.	BTMU	Term	\$990M	4-yr	Pricing talk is coming in at under LIBOR + 200 bps (PI, 10/14).
Sempra U.S. Gas & Power	Copper Mountain III (250 MW Solar)	Boulder City, Nev.	BTMU, SMBC	TBA	~\$400M	TBA	The sponsor has tapped BTMU and SMBC as leads on the deal (PI, 10/21).
SolarReserve	Rice (150 MW Solar Thermal)	Blythe, Calif.	Morgan Stanley	TBA	\$450M	TBA	Sponsor taps Morgan Stanley to secure debt, tax equity and equity (PI, 8/26).
Tenaska	Imperial Solar Energy Center West (150 MW CPV)	Imperial County, Calif.	TBA	TBA	TBA	TBA	The company has started talking to banks as it looks to line up debt for the facility (PI, 9/23).
True Green Capital	Northeast Solar Portfolio (39 MW Solar)	Northeast U.S.	Investec	Construction/Term/Bridge	\$64M	TBA	Sponsor mandates Investec to arrange a construction/term loan, bridge loan and LC (PI, 9/2).
▶ Vivint Solar	DG Solar Portfolios	Various	TBA	Debt/Tax Equity	\$740M	TBA	The sponsor rounded up \$540M in debt and \$200M in tax equity backing its activity (see story, page 6).

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## PROJECT FINANCE

## First Wind Stalks Texas Wind Debt

Boston-based developer **First Wind** has approached banks about securing a debt package for the 200 MW Route 66 wind facility east of Amarillo, Texas.

The Braintree, Mass.-based company has been ramping up its activity as it looks to put several facilities into construction to beat the year-end production tax credit deadline, note observers. They might be too late to secure the PTC for Route 66, notes one observer, who adds that the company would likely push ahead with the financing regardless of the PTC qualification.

According to [documents](#) filed with the **Texas Comptroller of Public Accounts** in August, the developer intends to start construction in the fourth quarter this year and complete the project in the fourth quarter of next year, which would qualify it for the PTC. The government shutdown recently prompted panic among some developers who were still waiting for clarification from the U.S. **Internal Revenue Service** about the “in construction” guidelines ([PI, 10/11](#)).

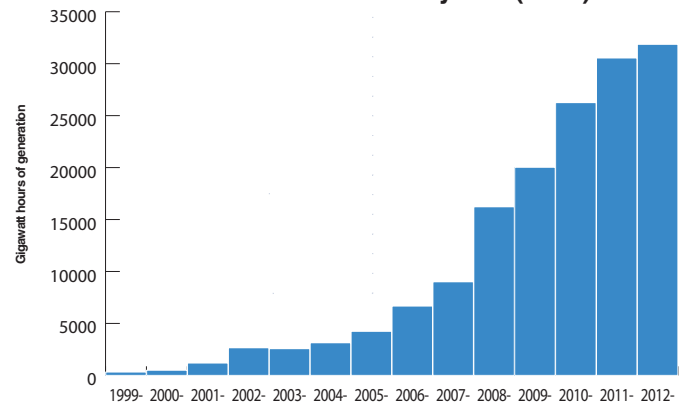
First Wind will most likely secure a construction bridge loan, which it will take out with back-leverage and tax equity, notes a deal watcher. Details, such as the size of the debt package and the identity of potential , could not be learned by press time. Route 66

represents First Wind’s maiden investment in wind in the state. A spokesman for First Wind in Boston declined to comment.

The company acquired Route 66 from **Westerly Wind** on Sept. 11.

First Wind is also looking to round up around \$300 million backing the 147 MW Oakfield wind facility in Aroostook County, Maine ([PI, 10/17](#)).

**Texas Wind Generation by Year (GWh)**



Source: American Wind Energy Association

## Hunt Affiliate Launches Maiden Power Play

Private equity firm **Power Capital Holdings** has partnered with **Hunt Consolidated** subsidiary **Hunt Power Capital Partners** to launch its maiden power and energy play, **Power Capital Partners**.

PCP achieved a close on its first fund on July 1 this year. The shop will pursue equity investments of around \$10-30 million in late stage developments in thermal and renewable energy [facilities](#) globally, at a rate of around five investments per year. “The overall need for power infrastructure globally is just a colossal capital investment opportunity,” says co-founding managing partner **K. Mitchell Posner**. “We want to spend time deploying this capital and we are getting some attention from large, third-party institutions.”

PCP will target investments in projects that are either fully contracted or hedged with investment grade counterparties, where there is some clarity on cash flows. The group will provide equity capital from late-stage development through construction completion, operation and monetization.

“We didn’t see that opportunity on the debt side,” says Posner, adding that the company would start with the hypothesis of investing 50/50 with a co-developer, but could invest more depending on how far along a project is in development. “We saw a gap in the market there to provide a fully integrated equity capital from late stage development to construction to completion. We will continue to be an owner throughout the process and globally there are very few funds with this fully integrated business model.” The company’s sweet spot is for projects within one to two years of

being shovel ready.

PCP’s maiden co-development arrangement is with **Bechtel Development Corp.**, to invest alongside the company in various projects. PCP and Bechtel are currently developing a 30 MW biomass power plant in [New England](#) and are considering several development projects.

Hunt will provide PCP with access to information and resources to help kick-start its business and develop its investment strategy, according to PCP’s website. Hunt Consolidated landed a landmark \$727 million real estate investment trust investment for a series of transmission lines in Texas in 2011 ([PI, 4/20/2012](#)). Hunt owns **Sharyland Utilities** as well as stakes in **InfraREIT Capital Partners** and **US Power Generating Company**, which is now owned by **Tenaska Capital Management** ([PI, 9/10](#)).

The PCP management team includes co-founding managing partners **Jeffrey S. Stein**, Posner and **Jeff D. Hunter**. Stein was a co-founder and principal of **Durham Asset Management**, as well as currently serving on the boards of **Dynegy**, **US PowerGen**, **Granite Ridge Holdings** and **Ambac Financial Group**. Posner was executive v.p. of the **Alpine Group**, following a stint at **UBS**. Hunter was a co-founder, executive v.p. and cfo at **US PowerGen**.

Inquiries made with Hunt Consolidated officials in Dallas were not returned by press time. It is based in White Plains, [N.Y.](#), with a regional office in Austin, Texas.



## Blackstone-backed Rooftop Solar Co. Raises \$740M

Blackstone-backed residential solar provider **Vivint Solar** has secured roughly \$740 million in project financing as it looks to grow its business. Two unidentified “major financial institutions” raised \$540 million in debt on top of a \$200 million tax equity investment that Vivint Solar received in August, according to a company statement.

“These companies are growing very fast and they constantly need new capital,” says a project financier of rooftop solar companies.

Launched in 2011, Provo, Utah-based Vivint Solar designs, installs, monitors and services solar photovoltaic systems on residential rooftops with no upfront out-of-pocket costs to the

homeowner. Through a power purchase agreement, a homeowner then buys the power generated by the system from Vivint Solar.

Vivint Solar operates in California, Hawaii, Maryland, Massachusetts, New Jersey, New York, and Washington D.C. Blackstone acquired Vivint Solar’s parent company **Vivint** last November for more than \$2 billion. **Greg Butterfield**, formerly ceo at software company **Altiris**, was brought on as ceo of Vivint Solar at the beginning of September this year.

Inquiries placed to company officials in Provo, Utah, were not returned by press time.

## Utah-Based Solar Shop Courts PPA, Financing

**Energy Capital Group**, a solar developer out of Provo, Utah, is weighing options on how to proceed with financing its \$600 million project in Utah as the company looks for a power purchase agreement. The transaction would be the company’s first backing a utility-scale facility.

The shop is trying to line up a PPA for the 300 MW Utah Solar 1 project in Millard County, as the next step toward finding debt and or equity financing, says **Josh Case**, ceo of ECG. The company expects that most of the power will be sold to a California utility although some municipals or cooperatives in Utah could come on board, he says. The offtaker needs to have rights to buy power from a transmission line owned by the **Southern California Public Power Authority** because that’s where they project is scheduled to interconnect, he says. ECG is in talks with potential offtakers.

ECG has had talks with developers and infrastructure players—including some that have been active in power for more than two decades—about bringing in an equity party or selling the project outright, says Case. “Internally we’re not sure what we want to do. We’ve taken it pretty far,” he says. If the company gets a PPA in the next nine months, Case expects ECG will try to finance the project and finish construction itself. If not, it may decide to send the project over to an entity with more experience in negotiating PPAs.

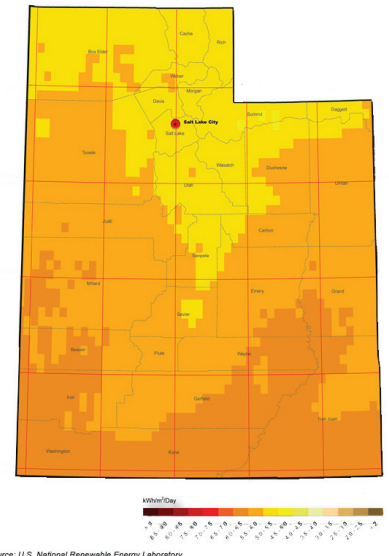
On the debt side, ECG has commitments from commercial

lenders for potential financing arrangements but those are contingent on lining up a PPA, as is the signing of a tax equity investors. The company has spoken with several of the most active tax equity investors, says Case, noting “they support the project” but want to see a PPA.

ECG is internally funded shop that is primarily developing solar projects. It’s run by Case alongside **Bryan Case**, president, **Jack Martin**, coo, **Victor Cabral**, director, and **Richard Parry**, general counsel and director.

Case declined to identify potential investors or lenders citing early stage talks and confidentiality.

### Utah Solar Radiation



Source: U.S. National Renewable Energy Laboratory

## MERGERS & ACQUISITIONS

### TransAlta YieldCo To Buy NextEra Wind Farm

**TransAlta Renewables**, the yield company affiliated with **TransAlta Corp.**, has agreed to buy a wind farm in Wyoming from **NextEra Energy Resources**.

TransAlta Renewables is paying \$102 million for the 144 MW Wyoming wind farm in Uinta County, Wyo. It went online in 2003 and has a power purchase agreement that matures in 2028. The wind farm is attractive to the yieldco, in part, because the farm has an escalating power price, says an observer. The deal is expected to close by year-end.

The acquisition will be initially funded through a loan from TransAlta. It will be repaid with free cash flow as well as an anticipated refinancing that is likely to occur in 2014, according to the observer.

TransAlta Renewables debuted on the **Toronto Stock Exchange** in the second quarter. TransAlta plans to retain 80-85% ownership and drop down assets into company’s portfolio ([PI, 7/30](#)). It’s currently trading at C\$10.19 (\$9.91), as of noon on Tuesday.

The identity of the offtaker could not be immediately learned. A TransAlta spokeswoman was not immediately available to comment.

## NRG Offer For EME Becomes Bid To Beat

**NRG Energy** has emerged as the stalking horse bidder in the bankruptcy court-run sale of **Edison Mission Energy** with an agreement to pay \$2.635 billion for 7.5 GW and a trading and marketing subsidiary.

The companies announced the agreement Friday and the purchase and sale agreement was filed with the U.S. **Securities and Exchange Commission** on Monday. NRG estimates the enterprise value of the deal to be \$2.84 billion, including the assumption of \$1.27 billion of non-recourse debt.

EME has a go-shop period until Dec. 6, during which it can actively initiate and participate in discussions with other prospective buyers. "There are a lot of people pouring over that PSA right now, trying to see if there is an ability to beat NRG," says one buy-side advisor, not involved with EME or NRG. "It's still a competitive process."

Market expectation had been that EME would be broken up into at least three parts. The NRG announcement on Friday took some by surprise given that first round bids came in earlier this month to EME's advisors, **JPMorgan** and **Perella Weinberg** (*PI*, 9/25). NRG had been tipped to be keenly interested in the coal-fired assets. "We knew they were deadly serious," says another deal watcher, explaining that the company feels an urgency to buy assets since it formed **NRG Yield**.

There is chatter a consortium could emerge as a competitor. It

would be comprised of entities with an interest in individual parts of EME. The company had been expected to be divided along the lines of wind farms, gas-fired generation in California, coal-fired generation in Illinois and **Edison Mission Marketing & Trading**. Whether a consortium could top NRG's bid is a question that would-be buyers will be evaluating in the coming weeks, says another buy-side.

There is risk in putting together a consortium to go head to head with NRG, says a banker, noting there would be risk associated with how to finance a consortium bid and whether all parties would be approved for acquisition. Market power concerns would be foremost in this consideration given that two deals have been nixed by the U.S. **Federal Energy Regulatory Commission** in the last 18 months.

EME filed for bankruptcy in December in the U.S. Bankruptcy Court Northern District of Illinois. It has \$3.7 billion in debt. EME and its subsidiaries own 1.7 GW portfolio of operational wind farms; 1.48 GW of gas-fired assets; and 4.3 GW of coal-fired plants in PJM.

**Paul Dabbar** is heading up JPMorgan's team alongside **Kevin Cofsky** of Perella Weinberg. NRG is being advised by **Barclays** and **Jonathon Kaufman, Mark Cohen, Greg Sommer** and **Tim Kisling** at **Deutsche Bank**.

Spokespeople for the banks declined to comment.

### POWER TWEETS

The #Power Tweets feature tracks trends in power project finance and M&A in the Americas on **Twitter**. For more news and coverage, follow @power\_intel on Twitter, as well as Managing Editor @SARosner and Senior Reporters @HollyFletcher and @NicStone.

@scotthomasson

Interesting TVA statement about why efficiency and natgas prompted an early update to its Integrated Resource Plan. <http://bit.ly/17MuyXk>

@cleantechvc

Anecdotal, seems a lot of growing startups are starting to talk IPO. But takes ~12mo to prep. What are odds window still open next Q4?

@geoffdmiller

Industry too busy patting themselves on back @ #SPIcon BLM holds auction for solar on CO public lands & no one shows <http://dlvr.it/4BskcZ>

@CleanPwrFinance

Nat: biggest obstacle is customer acquisition. #solar has great product, just haven't figured out how to sell to mass market. #solar #spicon

@Silvio\_Marcacci

Ethiopia signs \$4 billion deal with US-Iceland company to build 1GW geothermal power plant <http://ow.ly/q8RK0>

@FrenkilEnergy

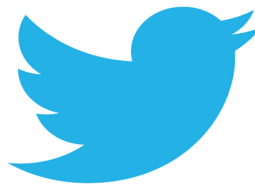
@nrgenergy's pursuit of Edison Mission shows a wind-oriented path for #yieldco drop-down. May increase @nextera\_energy's yieldco evaluation

@SolarMikeTaylor

@IMSResearch\_PV #spicon briefing: forecasts US #solar market at 5 GW in 2013 & 6 GW in 2014

@hollyfletcher

Not over til the bankruptcy judge sings: NRG offers \$2.6B for EME but there's a go shop until Dec. 6 <http://ow.ly/q66wd>



## PEOPLE &amp; FIRMS

## Santander's Plagemann Joins Vivint Solar

**Thomas Plagemann**, former managing director, head of energy, corporate and investment banking at **Banco Santander** in the U.S., has joined distributed solar company **Vivint Solar** as executive v.p., head of capital markets.

Plagemann will report to **Greg Butterfield**, ceo of Vivint Solar. Plagemann has been tasked with developing the company's tax equity and capital markets fundraising efforts and leading future financing strategies. The company recently rounded up \$740 million in debt and tax equity as it looks to build out its business ([PI, 10/22](#)).

**Blackstone** acquired Vivint Solar's parent company **Vivint** last November for more than \$2 billion. Vivint Solar operates in California, Hawaii, Maryland, Massachusetts, New Jersey, New York, and Washington D.C.

Prior to Banco Santander, Plagemann had stints at **Deutsche Bank**, **GE Energy Financial Services**, **AIG** and **First Solar**, where he was v.p. of project finance. Calls placed to Vivint officials in Provo, Utah, were not returned by press time.

## RBC Taps Two MDs For I-Bank, Lending

**Royal Bank of Canada** is set to bring two managing directors on board to bulk out its lending and investment bank. The firm has hired **Marybeth Mandanas**, managing director at **Citigroup**, and **Paul McNutt**, managing director at **UBS**.

McNutt is to begin this month, says an observer. He will be part of the utility coverage team and is expected to report to **Frank Napolitano**, head of the U.S. power and utilities investment group in New York. The two worked together at **Lehman Brothers**, notes an observer.

Mandanas will be on gardening leave before she joins RBC's lending platform, says a banker. When she will join the team could not be immediately learned. A junior member of the team at Citi is reportedly joining RBC ahead of her. Details on Mandanas' role could not be immediately determined.

RBC hired **Matthew Wade** from **Royal Bank of Scotland** earlier this year ([PI, 9/4](#)). Wade reports to the team in Toronto.

## STRATEGIES

## Austin Energy Issues Solar RFP

Austin Energy has issued a request for proposals for up to 50 MW of solar generation. Winning bids must be online no later than the end of 2016 and will garner a power purchase agreement with the utility for up to 25 years. RFP responses will be accepted through Dec. 3 and Austin Energy plans to select a developer by March 2014.

Pricing on the PPA is slated to come in at between \$60-85/MWh. The technology used must be able to qualify for the investment tax credit, which means it may be any number of solar technologies, such as solar thermal or photovoltaic. Offers may come from new or existing facilities in the **Electric Reliability Council of Texas**. There may be a number of winning facilities, but the minimum size of projects must be 10 MW.

The declining costs of solar generation as well as the federal subsidies for the technology are the driving forces behind the RFP, according to company documents. The process will be run in house, with the majority of weighting placed on the cost of the generation over the life of the facility in dollars/MWh, according to the documents.

Austin Energy has one 25-year solar PPA with the 30 MW Webberville facility in Webberville, Texas. **Fotowatio Renewable Ventures** was the original developer of the facility. It wrapped a \$150 million financing in 2011 ([PI, 4/27/2011](#)). FRV's U.S. subsidiary was bought by **SunEdison**, which then sold the facility to **MetLife** and **Longsol Holdings** in 2012.

The facility will help it meet its 35% renewable energy resource goal by 2016. The company also has a solar goal of 200 MW by 2020.

## SolarCity Nears Securitization Launch

SolarCity is in the final stages of preparing the first solar securitization, deal watchers say.

The residential solar deal is said to be around \$100 million—small by wider securitization standards but a breakthrough for a market that has been touting its potential for over two years. The company has garnered an investment-grade rating in the neighborhood of triple B and is expected to launch the deal by the end of the month, observers say.

**Credit Suisse**, which provided tax equity to San Mateo, Calif.-based SolarCity, is the arranger ([PI, 9/18](#)). **Chadbourne & Parke** is counsel to SolarCity.

Solar securitization advocates have been working on various methods to harmonize the commitments under a securitization with the obligations due tax equity investors ([PI, 5/6](#)). There were two methods in front of rating agencies as part of a mock rating process to identify what issues need to be resolved. One, securitized the portfolio near the end of the tax equity agreement, or when majority ownership flips back to the sponsor. The other—and reportedly more akin to the SolarCity method—securitized the cash stream that comes to the sponsor after a portion goes to the tax equity investor.



# Call For Sponsors: The Liquefied Natural Gas Export Facility Report

The Liquefied Natural Gas Export Facility Report brings you the latest developments in the financings of LNG export facilities in the U.S. Roughly \$50 billion of investment will be needed to build out proposed export projects in the country. The sheer size of each of these facilities, as well as the host of experienced, well-banked sponsors and Asian offtakers has made the LNG export sector a compelling space for project financiers, energy companies, advisors, large corporate law firms and equipment suppliers. The report will focus on trends in structuring deals backing these multi-billion dollar facilities in the bank and debt capital markets. Topics will include the lender's perspective on geographical and commodity risks associated with projects, investor and lender appetite and response, as well as potential for new or innovative structures. The report will aim to identify key drivers for investors, lenders and sponsors, imminent transactions and also examine lessons learned from **Cheniere Energy's** Sabine Pass deal.

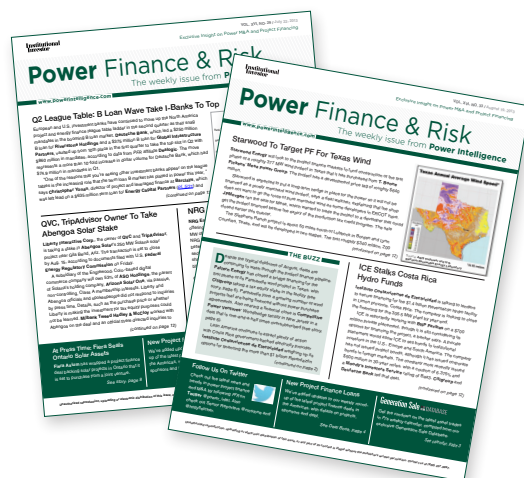
## Draft Contents & Topics

- Foreword from the editor on the opportunities and developments in financings backing U.S. LNG export projects.
- Feature on the financing of LNG export facilities written by PFR staff examining trends, challenges and potential innovations in these deals.
- Roundtable with senior project financiers, sponsor executives and CEOs, investors and regulators.
- Experience in permitting and working with the U.S. **Department of Energy** from the DOE perspective and the sponsor perspective.
- Challenges in financing these facilities from the sponsor perspective with a focus on how lenders respond to different components of the project and risk and how the sponsor manage financings where there are upwards of 50 lenders.
- Challenges in financing these facilities from the lender perspective with a focus on how they deal with exposure to these assets, given commitment sizes and geographical concentration.
- The role of ECAs and foreign investors.
- Possible new or innovative structures for financing.
- Investment opportunities or exit strategies from these facilities.
- Illuminating graphics visually depicting domestic and international trends in LNG production, pricing and consumption.

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## INDUSTRY CURRENT

# California's Energy Storage Mandate: A Model for Creating a New Market

THIS WEEK'S INDUSTRY CURRENT is written by Kerin Cantwell, partner at Dechert in Los Angeles



Kerin Cantwell

In what was described in *The National Law Review* as an unprecedented decision, on October 17, 2013, the **California Public Utilities Commission** adopted the "Energy Storage Framework and Design Program." The CPUC developed the program in a nearly three-year rulemaking proceeding under Assembly Bill 2514. AB 2514, which became law in 2010, codifies California's policy goals of maximizing the value of the state's generation and transmission assets, optimizing the grid, integrating renewable power and minimizing greenhouse gas emissions, and charged the CPUC with determining whether energy storage mandates, if any were appropriate to attain these goals. According to the **California Energy Storage Alliance**, the energy storage capacity mandate contained in the program is the largest of its kind in the world. Once again, California is acting as a policy leader in a field that may well transform the electricity industry in the coming decades.

## Energy Storage Program Requirements

The highlights of the energy storage procurement program have been widely reported in the industry and mainstream media. The main requirements of the program, which apply to the three California investor-owned utilities and, to a lesser extent, other load serving entities such as community choice aggregators and energy electric service providers, include targets to procure a specified capacity of viable and cost-effective energy storage in megawatts by certain dates in three categories referred to as "grid domains," or points of interconnection with the grid: transmission, distribution and customer-side. For the IOUs (**Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company**) the cumulative total procurement requirement is 1,325 MW by 2020, all of which must be installed and in operation by 2024. The energy storage procurement solicitations will take place every two years beginning in 2014, and the quantity of energy storage to be procured ramps up in each successive two-year procurement period.

The procurement targets are flexible. If an IOU can make a showing that it cannot procure enough operationally or economically viable energy storage projects in a given solicitation, it may defer up to 80% of its total procurement obligation to later periods. IOUs can also bank excess energy storage capacity procured in a solicitation for application toward future procurement requirements. In addition, the CPUC will allow certain existing pilot or planned energy storage projects to count toward an IOU's

procurement target under the program as long as those projects meet one or more of the policy goals of AB 2514, were contracted for or in operation prior to January 1, 2010, and are operational by the end of 2024. Energy storage capacity obtained by the IOUs outside the program in other CPUC proceedings, such as its long-term procurement planning and resource adequacy proceedings, may be counted toward the minimum procurement obligation.

In addition, the IOUs can shift procurement targets between the transmission and distribution grid domains, although they may not shift targets between either the transmission and distribution grid domains, on the one hand, and the customer-side grid domain, on the other. Under the program, utilities may not own more than fifty percent of their mandated energy storage capacity across all three grid domains at this time, but the CPUC left the door open for future adjustments to this limitation.

The CPUC had initially probed a reverse auction mechanism for procurement, but responded to stakeholder objections that the procedural mechanisms for the RAM process, while appropriate for standardized and commercially proven technologies, such as renewable energy, would not be appropriate for emerging energy storage technologies with a multitude of applications. Therefore, the program requires procurement through competitive solicitations such as requests for offers. It will also allow utility ownership of energy storage outside of public solicitations on a case-by-case basis if the utility can show that an RFO would not be feasible, for example, due to market power mitigation, preferred resources or the expansion of existing facilities.

## An Example of Flexible and Collaborative Policy-Making

Just as important as the content of the Energy Storage Framework and Design Program, are the process in which it was developed and the CPUC's stated willingness to be responsive to the results of the real-world implementation of the program. As such, it serves as a useful model for other states considering the possibility of mandating energy storage procurement.

## AB 2514 – The Law That Started It All

Introduced by California Assemblywoman **Nancy Skinner** and signed into law by then-governor **Arnold Schwarzenegger**, AB 2514 required the CPUC to determine targets, if any, for each load-serving entity to procure viable and cost-effective energy storage

systems and set dates for any targets deemed appropriate. The CPUC opened the rulemaking proceeding in December, 2010 and divided it into two phases. Phase one adopted the CPUC staff proposal, which provided an analytical framework and a plan for developing policies and guidelines. The framework identified 20 different “end uses” for energy storage applications in the electricity value chain ([PFR, 3/15](#)). Phase two involved stakeholders in multiple workshops and conferences, as well as formal filings within the rulemaking proceeding, to achieve the somewhat lofty goals of AB2514, which are to potentially transform the design and operation of the California electricity market, maximize the value of existing transmission and generation assets, integrate renewable energy and minimize greenhouse gas emissions. The program is intended to help create a new market to achieve these policy objectives, with the ultimate long-term goal of phasing out targets when the energy storage market and technologies are mature, sustainable and competitive.

## Phase II – The Energy Storage Framework and Design Program Roll-out

On June 10, 2013, the assigned CPUC Commissioner **Carla Peterman** issued a “straw proposal” for stakeholder comment. Interest parties from all sectors of the electricity industry, including the California IOUs, other utilities, the Division of Ratepayer Advocates, environmental groups, trade associations and individuals participated in the comment process, and the final program reflects many of the suggestions of the various stakeholders.

For example, certain of the IOUs argued that the initial proposed targets were aggressive and could result in high costs for ratepayers, that there was a lack of data to support them, and

no specific demonstrated system need for the proposed targets. Energy storage and environmental groups argued, on the other hand, that the targets were not aggressive enough and should be increased to ensure grid stability and reliability. In response, the CPUC noted that it is attempting through the program to balance the needs for realistic targets to achieve the policy goals of AB 2514 while minimizing costs through appropriate planning and safeguards. While the CPUC did not reduce the energy storage procurement targets, it introduced more flexibility into the program. The CPUC extended the initial procurement deadline by six months to give the IOUs and CPUC staff additional time to plan the solicitations and added a deadline to place the projects in operation by 2024. In its decision adopting the program, the CPUC notes: “We agree with parties that being overly prescriptive in a nascent market may have some unintended market consequences. Consequently, we find that it is reasonable to adopt a broad framework initially and add additional details later, if necessary, as more experience is gained and lessons can be applied.”

The program contemplates incorporating lessons learned through practical experience, and leaves room for changes to the program to incorporate the results of its real-world implementation. This collaborative and flexible approach is a commendable model for creating a new market in which many of the applicable technologies are still in formative stages, and the applications of energy storage are diverse. As such, it provides a well-crafted precedent for other states as they contemplate how to improve the safety and security of their grids, defer expensive generation, transmission and distribution investments, improve power quality, and realize the many other benefits that energy storage can potentially deliver.

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## LS Power *(Continued from page 1)*

**Scotland** ([PI, 9/7/07](#)). The existing debt backing the 575 MW portion held by LS is currently rated B+ by **Standard & Poor's** and B1 by **Moody's Investors Service**. LS' last B loan for subsidiary **LSP Madison Funding** received a BB+ from S&P and a Ba2 from Moody's ([PI, 7/10/12](#)). Moody's had issued a preliminary Ba3 on a refinancing of the loan that was ultimately pulled in June ([PI, 6/5](#)).

Sandy Creek, in Riesel, Texas, came online in April, about a year later than originally planned because its boiler was damaged when it overheated in a test in 2011. Given the delays, S&P forecasted there would be about \$834 million outstanding in first lien debt in 2015. There is subordinate payment-in-kind debt that matures in February 2016 that had \$217 million outstanding in March 2012.

Sandy Creek has a 30-year power purchase agreement for 150 MW with **Brazos Sandy Creek Electric Cooperative** and a 30-year PPA for 100 MW with **Lower Colorado River Authority**. The remainder is hedged under short-term agreements. Brazos also owns 25% of the plant. **GE Energy Financial Services** has a stake.

**Joe Esteves**, cfo at LS Power, did not respond to inquiries by press time. A Goldman Sachs official declined comment.

—**Nicholas Stone**

## Etrion Targets *(Continued from page 1)*

created shareholder value.

Etrion is traded on the Toronto and Stockholm Stock Exchanges and is backed by the **Lundin Group of Companies**. The Lundin Group, based in Vancouver, has ownership in a dozen public natural resource companies with a combined market capitalization of about \$14 billion. The Lundin family signed a one-year \$42 million unsecured loan with Etrion this year that the company would like to refinance, says Northland, who is based in Geneva, Switzerland.

Etrion has formed a joint venture with **Total** on a 70 MW project and will show the oil giant more opportunities in the future. "We said, 'We weren't sure they would be interested,'" Northland recalls about the company's early thoughts on whether a deal with Total would be successful. Total has \$100 billion market cap—a thousand times larger than Etrion. The agreement with Total, which is the majority owner of **SunPower Corp.**, is not exclusive and Etrion may use panels from any manufacturer in the projects it proposes. The company did not use a financial advisor on talks with Total.

The company began scouting for new markets that did not rely on subsidies after austerity programs in Europe muted the renewable market. Italy, where Etrion owns 17 solar assets, was once a hot spot for development but is now mostly attractive for buyers looking to pick up operational assets to add to existing fleets, Northland says. Subsidy rollbacks in Europe have impacted developers, including **Silver Ridge Power**, which saw investors get

cold feet over a portfolio centered in Europe ([PI, 5/15](#)).

It chose to set up shop Chile for its unregulated energy market that has ample opportunity for signing power purchase agreements and is not dependent upon subsidies. Industrial companies that use over 2 MW must sign PPAs. Chile also has a robust spot market that can support merchant projects. Etrion recently lined up financing for a merchant \$200 million, 70 MW project ([PI, 9/26](#)). And, it didn't hurt that Chile has twice the solar radiation of Italy, Northland adds.

Lenders and investment banks are increasingly looking for opportunities in Chile and some are mulling whether to set up local outposts. **Goldman Sachs**, for example, is in the process of setting up an office in Santiago, and financiers say that other banks are considering doing the same ([PI, 1/17](#)). Northland says his company has had talks with Canadian and Japanese lenders that are interested in dispensing capital to projects in the region but opted to go with financing from **Overseas Private Investment Corp.** for the merchant Salvador project.

Etrion is working on expanding to another market in the coming months, declining to elaborate because of a confidentiality agreement with a new partner that is not Total. —**Holly Fletcher**

## Moxie Readies *(Continued from page 1)*

MW Patriot facility will provide generation to PJM. **Gemma Power Systems**, a subsidiary of **Argan**, has been awarded the EPC agreement to design and build the plant. Gemma has also tapped **Burns and Roe** to provide engineering and design services for the project.

Calls placed to **Kent Morton**, v.p. at Moxie in Vienna, Va., were not returned by press time.

—**Nicholas Stone**

## QUOTE OF THE WEEK

"We saw a gap in the market there to provide a fully integrated equity capital from late stage development to construction to completion. We will continue to be an owner throughout the process and globally there are very few funds with this fully integrated business model." — **K. Mitchell Posner**, co-founder and managing partner of **Power Capital Partners**, on launching the firm's maiden power and energy play (see story, page 5).

## ONE YEAR AGO

**Barclays** dispatched teasers for the 400 MW Gregory gas-fired cogeneration facility near Corpus Christi, Texas, that **Rockland Capital**, **John Hancock Life Insurance** and **Atlantic Power Corp.**, were trying to sell. [NRG Energy bought the plant for facility for \$244 million and paid with cash on hand ([PI, 4/19](#)).]