

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● TERM LOAN B

Atlantic Power Back for Periodic TLB Repricing

Goldman Sachs is leading on the latest repricing of Atlantic Power's term loan B debt, in what has become a semiannual ritual. [Page 2](#)

● PROJECT FINANCE

Live Oak Goes Long on S.C. Solar Loan

Live Oak Bank has signed a 20-year loan for a contracted solar project with the aid of a partial government guarantee. [Page 6](#)

● PEOPLE & FIRMS

Regions Draws I.B. Talent from Wells

Regions Bank has hired an ex-**Wells Fargo** investment banker for client coverage as it expands its capital markets offering. [Page 12](#)

Sunnova Reignites Solar ABS Market with Second Outing

Richard Metcalf, Max Adams

Residential rooftop solar developer Sunnova is in the market with its second securitization, a \$262.7 million offering backed by a pool of leases and power purchase agreements.

The deal is the second asset-backed security offering from the Houston-based company, and is broken up into a \$202 million 'A' and \$60.7 million 'B' tranche. **Credit Suisse** is leading the deal, according to documents filed with the U.S. **Securities and Exchange Commission**.

The transaction is backed by 14,777 leases and PPAs, with approximately 65.9% of the assets tied to solar systems in New Jersey, California and Guam, according to a presale published by **Kroll Bond Rating Agency** on Oct. 23.

Compared to the issuer's first transaction, issued in April 2017, exposure to Guam has jumped from 3.9% to 7.2%, while expo-

sure to assets in Puerto Rico has declined from 14.8% to 6.4%. Kroll flagged the exposure to Puerto Rico as a risk to the deal given damage to the grid in the wake of the powerful hurricanes that hit the island last year.

In Sunnova's first deal, the \$191.75 million senior class 'A' notes were priced to yield 4.95% and the subordinate class 'B' notes 6%. In May, the company hired a new head of finance, **Christopher Smith**, who reports to cfo **Jordan Kozar** (PFR, 5/14).

BANKS VERSUS BONDS

The market for solar ABS has moved in fits and starts over the past 18 months. After a flurry of activity over the course of 2017, this year has been slower, as observers say issuers are looking at a wider range of options for funding, including bank financing and asset sales.

The small but growing group of banks that lend [PAGE 11](#)

● RFP PULSE

RFP Issuance Activity Uptick

Taryana Odayar

A spate of activity in recent weeks from companies seeking bids for renewable generation, energy certificates and credits, including **Dominion Energy, NV Energy, Kentucky Power, Alabama Power, Southeastern Pennsylvania Transportation Authority** (SEPTA) and Rhode Island's

National Grid, has led project finance bankers and lawyers to weigh in on the driving forces behind it.

"What's driving the recent RFP business is a couple of things," says **Andy Redinger**, managing director and head of utilities, power and renewable energy at **KeyBank Capital Markets**. "It's utilities that have decided [PAGE 5](#)

Sumitomo Solicits Second-round Bids for Solar Project

Taryana Odayar

Sumitomo Corp. of Americas, which recently agreed to sell a solar project in Nevada to a utility company, is seeking second-round bids for another solar project in the same state, *PFR* has learned.

Whitehall & Co. is running the process for Sumitomo's 50 MW Turquoise Nevada project, in Washoe County, next to the 10 MW Turquoise Liberty [PAGE 10](#)

Platts NY: "The Market is Rational" Insist Finance Pros Amid Glut of Capital

Shravan Bhat

Project finance veterans pushed back against the notion that free-flowing capital was producing riskier deals at the **S&P Global Platts** Financing US Power Conference on Oct. 23.

As banks and credit funds have flocked to the U.S. power sector, resulting in compressed spreads across the capital stack, some industry watchers [PAGE 12](#)



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● PROJECT FINANCE

Banks Prep Term Loan B Refi for Atlantic as Soft Calls Lapse

Goldman Sachs has circulated initial price talk to investors for the latest repricing of **Atlantic Power Corp.**'s senior secured term loan B, which was announced last week.

The margin on the \$470 million five-year package is being talked at 275 basis points over Libor with a 1% index floor, with no original issue concession. The price talk represents a 25 bp reduction versus the existing debt (PFR, 10/22).

Demand for term loan Bs in the capital markets has remained robust over the past 12 months.

"This time last year, term loan B's were trading in the mid-90s. Today almost all of them are trading at par," said **Michael Kumar**, managing director at **Morgan Stanley**, at the **S&P Global Platts** Financing US Power conference on Oct. 23.

Several recent term loan B transactions have been priced with no original issue discount.

Goldman is left lead on the Atlantic Power transaction, while **Bank of America Merrill Lynch**, **Industrial and Commercial Bank of China**, **MUFG**, **RBC Capital Markets** and **Wells Fargo** are also bookrunners.

Commitments from existing lenders were due on Oct. 26, while new lenders have until Nov. 2 to put their orders in.

The deal, secured on Atlantic Power's 1,447 MW mostly gas-fired 22-project portfolio, was

launched on Oct. 22.

It will be the fourth time the sponsor has shaved the margin on the term loan B since it was originally issued at 500 bp in 2016 (PFR, 10/4/17). The company said it would save some \$41.1 million in coupon payments through 2023 as a result.

"Over the next four years, we expect to reduce total debt by more than half, to slightly less than \$400 million," said **Jim Moore**, Atlantic Power's president and ceo, on an Aug. 3 earnings call.

The independent power producer reduced the margin on its then-\$510 million term loan B and \$200 million revolver by 50 bp to 300 bp over Libor on April 19.

Six months on, the company is exempt from a 100 bp prepayment premium while resetting the loan's five-year tenor.

The debt is rated Ba3 by **Moody's Investors Service** and one notch lower, B+, by **S&P Global Ratings**.

Spokespeople for Goldman in New York could not be reached for comment by press time.

The IPP ended a three-year project acquisition hiatus this year, picking up **Covanta's** stake in the 13.3 MW Koma Kulshan hydro project in July (PFR, 7/3) and a pair of biomass projects from **EDF Renewables** last month (PFR, 9/24). ■

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Institutional Investor, LLC ISSN# 1529-6652
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Do you have questions, comments or criticisms about a story that appeared in **PFR**? Should we be covering more or less of a given area? The staff of **PFR** is committed as ever to evolving with the markets and we welcome your feedback.

Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

GENERATION AUCTION & SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.
A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Abengoa	A3T (220 MW Gas)	Mexico	TBA	Private equity firms are sizing up the project, which part of Abengoa's insolvency divestments (PFR, 10/8).
AltaGas	Busch Ranch (29 MW Wind, 50%)	Huerfano County, Colo.		The project's utility offtaker and co-owner Black Hills Electric Generation is buying the remaining 50% stake (see story, page 8).
Blackstone	Lonestar Portfolio (1,110 MW Gas, Coal)	Texas	Citi	The sale of the portfolio, code named Project Matador, is said to be entering a second round (PFR, 10/15).
Cypress Creek Renewables	Portfolio (83 MW Solar)	North Carolina	TBA	British asset-manager John Laing Group has bought the two development-stage assets (see story, page 11).
D.E. Shaw	Deepwater Wind	U.S.	Ernst & Young (buyer)	Denmark's Ørsted is buying the offshore wind platform for \$510 million (PFR, 10/15).
Duke Energy	Renewables Portfolio (2,907 MW Wind, Solar)	U.S.	Morgan Stanley	Duke is running a sale process to formalize inbound interest it has received (PFR, 10/1).
Engie N.A., Harbert Management Corp., Mitsui & Co.	Astoria I, II (1,230 MW, Gas)	Queens, N.Y.	Morgan Stanley, PJ Solomon	As the sale of the assets nears a second round of bidding, deal watchers note varying levels of interest (PFR, 10/15).
EDF Renewables North America	Brickyard Hill (157 MW Wind)	Atchison County, Mo.		An Ameren Corp. subsidiary has signed a build-transfer agreement for the project, which is due online in 2020 (see story, page 9).
EDP Renewables	Meadow Lake VI (200 MW Wind)	Benton County, Ind.	CIBC	CIBC launched the sale of the contracted, development-stage assets in June (PFR, 8/27).
	Prairie Queen (200 MW Wind)	Allen County, Kan.		
	Sharp Hills (250 MW Wind)	Special Areas 3 & 4, Alberta		
	Nation Rise (100 MW Wind)	North Stormont, Ontario		
Enel Green Power	Mexican Portfolio (1.8 GW Solar, Wind)	Mexico	Goldman Sachs, BBVA	Equity in the portfolio has been sold to Caisse de dépôt et placement du Québec and CKD Infraestructura México (PFR, 10/15).
Eletrobras	Various Wind Assets (880 MW Net)	Brazil		An auction was scheduled for Sept. 27 (PFR, 8/27).
First Solar	GA Solar 4 (200 MW Solar)	Twiggs County, Ga.	TBA	Belgian developer Origis is buying the asset, which is contracted under a Georgia Power PPA (see story, page 10).
GE Energy Financial Services	Former GE EFS Portfolio	Mostly U.S.	BAML	New details of the acquisition by Apollo Global Management have emerged (PFR, 10/22).
GenOn Energy	Keystone, Conemaugh stakes (566.7 MW Coal)	Pennsylvania		Financial investors are taking the stakes in the projects as part of a pre-packaged restructuring deal (PFR, 10/15).
	Bowline (1,139 MW Gas)	Haverstraw, N.Y.		GenOn is optimizing the project as it looks to increase its value and put it back on the market (see story, page 11).
Invenery	Bishop Hill (132.1 MW Wind, 10%)	Henry County, Ill.		WEC Energy Group is increasing its ownership in the operating project from 80% to 90% (see story, page 9).
Macquarie Group	Lordstown (856 MW Gas, 15.46%)	Ohio	Whitehall	Sumitomo Corp. of Americas is buying the stake and has an option to increase its holding (PFR, 10/22).
Mainstream Renewable Power	Andes Portfolio (1.3 MW Wind, Solar)	Chile	KPMG London	The Irish developer is seeking an equity partner to build and operate its \$1.65 billion renewable portfolio in Chile (PFR, 9/17).
National Renewable Energy Corp.	Lily (103 MW Solar)	South Carolina	EOS Capital (seller), PwC (buyer)	KKR portfolio company X-Elio has acquired the development-stage asset (PFR, 10/22).
Noble Environmental Power	Great Plains (114 MW Wind)	Hansford County, Texas	FTI Consulting	Geronimo has bought Noble's cash equity in the project and a stake held by MUF's Bankers Commercial Corp (PFR, 10/15).
North American Power Group	Rio Bravo Fresno (28 MW Biomass, 50%)	Fresno, Calif.		NAPG is in talks with potential buyers of its 50% stakes in the projects (PFR, 8/27).
	Rio Bravo Rocklin (28 MW Biomass, 50%)	Lincoln, Calif.		
OCI Power	Project Ivory (50 MW Solar)	Dawson County, Texas	Marathon Capital	D.E. Shaw Renewable Investments has acquired the project after a competitive sale process (see story, page 10).
Open Road Renewables, MAP Renewable Energy	Hillcrest (260 MW [DC] Solar)	Brown County, Ohio		Innergex Renewable Energy is buying the asset, which is expected online between 2020 and 2021 (see story, page 10).
Recurrent Energy	Portfolio (400 MW Solar, 49%)	California	CCA Group (buyer)	Danish pension fund manager PKA has emerged as the buyer of two operational projects (see story online).
Starwood Energy Group Global	Portfolio (460 MW Wind, 51%)	Texas	Whitehall	Skyline Renewables, a partnership between Transatlantic Holdings and Ardian has emerged as the buyer (see story, page 9).
Sumitomo Corp. of Americas	Turquoise Liberty (10 MW Solar)	Washoe County, Nev.		An Algonquin Power & Utilities Corp. subsidiary is buying the under-construction project (PFR, 10/22).
	Turquoise Nevada (50 MW)	Washoe County, Nev.	Whitehall	Whitehall is running the sale process for the project, which is due online by the end of 2020 (see story, page 10).
Heorot Power	Tanner Street Generation (82 MW Gas)	Mass.	Scotia	The sale of the project was launched in July under the code name Project Riverhawk (PFR, 10/15).

● 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 Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@powerfinancerisk.com

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan	Tenor	Notes
Advanced Microgrid Solutions, Macquarie Capital	Electrodes (50 MW Battery Storage)	California	Macquarie Capital	Debt	\$75-100M	10-yr	Sponsors are putting together financing for the second tranche of the 50 MW portfolio (PFR, 9/24)
AES Gener, Mitsubishi	Cochrane (483 MW Coal)	Chile	Citi, Goldman Sachs, HSBC, SMBC	Bank Loan	\$180M	4-yr	As is typical with hybrid refinancings, the bond will not amortize till the bank loan is fully repaid (PFR, 10/22).
				Bond	\$725M	16-yr	
Apollo Global Management	Former GE EFS private equity portfolio	Mostly U.S.	RBC, Goldman Sachs, BMO	Debt	TBA	TBA	The three banks are said to have underwritten a back-levered financing for Apollo (PFR, 10/15).
Ares-EIF	Hill Top Energy Center (620 MW Gas)	Greene County, Pa.	Morgan Stanley	Private Placement	TBA	TBA	Ares has foregone a bank mini-perm for a bond to match the tenor of a gas netback under negotiations (PFR, 10/8).
Ares-EIF, Novi Energy	C4GT (1,060 MW Gas)	Charles City County, Va.	TBA	Debt, Equity	TBA	TBA	The shovel-ready project is in talks for debt and equity (PFR, 9/17).
Atlantic Power Corp.	Portfolio (1,447 MW, Gas)	U.S.	Goldman Sachs	Debt	\$470M	5-yr	A group of banks is refinancing the sponsor's term loan B with final commitments due Nov. 2 (see story, page 2).
Avangrid Renewables, Copenhagen Infrastructure Partners	Vineyard (800 MW Offshore Wind)	Massachusetts	CCA Group (adviser), Santander (adviser)	Debt, Tax Equity	\$3.5B	TBA	The capital structure for the estimated \$3.5 billion, two-phase project remains to be finalized (PFR, 10/8).
Balico	Chickahominy (1,650 MW Gas)	Charles City County, Va.	TBA	Debt, Equity	TBA	TBA	A development team, formerly at Cogentrix, has hired a financial advisor to begin the equity raise (PFR, 8/20).
Blackstone	Frontera (526 MW Gas)	Hidalgo County, Texas	Morgan Stanley	Term Loan B	\$75M	6.5-yr	Blackstone increased the size of the incremental debt raise from \$65M to \$75M during execution (PFR, 10/15).
Capital Power Corp.	Meadowlark (99 MW Wind)	McHenry County, N.D.	JP Morgan	Tax Equity	TBA		Meadowlark has a long-term commodity swap with Morgan Stanley Capital Group (PFR, 10/22).
Centaurus Renewable Energy	Techren I (100 MW Solar)	Clark County, Nev.	U.S. Bank	Tax Equity	TBA		U.S. Bank has not announced whether it would bring in third party tax equity (see story, page 7).
Copenhagen Infrastructure Partners	Misae (240 MW Solar)	Childress County, Texas	CCA Group (adviser)	Tax Equity	TBA		Sage has a 20-year PPA with Rocky Mountain Power while Misae has a hedge from a financial institution (PFR, 9/4).
	Sage (56 MW Solar)	Rich County, Utah					
EDP Renewables	Arkwright (78.4 MW Wind)	Chautauqua County, N.Y.	JP Morgan	Tax Equity	\$74.2M		The \$156 million project began operations last months (see story, page 7).
Enel Green Power	Solar Portfolio (1.1 GW)	Mexico	BBVA, Bancomer, Caixa, MUFG, Natixis, Bancomex, EIB, IDB Invest	Debt	\$605M	18-yr	The debt is part of the financing of a 1.8 GW portfolio of renewables in Mexico (PFR, 10/15).
	Delfina (219.4 MW Wind)	Brazil	TBA	TBA	TBA		Enel is adding 29.4 MW of capacity, expected to cost \$40 million (PFR, 10/22).
Fengate	Heartland (102 MW Gas)	Alberta	MUFG	Debt	\$771M	5-yr	Six banks arranged acquisition financing for Fengate's purchase of the co-gen from Inter Pipeline (PFR, 10/1).
FGE Power	Goodnight (500 MW Wind)	Armstrong County, Texas	Karbhone	Tax Equity	TBA		The sponsor has already secured a cash equity commitment for the project from Fortistar (PFR, 5/29).
GE EFS	Shady Hills (573 MW Gas)	Pasco County, Fla.	TBA	TBA	TBA	TBA	GE EFS is aiming to have all the permits in place and reach financial close in December (PFR, 5/21).
Longview Power	Longview (700 MW Coal)	Maidsville, W.Va.	Houlihan Lokey (adviser)				Longview Power has hired Houlihan Lokey for a potential refinancing (PFR, 4/9).
Middle River Power III	Portfolio (523 MW Gas)	San Joaquin Valley, Calif.	MUFG	Debt	TBA	6-yr	The Avenue Capital Partners subsidiary is raising financing to fund its acquisition of three projects from AltaGas (PFR, 9/24)
Morgan Stanley Infrastructure Partners	Bayonne Energy Center (644 MW Gas)	Bayonne, N.J.	Crédit Agricole, ICBC, Investec, KEB Hana, Nomura	Mini-perm	\$500M	7-yr	Pricing on the acquisition financing reverse flexed 25 bp to 250 bp over Libor with 25 bp step ups (see story, page 7).
	Red Oak (805 MW Gas)	Sayreville, N.J.	Investec, ICBC, Nomura	Term Loan A Refinancing	\$369M	7-yr	Pricing starts at 275 bp over Libor and the deal includes a \$35 million revolver (PFR, 10/22).
NTE Energy	Reidsville (500 MW Gas)	North Carolina	Whitehall	Debt, Equity	\$650M	TBA	The City of Camden, S.C., signed a 20-year PPA with Reidsville, becoming it twelfth customer (PFR, 10/1).
NTUA Generation	Kayenta II (27 MW Solar)	Navajo County, Ariz.	Karbhone (adviser)	Tax Equity	\$13.3M		Prospective tax equity investors for the \$39 million project received teasers on Oct. 18 (see story, page 6).
Origis Energy	FL Solar 5 (52 MW Solar)	Orange County, Fla.	Wells Fargo	Tax Equity	\$35M		Wells also provided construction financing for the project that will serve Disney World next month (see story, page 7).
Pine Gate Renewables	Peony (39 MW Solar)	Orangeburg County, S.C.	Live Oak Bank	Debt		20-yr	Macquarie Group have provided the construction debt for the project, which is expected online in December (see story, page 6).
			U.S. Bank, Publix	Tax Equity			
Southern Power (Southern Co.)	Portfolio (1.6 GW Wind)	Texas, Oklahoma, Maine	TBA	Tax Equity	-\$1B		The sponsor aims to raise tax equity on the portfolio by the end of the year (PFR, 6/4).

New or updated listing

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PROJECT FINANCE ●

PPA Pulse: Utilities Amass PPAs to Feed Facebook

In more regulated power markets, where end users cannot contract directly with independent power producers, companies like Facebook are displacing portfolio standards as the driving force behind long-term renewables procurement by utilities.

The social media company's huge appetite for wind and solar was behind three 25-year utility power purchase agreements reported recently.

One of them, signed by **Pacific Power**, was for **First Solar's** 58 MW Cove Mountain project near Enterprise, Utah, which the developer expects to begin work on in late 2019 to bring it online in late 2020.

Pacific Power will set the generation aside for Facebook's Prineville data center under an existing renewable energy supply deal.

In July, the same utility inked two PPAs with **Invenery** for the output of its 55 MW Prineville and 45 MW Millican solar projects in Crook County, also as part of the Facebook deal (PFR, 7/19). The Invenery projects are also expected to be online in late 2020.

The **New Mexico Public Regulation Commission**, meanwhile, has approved two more PPAs under which **Public Service Company of New Mexico** will buy generation for resale to the social media company.

The PPAs will cover the output of two 50 MW solar projects being developed by **NM Renew-**

able Development, which is a joint venture between the utility's parent company, **PNM Resources**, and **American Electric Power**.

One of the projects is located near Moriarty in Torrance County (known as the "Britton" PPA) and the other near Rio Rancho in Sandoval County (known as the "Encino" PPA).

The two projects are due to begin supplying Facebook's Las Lunas data center at the end of 2019 and in June 2020, respectively.

PPAs for the Las Lunas data center have already been given to **NextEra Energy** for 51 MW from its Casa Mesa wind-and-battery storage project in Quay and De Baca counties and 50 MW from its Route 66 solar project in Cibola County, both for 25 years, and to **Avan-grid Renewables** for 166 MW from its La Joya wind project in Torrance County for 20 years (PFR, 1/19).

Here is a round-up of other PPA news:

VARIETY PACK

SunPower has signed a 15-year PPA with **Walmart** for distributed solar systems totaling 23 MW in Illinois.

The developer will install a mix of rooftop and ground-mounted solar arrays at 19 Walmart stores and two distribution centers. Construction is slated to get underway in the first half of 2019.

CREDIT-SUPPORTIVE

Atlantic Central, a regional trade association for credit unions in Canada, has signed an agreement with **Bullfrog Power** for generation from a municipally-owned wind project in Nova Scotia.

Bullfrog will supply the organization's operations entirely from the 23.5 MW Ellershouse Wind Farm, under the terms of the deal.

The project is owned by **Alternative Resource Energy Authority**, a partnership among the towns of Antigonish, Berwick and Mahone Bay in Nova Scotia.

RESILIENT MICROGRID

The **U.S. Defense Department's Defense Logistics Agency Energy** has awarded a contract to **Ameresco** to implement a \$133.5 million resilient energy infrastructure project at Joint Base San Antonio in Texas.

The project includes a microgrid incorporating 20 MW of onsite solar, 4 MW of back-up gas-fired generation, a 585 kW combined-heat-and-power system and a battery with an output capacity of 4 MW and 8 MWh of storage.

Ameresco will also install energy efficiency and reliability upgrades at 900 buildings across the joint base as part of the deal.

Construction on the project is expected to begin this fall with completion scheduled for summer of 2021 ■

RFP PULSE ●

RFP Issuance Activity Uptick

◀ FROM PAGE 1 to close their coal and nuclear plants and are looking to replace that power as well as corporations, universities and municipalities that want to become greener."

And the recently announced requests for proposals are likely just the tip of the iceberg, as many more PPAs are likely being discussed in private, says **Conor McKenna**, a New York-based principal and managing director at **CohnReznick Capital**.

"A lot of the market activity we've seen has actually come from

corporate bilateral negotiations as opposed to RFPs," McKenna adds. "Outside Colorado, with **Xcel** being the exception to the rule, we haven't seen significant amounts of MW being awarded, so more of it has come from bilateral discussions with corporates such as **Microsoft**."

State policies are another key driver of RFP activity, especially in Virginia for the Dominion RFP and Rhode Island for the National Grid RFP, says **Richard Cogen**, a New York-based partner at **Nixon Peabody** and co-leader on the firm's

energy and infrastructure projects team.

However, this activity is not just constrained to blue states, given the competitive costs of renewable generation compared to conventional power.

"With Trump in power, states are feeling a lot more responsibility to lead the charge for clean power because they're not getting any more help from the federal government," McKenna adds. "However, when you say names like Kentucky Power and Alabama Power, it shows that you don't need to be

a blue state to chase renewables."

Sponsors are also becoming more "granular" about the way their RFPs are put together, says **Amy Maloney**, who was recently made partner at **Morgan, Lewis & Bockius** after her move from **Latham & Watkins** (PFR, 10/25).

"For example, I received a recent RFP seeking counsel on several renewables transactions in the sponsor's pipeline," she says. "The RFP requested stats on a number of similar transactions done by the firm in the past several years and probed on specific structuring questions relating to those transactions." ■

● PROJECT FINANCE

Arizona Solar Tax Equity Up for Grabs

The development arm of a tribe-owned utility company has hired a boutique investment bank for a tax equity raise to finance the expansion of an operating solar project in Arizona.

Karbone Capital Markets is looking to raise \$13.3 million for the pre-construction 27 MW Kayenta II facility in Navajo County, which is owned by **NTUA Generation**.

NTUA Generation is the project development arm of **Navajo Tribal Utility Authority**, America's largest tribally owned and operated utility company.

Prospective tax equity investors received marketing materials relating to the shovel-ready, \$39 million project on Oct. 18, *PFR* has learned.

Under a partnership-flip structure, prospective tax equity investors could monetize tax credits totaling approximately \$11.1 million.

Officials at Karbone in New York could not be reached for comment.

The Kayenta II project has a 30-year power purchase agreement with NTUA, priced at \$35/MWh with an annual escalator, and is expected to be online by Apr. 1 of next year (*PFR*, 1/31).

Salt River Project in turn has a 30-year PPA for the energy product from NTUA's power supply portfolio that is firmed, shaped, timed and includes renewable energy certificates from Kayenta II, according to NTUA spokespeople.

Construction and term debt is understood

to be in place already, but *PFR* could not learn further details of the debt structure.

Kayenta II will be fitted with **Jinko Solar** panels with single-axis tracking.

It is located next to Kayenta I, allowing it to share the existing transmission infrastructure of its sister project.

The Kayenta I project—also 27 MW—was financed with a \$64 million two-year construction loan from the **National Rural Utilities Cooperative Finance Corp.**, but is not thought to have a third-party tax equity investor.

The terms of the long-term financing for Kayenta I and II could not be learned by press time. Spokespeople for NTUA in Phoenix, Ariz. did not immediately respond to an inquiry. ■

Pine Gate Seals Debt, Tax Equity for S.C. Solar Project

Pine Gate Renewables has wrapped up debt and tax equity financing for its 39 MW Peony solar project in South Carolina.

Macquarie Group's commodity markets and finance division is providing the construction financing for the project, while **Live Oak Bank** is providing long-term debt, according to a July 12 announcement from Pinegate.

It is the fourth deal Live Oak and Pine Gate have worked on together. The two firms worked with developer **Sol Systems** on the financing of the 14 MW Darlington solar project in Darlington County, S.C., and 14 MW Collier solar field in Deschutes County, Ore., at the end of 2016.

U.S. Bank, meanwhile, has brought in **Publix Super Markets**, the second largest supermarket chain in the U.S., as co-tax equity investor in the project.

Publix is a repeat client of U.S. Bank's tax equity syndication desk, having taken a ticket in **John Laing Group's** 50.2 MW Brantley solar park in Nash County, N.C.,

earlier this year (*PFR*, 9/20).

USDA GUARANTEE

Located in Springfield, Orangeburg County, the Peony project is expected to be online in early December, at which point it will begin serving a 21-year power purchase agreement with **SCG&E**.

A partial loan guarantee from the **U.S. Department of Agriculture** allowed Live Oak to offer Pine Gate 20-year senior debt that matches the term of Peony's PPA.

Live Oak is the largest USDA Rural Energy for America (REAP) lender in the country and in June announced it had surpassed \$500 million in renewable energy financing.

National Renewable Energy Corporation (NARENCO), the project's original developer and contractor, is fitting it with **GCL System** panels with single-axis trackers.

Pine Gate bought the project from NARENCO around 18

months ago. The project was originally named for the abundance of peony flowers in the area, which has also been home to the Governor's Frog Jump festival since 1969.

A June 2018 Pine Gate newsletter said Peony would bring \$62 million of local infrastructure investment to the area but the project's exact cost and leverage ratio could not be verified by press time.

Spokespeople for Publix in Lakeland, Fla., Pine Gate in Ashville, N.C., U.S. Bank in St. Louis and Live Oak in Washington, did not immediately respond to inquiries.

Although Peony is fully contracted, Wilmington, N.C.-based Live Oak is notably among the roughly 10 lenders that are willing to give at least some credit to merchant cash flows (*PFR*, 6/28).

Pine Gate, meanwhile, made a buzz when honey harvested from its pollinator-friendly 9.9 MW Eagle Point solar project in Jackson County, Ore., was infused in **Caldera Brewing's** new Let's Bee Friends IPA (*PFR*, 10/10). ■



PROJECT FINANCE ●

Disney World Solar Project Nears Completion with Wells Tax Equity

Origis Energy's 52 MW FL Solar 5 project in Orange County, Fla., has been financed with tax equity from **Wells Fargo** and is due to begin serving the Disney World resorts in November.

Acting for Origis, **Norton Rose Fulbright** petitioned the U.S. **Federal Energy Regulatory Commission** on Oct. 16 to approve the project's market-based rate tariff by Nov. 30, a day before the project is expected to be online.

Wells provided construction financing and committed to \$35 million in tax equity in August, several months after financing another Origis project earlier in the year (PFR, 3/2).

Origis owns its U.S. projects

through **Origis USA**, a Miami-based 80:20 joint venture with **Global Atlantic Financial Group**. Whether any term debt or a sale of the project is part of Origis' plan could not immediately be learned. **Samir Verstyn**, Origis Energy's chief investment officer in Miami, did not respond to an inquiry by press time.

Origis signed a 20-year power purchase agreement for FL Solar 5 in January with **Reedy Creek Improvement District**, the governing body that administers the land occupied by Disney World (PFR, 1/17) and announced that the project would be located near the resort a month later (PFR, 2/21). ■

Centaurus Nears Solar Tax Equity Deal

Centaurus Renewable Energy is close to securing tax equity for its Techren I solar project in Nevada.

U.S. Bank is putting together the deal to finance the 100 MW facility, located in Clark County, which is expected to close at the end of the month.

Whether U.S. Bank's increasingly active syndication desk (PFR, 10/4) is bringing in a third-party investor could not immediately be learned. A spokesperson for U.S. Bank in St. Louis declined to comment.

Centaurus acquired Techren I and its larger sibling, the adjacent 200 MW Techren II project, from **174 Power Global** at the end of August (PFR, 9/21).

Techren I is due to be online next month and has a 20-year power purchase agreement with **NV Energy**.

Although capital for contract-renewable energy projects is readily available amid strong lender competition, Centaurus does not plan to raise debt for the project, *PFR* understands.

Steve Douglas, Centaurus' general counsel in Houston, declined an interview request.

U.S. Bank is also providing tax equity for another solar project that Centaurus bought from 174 Power Global, the 80 MW Sweetwater facility in Sweetwater County, Wyo. (PFR, 10/2). ■

FAST FACT

20 Years

The length of the PPA between Centaurus' Techren I solar project and NV Energy.

MS Reverse-flexes Bayonne Deal Pricing

Morgan Stanley Infrastructure Partners was able to reverse-flex the pricing on a loan it is raising to finance its acquisition of the Bayonne Energy Center gas-fired combined-cycle facility in New Jersey.

The starting margin on the \$500 million seven-year mini-perm was tightened by 25 basis points during syndication, from 275 bp over Libor to 250 bp over Libor, which a project finance banker described as a "good sign for borrowers" despite talk of rising rates and widening spreads.

The loan was almost three-times subscribed, says a deal watcher.

The pricing steps up by 25 bp in year five and another 25 bp in the final year, as per the initial price talk.

The deal is expected to close

by early November. **Crédit Agricole** and **Investec** are the initial coordinating lead arrangers, with **Industrial and Commercial Bank of China**, **KEB Hana Bank** and **Nomura** acting as CLAs.

Morgan Stanley closed its \$900 million acquisition of the 644 MW partially contracted project on Oct. 15 (PFR, 10/16).

The seller, **Macquarie Infrastructure Corp.**, is using its \$649 million cash proceeds to pay down debt, among other things. ■

FAST FACT

3X

The \$500 million loan Morgan Stanley reverse-flexed to fund Bayonne was almost three-times oversubscribed.

Tax Equity Investor for EDP Wind Farm in N.Y. Revealed

The identity of the tax equity investor in **EDP Renewables'** 78.4 MW Arkwright wind project in Chautauqua County, N.Y., which began commercial operations last month, has emerged.

The investor, **JP Morgan**, funded its commitment on Sept. 17, according to paperwork filed with the U.S. **Federal Energy Regulatory Commission**.

EDPR announced the \$74.2 million tax equity deal on Sept. 19, but did not disclose the identity of the investor.

The sponsor broke ground on the \$156 million project in November 2016. It had initially been slated for completion in June (PFR, 2/28).

The Arkwright project has two 20-year power purchase agreements—58.4 MW goes to **NYSERDA** while financial media company **Bloomberg** is buying the remaining 20 MW.

By the end of the year, JP Morgan is also expected to fund \$193.3 million in tax equity for EDPR's 199 MW Turtle Creek wind farm, which is under construction in Mitchell County, Iowa. Local utility **Alliant Energy** is the offtaker for Turtle Creek.

An EDP spokesperson in Houston did not immediately respond to a request for comment and JP Morgan representatives in New York did not respond to inquiries. ■

● MERGERS & ACQUISITIONS

AltaGas to Sell Stake in Colorado Wind Farm

AltaGas is selling its stake in a wind project in Huerfano County, Colo., to an independent power producer affiliated with the project's utility offtaker and co-owner.

The 29.04 MW Busch Ranch I facility was Calgary-based AltaGas's first U.S. wind facility, coming online in October 2012. It is fitted with 16 **Vestas** turbines.

AltaGas is selling its 50% stake in the project to **Black Hills Electric**

Generation, according to paperwork filed with the U.S. **Federal Energy Regulatory Commission** on Oct. 16.

Representatives at AltaGas and Black Hills did not respond to inquiries pertaining to the financial terms of the transaction by press time.

Black Hills Electric Generation's parent company is **Black Hills Corp.**, which also owns **Black**

Hills Colorado Electric, the public utility which co-owns and is the offtaker of the Busch Ranch I project. Besides owning 50% of the project, it purchases the remaining generation under a 25-year power purchase agreement.

"[T]here will be no cross-subsidization between Black Hills Colorado Electric, the franchised public utility, and its affiliate Black Hills Electric Generation, after the

Transaction," notes the filing.

Earlier this year, the utility also selected Black Hills Electric Generation as the winner of a solicitation process for wind generation in Colorado, granting its affiliate a 25-year PPA for the output of the 60 MW Busch Ranch II wind project in Huerfano and Las Animas counties. The project is expected to cost \$71 million and to be online by the end of 2019 (PFR, 5/1). ■

Sempra's Oncor Offers \$1.3B for InfraREIT

Oncor Electric Delivery Company has agreed to buy **Hunt Consolidated's** publicly listed **InfraREIT** for about \$1.275 billion, plus the assumption of about \$945 million of debt, in a complex transaction involving the **Ray L. Hunt** family's **Sharyland Utilities**.

The transaction is expected to close in mid-2019, subject to regulatory approvals from the **Public Utility Commission of Texas**, the U.S. **Federal Energy Regulatory Commission**, the **Committee on Foreign Investment in the United States** and the creditors and shareholders of the publicly-listed target, among other requirements, which include the approval of several related deals.

The acquisition, which was unanimously approved by InfraREIT's board of directors and conflicts committee, is also subject to a "go-shop" provision whereby InfraREIT can solicit higher bids through Nov. 17.

Should a better deal emerge within the go-shop period and be accepted by Dec. 27, InfraREIT will pay a termination fee to Oncor of approximately \$19 million. Bids arriving after the go-shop period ends would trigger a larger, approximately \$45 million termination fee, if accepted.

"The purchase of InfraREIT gives us access to high-quality transmission assets that are adjacent to our service territory and are a great fit for our portfolio," said **Allen Nye**, ceo of Oncor, in a statement. "As growth continues across Texas and new generation projects continue to come online, this acquisition positions us to make future invest-

ments in transmission infrastructure that will better serve the **ERCOT** market and our customers."

Sempra Energy-owned Oncor is funding its acquisition of InfraREIT with capital contributions from its parent company and minority shareholder **Texas Transmission Investment**.

SHARYLAND

Sharyland Utilities, meanwhile, will swap certain transmission assets with Sempra and sell a 50% limited partnership stake in itself to Sempra for some \$98 million, as part of the overall deal.

The asset exchange involves the transfer of transmission lines in south Texas from InfraREIT subsidiary **Sharyland Distribution & Transmission Services** to Sharyland in exchange for Sharyland's Golden Spread Electric Cooperative interconnection in the Texas panhandle and certain development-stage projects in the Texas panhandle and South Plains regions.

The difference between the net book value of the exchanged assets will be paid in cash at closing. All of the transactions are contingent on each other.

Sempra intends to use the proceeds from pending asset sales to fund its approximately \$1.025 billion capital contribution to Oncor to fund its InfraREIT purchase and acquisition of the Sharyland LP stake.

"These assets are highly desirable and supported by strong economic growth, attractive

demographic trends and increased demand for electric transmission in Texas," said **Jeffrey W. Martin**, ceo of Sempra, in a statement. "We expect these acquisitions to be accretive to earnings."

ADVISERS

Lazard is advising Sempra on the transaction while **White & Case** is providing legal counsel. Oncor is being advised by **Barclays** and **Vinson & Elkins**.

Gibson, Dunn & Crutcher is acting as legal advisor to InfraREIT, and **Evercore** is advising the InfraREIT conflicts committee, while **Hunton Andrews Kurth** is providing legal counsel.

LONG STORY

Evercore is very familiar with Oncor, having run the years-long sales process that eventually resulted in its acquisition by Sempra (PFR, 10/3/14, 8/21/17).

Hunt had once planned to buy Oncor and convert it into a real estate investment trust under the InfraREIT umbrella, a proposal that was, for a time, the front-runner in the bidding for the company (PFR, 8/10/15).

InfraREIT is externally managed by **Hunt Utility Services**, an affiliate of publicly-listed Hunt Consolidated, which is managed by the Hunt family.

Upon closing of the transactions, InfraREIT will pay Hunt approximately \$40.5 million to terminate the management agreement, development agreement, leases with Sharyland, and all other existing agreements between InfraREIT or its subsidiaries with Hunt, Sharyland or their affiliates. ■

MERGERS & ACQUISITIONS ●

Ameren Utility Inks Deal for Second Missouri Wind Farm

Ameren Corp.'s regulated utility subsidiary in Missouri has signed a build-transfer agreement with a developer for its second wind farm in the state.

Ameren Missouri will buy the 157 MW Brickyard Hill wind farm being developed by **EDF Renewables North America** in Atchison County after construction. The project is scheduled to be online in 2020.

"Between the substantial improvements in the wind tur-

bine technology, and declining prices, it makes a lot of sense for us to be making this significant investment," said **Ajay Arora**, Ameren Missouri's vice president of power operations and energy management, in a statement. "As we grow renewable energy, we're also preparing smart technology upgrades for the state's energy grid."

The deal is similar to another signed recently by Ameren for the 400 MW High Prairie wind

farm in Adair and Schuyler counties in northeastern Missouri.

That deal, with **Terra-Gen**, obtained the approval of the **Missouri Public Service Commission** last week. Construction is set to begin in 2019, with the project expected to be online by 2020 (PFR, 5/22).

The deals are part of Ameren Missouri's implementation of its 20-year Integrated Resource Plan. The company plans to invest about \$1 billion in the con-

struction of at least 700 MW of wind generation in the state and possibly also neighboring states by 2020.

The utility also intends to add 100 MW of solar generation over the next 10 years, of which 50 MW is expected to come online by 2025.

Inquiries made to Ameren and EDF pertaining to the use of advisers and financial terms of the transaction did not elicit a response by press time. ■

Starwood Secures Buyer for Texas Wind Project Duo

Starwood Energy Group Global has identified a buyer for its 51% stake in two wind projects totaling 460 MW in northern Texas, marking the end of the second stage of a two-year-long sales process.

Skyline Renewables, a partnership between **Transatlantic Holdings** and **Ardian** that has moved quickly to build a portfolio of U.S. wind assets this year, is the buyer of the two projects, named Horse Creek and Electra and located in Haskell and Knox counties and Wilbarger County, respectively. The projects are each 230 MW in size.

"This transaction is the culmination of many years of work by the Starwood team to develop these high-quality energy infrastructure assets, and create value for our limited partners," said **Himanshu Saxena**, ceo of Starwood Energy, in a statement.

The deal emerged from a competitive auction process run by **Whitehall & Co.**, which previously also advised Starwood on the sale of 49% stakes in the same projects to **Munich Re's** asset manager **MEAG** last year (PFR, 12/8/16, 8/25/17).

"There was interest on the part of global investors, from U.S., Canada,

Europe and Asia who all took a look at the asset," says a person familiar with the process.

Skyline did not work with a financial adviser on the transaction but is being advised by **Ernst & Young** on financial due diligence and **Hogan Hovells** as legal adviser. **Morgan, Lewis & Bockius** is representing Starwood.

Expected to close later this year, the deal will more than triple Skyline's U.S. generation capacity to 686 MW.

Skyline acquired its first project, the 60 MW Whirlwind windfarm in Texas, in March, and its second Texas acquisition, the 166 MW Hackberry wind farm, last month (PFR, 9/27).

The Horse Creek and Electra projects, which have been online since late 2016, are hedged under 13-year fixed-price swap agreements with **Merrill Lynch Commodities**. They are each fitted with 100 **General Electric** 2.3 MW turbines.

Chicago-based **Lincoln Clean Energy** developed the projects and sold them to Starwood in 2015 after a competitive process, shortly before being acquired itself by private equity firm **I Squared Capital** (PFR, 1/12/16). I Squared recently sold Lincoln to Denmark's **Ørsted** (PFR, 8/9). ■

WEC to Increase Stake in Invenergy Wind Project

WEC Energy Group is increasing its stake in a 132.1 MW **Invenergy** wind project in Illinois, months after acquiring an initial 80% interest in the project.

WEC Infrastructure, a competitive generation subsidiary of the utility holding company, is acquiring an additional 10% stake in Bishop Hill III, bringing its ownership stake up to 90%, according to a U.S. **Federal Energy Regulatory Commission** filing dated Oct. 19.

Invenergy will retain the remaining 10% of the project, which is located in Henry County. WEC bought its existing 80% stake in the project, which is valued at \$148 million, over the summer (PFR, 6/28).

The rationale behind the add-on transaction so soon after the initial deal could not immediately be established.

"Perhaps that extra 10% wasn't for sale several months back," says **Andy Pusateri**, senior utilities equity analyst at **Edward Jones**, who covers WEC Energy Group. The small incremental stake in the project represents "a relatively small piece of the pie for WEC Energy," he adds.

A spokesperson for Invenergy in Houston declined to comment and representatives of WEC did not respond to inquiries by press time. The companies have asked FERC to approve the transaction by Nov. 28 to allow the deal to close on Dec. 1.

The Bishop Hill III project has been online since May and sells 119 MW of its output under a 22-year power purchase agreement with regional electric cooperative **WPPI Energy**.

Meanwhile, WEC Infrastructure also recently agreed to pay \$280 million for an 80% stake in Invenergy's construction-stage 202.5 MW Upstream Wind Energy Center in Antelope County, Neb. (PFR, 6/18).

WEC subsidiaries collectively own, lease or purchase under long-term contracts more than 8.7 GW of generation. ■

● MERGERS & ACQUISITIONS

Innergex Acquires Ohio Solar Project

Canadian independent power producer **Innergex Renewable Energy** is acquiring a 260 MW (DC) solar project in Brown County, Ohio.

The company is buying the project, called Hillcrest, from its developers, Austin, Texas-based **Open Road Renewables** and Palo Alto, Calif.-headquartered **MAP Renewable Energy**.

The facility is expected to be online between 2020 and 2021 and will be interconnected to **Duke Energy's** Hillcrest substation.

Innergex has begun discussions with potential offtakers regarding

a power purchase agreement.

"The renewable energy market in this area (U.S. Midwest) has many prospective development and long-term contracts possibilities with a diverse list of potential clients," said **Michel Letellier**, president and ceo of Innergex, in a statement. "All major development milestones are completed, and we are optimistic signing a solid off-taker given Innergex's strong reputation in bringing projects to execution."

Inquiries to Open Road, MAP and an Innergex spokesperson in Montreal regarding the use of

advisers and the financial terms of the transaction did not elicit a response by press time.

Innergex has been busy this year adding to its portfolio both in the U.S. and in Canada.

In July, the company acquired **Longroad Energy's** 250 MW Phoebe project in Winkler County, Texas, the first solar project known to have been financed on the basis of a hedge (PFR 8/29, 7/3).

Innergex also recently paid C\$630 million (\$484 million) for **TransCanada Corp.'s** 62% stake in a cluster of five Québec wind projects, representing a 365 MW

share in the 590 MW portfolio, collectively known as Cartier Énergie Éolienne (PFR, 8/2).

Frederic Lévesque was appointed as the company's finance director a few months ago, joining from project finance boutique **Cosime Infrastructure & Energy** (PFR, 8/29).

MAP and Open Road, meanwhile, have recently seen success in Kentucky, where the **Kentucky Municipal Energy Agency** has selected them to build a solar facility.

The utility inked a 20-year power purchase agreement for about 62.5% of the output of their 86 MW Ashwood Solar 1 project (PFR, 9/12). ■

D.E. Shaw Snaps Up Texas Solar Project

D.E. Shaw Renewable Investments has acquired a 50 MW solar project in northwestern Texas after a competitive sales process.

DESRI bought the under-construction Project Ivory facility in Lamesa, Dawson County, about 350 miles northwest of San Antonio, from South Korean developer **OCI Solar Power**, a subsidiary of Korean chemical giant **OCI Co.**

Marathon Capital served as OCI's financial adviser over the course of a four-month, two-phase

sale process. The project, formerly known as Lamesa II, is scheduled to come online next month.

The project has a 25-year power purchase agreement with San Antonio's municipal utility **CPS Energy**, signed in October 2015.

"Working with [OCI Solar Power and its sister company **Mission Solar Energy**, a San Antonio-based solar panel manufacturer] and utilizing local contractors to construct world-class solar projects enabled OCI Solar Power to build

Project Ivory and make it attractive to many parties," said **David Kirkpatrick**, director at Marathon Capital, in a statement.

BNB Renewable Energy and **RES Americas** developed the project before selling it to OCI. The buyer was working with a "strategic partner" to obtain debt and equity for the project back in March, *PFR* reported at the time (PFR, 3/13).

The final capital structure to be put in place by DESRI could not immediately be learned. Representatives of Marathon Capital and OCI did not respond to further inquiries by press time. ■

Sumitomo Solicits Second-round Bids for Solar Project

◀ FROM PAGE 1 project that the company recently agreed to sell to **Liberty Utilities** (PFR, 10/17).

The two projects are collectively known as the Turquoise Solar Energy Project and are located at the Reno Technology Park in Truckee River Canyon, 15 miles east of downtown Reno.

The larger of the two projects, Turquoise Nevada, is expected to operational by the end of 2020 and will serve an **Apple** data center in nearby Sparks via **NV Energy's** green energy rider program.

NV Energy has signed a 25-year power purchase agreement for the project's output at a base price of \$30.99/MWh, escalating by 2% annually, and will resell it to Apple through the rider program.

The Turquoise Solar complex was developed as a joint venture between Sumitomo and Reno-based **Estuary Capital Partners**.

Sumitomo and Whitehall declined to comment or did not respond to inquiries by press time. ■

Origis Takes Bite of Peach State Solar

Florida-based developer **Origis Energy USA** has acquired a solar project in Georgia which is expected to be the largest in the southeastern U.S. upon completion.

The project is the 200 MW GA Solar 4 project near Warner Robins in Twiggs County. **First Solar** is the seller.

The financial terms of the deal were not disclosed. Spokespeo-

ple for Origis in Miami and First Solar in Phoenix declined to comment on the use of advisers.

Construction begins early next month with the project scheduled to be online in December 2019. It will be fitted with more than 500,000 First Solar thin film solar modules on single axis tracker mounts.

Electric Utility **Georgia Power** will buy the project's

output through its Renewable Energy Development Initiative program.

Origis recently financed its 52 MW FL Solar 5 project in Orange County, Fla. with \$35 million of tax equity from **Wells Fargo** (see story, page 7). The project is expected to serve the **Walt Disney World** resorts starting next month.

Origis Energy USA is an 80:20 joint venture between **Origis Energy** and **Global Atlantic Financial Group**. ■

MERGERS & ACQUISITIONS ●

GenOn Looks to Boost Value of Asset Ahead of Fresh Auction

Financial advisers are sizing up a gas-fired project in New York state with renewed interest while its owner, **GenOn Energy**, looks to increase its value after a sales process earlier this year did not yield favorable bids.

The sale process for the Bowline facility, located in Haverstraw, was part of a wider auction run by **Credit Suisse** on behalf of the senior noteholders of GenOn, which has been undergoing a Chapter 11 restructuring since June 2017 (PFR, 6/14/17).

However, GenOn Energy called off the sale of Bowline in March, at the same time as it announced the sale of two units of the Canal Generating Plant to **Stonepeak Infrastructure Partners** (PFR, 3/23).

The highest bid for Bowline, which consists of two natural gas and oil units totaling 1,139 MW, was \$240 million, which the steering committee of GenOn noteholders deemed too low.

Credit Suisse spokespeople in New York could not immediately be reached for inquiry.

GenOn is deploying an internal team to manage the asset, optimize operations and maximize the value of the facility before putting it back on the market.

"We see additional value at Bowline," said **Darren Olagues**, senior strategic advisor at GenOn, at the **S&P Global Platts** Financing US Power Conference in

New York on Oct. 23. "It's in the lower Hudson Valley, which usually breaks out to NY-ISO Zones G to J and traditionally clears above average in capacity auctions."

Spokespeople for GenOn in Houston declined to comment on a timeline for the sale process, but market watchers are already eyeing up the plant.

"Parts of **NY-ISO**, especially upstate, are oversupplied—but Bowline is in a good spot," said an investment banker on the sidelines of the conference, who liked the asset.

Olagues highlighted Bowline's favorable location as part of a presentation on GenOn's wider restructuring, on which **Rothschild** is advising.

While the retirement of the nearby Indian Point nuclear project could boost capacity prices, investors are also closely following efforts to establish a new capacity pricing mechanism.

NY-ISO is developing what it calls a "locational installed capacity requirement" calculation methodology, which could lower capacity prices in the lower Hudson Valley, according to a power market report produced by **Cantor Fitzgerald** this month.

"A major design change to NYISO [installed capacity market], largely opposed by merchant generators, will likely increase capacity price volatility and adversely affect investor views," reads the Cantor report. ■

John Laing Snaps Up Two More Carolina Solar Assets

A month after entering the U.S. solar market with a pair of acquisitions (PFR, 9/20), London-based asset manager **John Laing Group** has come back for more.

The infrastructure fund manager recently paid \$34.8 million for two **Cypress Creek** solar projects in North Carolina, which are expected to be online in the fourth quarter of this year.

The two projects are the 48.9 MW Innovative Solar 54 facility in Lenoir County and the 34.2 MW Innovative Solar 67 project in Pender County, both of which have 10-year power purchase agreements with **Duke Energy Progress**.

John Laing officials in New York and a Cypress Creek spokesperson in San Francisco did not respond to inquiries regarding the date when the assets changed hands.

In May, **NordLB** and **Santander** provided a \$40 million five-year back-leverage loan priced at 200 basis points over Libor for one of the projects, IS 54 (PFR, 5/9).

The debt financing structure for IS 67 could not immediately be learned, but paperwork filed with the U.S. **Federal Energy Regulatory Commission** on Oct. 16 shows that **Churchill Stateside Group** is providing tax equity for both projects.

Florida-based real estate financier Churchill Stateside and Cypress Creek also worked together on another North Carolina solar deal earlier this summer—the 52 MW Buckleberry project in Pitt County (PFR, 8/17). ■

FAST FACT

\$240 Million

The highest bid for Bowline, which the steering committee of GenOn note-holders deemed too low.

STRATEGIES ●

Sunnova Reignites Solar ABS Market with Second Outing

◀ FROM PAGE 1

from their own balance sheets against residential solar assets have reacted to tighter pricing in the ABS market by reducing their own margins, said a finance official at a large residential solar developer.

"We've invested in developing and growing the bank market," he said. "With every deal, we've seen more banks coming in."

However, some lenders have struggled to enter the space, with observers noting that it is often difficult to bring the required exper-

tise together from siloed consumer credit and project finance departments in large institutions, especially given the relatively small size of resi solar deals.

"They're less attracted by the opportunity to do 225 basis points versus one-and-three-eighths," said the residential solar finance official. "They're used to playing in size."

As they weigh the benefits of

bank versus ABS funding, other issuers are mulling wading back into the capital markets. The market this fall is expecting a second issuance from **Sunrun**, which priced its first deal in 2015. That deal, which will also be led by Credit Suisse, will be the first to include receivables tied to lithium ion battery storage assets, and will securitize 8,000 leases and PPAs. ■

● PEOPLE & FIRMS

NAB's Pucius Returns Down Under

Nick Pucius, one of the trio of bankers that established **National Australia Bank's** New York energy and infrastructure team in 2015, has returned to Melbourne.

Having spent a little over three years assisting with the build-out of the firm's North American project finance practice as an associate director, he has been promoted to director, energy, according to his LinkedIn profile.

The other two financiers who set up NAB's New York team in 2015 were **Mark Siebert**, who has since moved to Hong Kong as chief risk officer for Asia, and **Nick Barlow**, who remains in the Big Apple as head of specialised and acquisition finance in the Americas.

Since then, the desk has grown

mostly through internal transfers, making a rare lateral hire in November 2017 in the form of **Intesa Sanpaolo's Eli Davis** (PFR, 11/8/17).

Recent deals the firm has worked on include a \$200 million construction loan for **Longroad Energy's** 237.6 MW Rio Bravo wind project in Starr County, Texas (PFR, 6/1), and a similar deal for **Candela Renewables** and **Macquarie Capital's** 200 MW Canadian Breaks wind project in Oldham and Deaf Smith counties, Texas (PFR, 6/28).

Whether the firm will transfer or hire someone to replace Pucius in New York could not immediately be learned. Barlow could not be reached for comment. ■

Regions Hires from Wells for Capital Markets Push

Regions Bank has hired a senior investment banker who previously worked at **Wells Fargo** as it expands its capital markets offering for midstream energy and power clients.

Michael Kolosowsky, who has 28 years of investment banking and loan syndication experience, will focus on client coverage as a managing director at Regions' office in Charlotte, N.C.

He reports to **Brian Tate**, head of energy and natural resources at Regions, who is also a Wells alumnus, having served as the bank's head of power and util-

ities for 18 years before heading to Regions in 2014, along with **Shawn Young** (PFR, 7/3/14).

"We are excited to add Mike to our experienced team of energy focused professionals as Regions continues to add client coverage professionals with significant energy industry experience across debt capital markets, financial advisory, and loan syndications," said Tate, in a statement.

Regions provides investment banking services through **Regions Securities**. ■

Platts NY: "The Market is Rational" Insist Finance Pros Amid Glut of Capital

« FROM PAGE 1 have warned that overly aggressive deals are making it through because of overly optimistic projections.

"Sometimes consultants make aggressive assumptions," conceded **Himanshu Saxena**, coo of **Starwood Energy Group**. "Recently I saw three consultants give gross margin forecasts for the same project that varied by 30%!"

But he was adamant that there was still discipline in the market, noting that lenders and even sponsors put substantial discount rates on aggressive projections, both for power purchase agreement revenues and merchant cash flows.

"PPA revenue discount rates generally hang between 6% and 8% per annum," he said. "Beyond that, you get high single-digit or low double-digit discount rates for merchant cash flows."

Bankers, who have seen their margins squeezed across renewable energy and conventional generation deals, were also quick to point out that underlying credit

standards remain stringent.

"Even today, the difference between the winner and the other bidders in an auction is not even 5% to 7%, so the market is rational," said **Michael Kumar**, managing director at **Morgan Stanley**.

"If you look at basis risk for wind projects, lenders don't take that," he added. "It's borne by sponsors and tax equity."

The consensus at the conference was that, despite the abundance of capital, tenors and other covenants on debt deals have generally held firm in the last 12 months.

"I haven't seen many changes in debt service coverage ratios over the past year," noted **Daniel Fuchs**, director in **BlackRock's** infrastructure debt group, speaking on a mezzanine finance panel at the same conference on Oct. 24.

Referring to DSCRs for U.S. senior debt at P50 production levels, he also added, "[Contracted] wind is still roughly 1.40 times while solar is around 1.30 times." ■

● STRATEGIES

Solar Developer Closes \$40M Capital Raise

A solar developer operating out of New England has closed an approximately \$40 million capital raise to fund the expansion of its development business, *PFR* has learned.

Whitehall & Co. ran the capital raise for Saybrook, Conn.-based **SunEast Development**, which closed just over a week ago.

The developer will use the capital to fund a greenfield development portfolio across New York, New England and the eastern part of **PJM Interconnection**, as well as SunEast's portfolio of mid-stage solar development assets in New York.

The transaction raised more than the developer's previously stated target of \$33 million, which it had been aiming to raise by the end of July (PFR, 2/12).

The greenfield development portfolio comprises 700 MW of utility-scale projects in **PJM**, **NY-ISO** and **ISO New England**.

Investors participating in the capital raise will also potentially be able to buy into approximately 230 MW of existing development assets to which SunEast holds preemptive purchase rights, according to a teaser seen by *PFR*.

In May, SunEast acquired a 105 MW portfolio of development-stage assets in New York from **Gardner Capital**, a firm focusing on tax credit investments (PFR, 6/18). The New York portfolio comprises four 20 MW projects located in Clay, Ledyard, Manheim and Westmoreland and a 25 MW project located in Schuylar, Herkimer County.

Officials at SunEast and Whitehall declined to comment. ■