Institutional Investor

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Exclusive Insight on Power M&A and Project Financing

Power Finance & Risk

The weekly issue from Power Intelligence www.powerintelligence.com

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Platts 13th Annual Financing US Power

Term B loans, solar prices and coal-fired M&A created the buzz at the New York event.

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Jeff Chester

A trio of partners at **Kaye Scholer** examine the propect of financing renewables with securitization.

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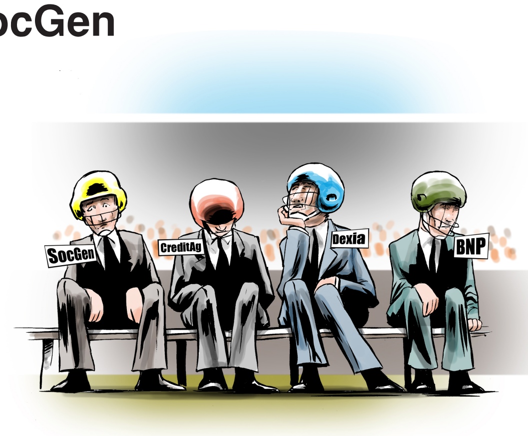
 ISSN# 1529-6652

Top Stories

Carlyle Steps In After SocGen Exits Biomass Deal



Developer **Enova Energy Group** will tap mezzanine debt from the **Carlyle Group** to finance its $247 million biomass project in Plainfield, Conn., after **Société Générale** exited from a deal backing the project. Carlyle is expected to lend the Orlando, Fla.-based Enova roughly $170 million from its $750 million energy mezzanine fund.

(continued on page 12)

ECP Circles First Close On Mezz Fund

Energy Capital Partners is nearing the first close on its maiden mezzanine debt fund. The shop anticipates finishing up the first round of fundraising by year-end, ECP principal **Nazar Massouh** told *PFR* on the sidelines of the *Platt's 13th Annual Financing U.S. Power* conference in New York. The fund will hit at least $500 million and have an $800 million cap, he said.

The shop is currently looking at several prospective deals and anticipates making its initial investment soon after the first close, Massouh said. It is open to investing in most project or asset types, excepting upstream oil and gas. He declined to elaborate on the potential transactions.

(continued on page 11)

Coal-Fired Gen Lures, Stumps Financial Players

Financial players have an eye out for coal-fired generation investments, but opportunities are difficult to value. Investors ranging from private equity-backed power companies to mezzanine funds are angling for a chance to get in on coal-fired sales or refinancing, attendees at *Platts' 13th Annual Financing U.S. Power Conference* said.

How to value uncertainty regarding emission regulations makes it difficult to close the buy-ask spread on un-scrubbed coal-fired plants, **Sean O'Donnell**, cfo of **Quantum Utility Generation**, told attendees. QUG has looked at more coal-fired plants than gas-fired this year in terms of MWs although finalizing acquisition agreements has been challenging, he said. QUG agreed to buy 50% of two coal-fired plants in Virginia from **Cogentrix Energy** (PI, 8/24).

(continued on page 2)

Conference Coverage

Platts 14th Annual Financing U.S. Power

More than 200 bankers, IPP executives and consultants convened at the Sheraton New York Hotel and Towers on Oct. 27 and 28 for *Platts' 13th Annual Financing U.S. Power* conference. Term loan B trends, coal-fired M&A and the future of demand growth topped the agenda. Senior Reporters **Holly Fletcher** and **Brian Eckhouse** filed the following stories.

Bankers, Execs Spy B-Loan Window

A rally in stock markets has opened a window for securing term B loans, bankers and executives said at the conference. Institutional investor confidence has been bolstered over the last month by strong gains in the stock markets, bringing the B-loan market back to life.

The leveraged loan market has strengthened in the last three weeks as the equity markets rose to monthly highs in October, said **Kevin Crealese**, director at **Barclays Capital**. That's given confidence to investors that typically take pieces of B loans after months of volatility.

Companies that can write larger equity checks and had high credit ratings had greater access to B loan markets for most of the third quarter. This window paves the way for lower-rated companies looking for debt to access the leveraged loan market. Prospective generation buyers that were unable to front large equity pieces have tended to shy away from auctions, particularly of merchant facilities, as the access to capital shrank (*PI*, 9/16).

> **FAST FACT**
> Inputting equity will remain an important source of cash in refinancings, devlopment and M&A in both the near- and long-term visions of the industry.

Inputting equity will remain an important source of cash in refinancings, development and M&A in both the near- and long-term visions of the industry, panelists said.

Scott Harlan, managing partner at **Rockland Capital**, recently took its 1 GW La Paloma gas-fired plant in McKittrick, Calif., through a refinancing that included a B-loan and said that the process would have been difficult had La Paloma investors, which include Rockland and affiliates of **Stark Investments** and **Solus Alternative Investment Management**, not agreed to de-lever the plant by contributing $63 million in additional equity. The La Paloma refinancing included a six-year $302 million first lien term loan B and a $110 million second lien term loan matures in 2018 (*PI*, 9/20).

Strategic and financial players that are able to contribute equity will increasingly own more generation rather than shops that have looked to pile on layers of debt in the last few years. Long-term, **Constellation Energy**'s **Daniel Allegretti**, v.p. of energy policy, anticipates that the generation will be owned by the companies that can reach a certain scale while contributing larger amounts of equity.

Coal-Fired

(Continued from page 1)

Similarly, coal-fired assets would hit the sweet spot for private equity shop **Rockland Capital**, said Rockland's **Scott Harlan**, managing partner, and **Carlyle Group**'s mezzanine fund. "I love coal. I would love to invest in coal," said **Rahul Culas**, co-head of Carlyle's energy mezzanine opportunities, lamenting that opportunities are too few.

One possibility for QUG, is talking with utilities about the possibility of buying coal-fired plants in the ratebase and in need of environmental upgrades and then trying to line up power contracts, O'Donnell said. The process of working with utilities on such deals, however, could take a few years to complete.

—Holly Fletcher

(For more conference coverage, see page 11)

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Institutional Investor Intelligence

Australia — August 2011

South East Australia Gas Pty Ltd

AUD 405,000,000
Project Finance Facility

Mandated Lead Arranger
WestLB

Italy — August 2011

TotalErg SpA

EUR 900,000,000
Long Term Financing

Mandated Lead Arranger
WestLB

Singapore — July 2011

GMR Energy (Singapore) Pte Ltd

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

Mandated Lead Arranger
Technical Bank
WestLB

Italy — July 2011

Nuova Rete Solare S.r.l.

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

Mandated Lead Arranger
WestLB

Spain — May 2011

Ibereolica Solar Olivenza

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

Mandated Lead Arranger
WestLB

Spain/Mexico — April 2011

Energía y Recursos Ambientales
Energías Ambientales Guadalajara

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

Mandated Lead Arranger
WestLB

Russia /Germany — April 2011

Nord Stream Phase 2

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

Mandated Lead Arranger
WestLB

UAE — March 2011

Shams Power Company PJSC

USD 612,000,000
Project Financing

Mandated Lead Arranger
WestLB

US — February 2011

Viento II Funding, Inc.

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

Joint Lead Arranger
Sole Bookrunner
WestLB

Kazakhstan — January 2011

KC Kazakh Panama KNOC Consortium

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

Mandated Lead Arranger
Co-Financial Advisor
WestLB

Chile — December 2010

Hidroelectrica San Andrés Ltda.
Hidroelectrica El Paso Ltda.

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

Mandated Lead Arranger
Bookrunner
WestLB

Turkey — November 2010

EnerjiSA Enerji Üretim A.S

EUR 1,000,000,000
Senior Debt Facilities

Bookrunner
Joint Lead Arranger
WestLB

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Project Finance

Northland To Tap Another Life Co. For Wind

Northland Power and **Manulife Financial** are expected to tap a second life insurance company to participate in a financing backing Northland's 60 MW McLean's Mountain wind project on Manitoulin Island in Ontario. Manulife is leading the deal. It typically takes up to $100 million in exposure in a deal and looks to syndicate the rest.

Northland is developing the Manitoulin project with **Mnidoo Mnising Power**, a corporation launched by tribal council **United Chiefs and Councils of Mnidoo Mnising**, under a 50:50 partnership (*PI*, 8/22). The identity of the second life insurance company and deal details, including size, pricing and tenor, couldn't be learned.


Vestas V90 Turbine

The **Ontario Power Authority** has a 20-year offtake agreement for the Manitoulin project, which will pay C$0.135 ($0.134) per KWh. The project will use **Vestas** V90 1.8MW turbines.

Tony Anderson, Northland chief investment officer in Toronto, who has overseen prior company financings, didn't return a call. Spokespeople at the UCCMM in M'Chigeeng, Ontario and the OPA didn't immediately address inquiries. A Manulife official declined to comment.

Tenaska Weighs Bonds In Solar Deal

Tenaska affiliate **Tenaska Solar Ventures** is considering a private placement component as part of a roughly $600 million financing supporting its 130 MW Imperial Solar South photovoltaic project.

Less capacity in the bank market and a greater focus on deals that can be executed off balance sheet (*PI*, 10/14) may be driving the sponsor and lenders to consider a private placement, financiers say. **BBVA**, **Bank of Tokyo-Mitsubishi UFJ**, **Lloyds TSB**, **Union Bank**, **Morgan Stanley** and **Royal Bank of Scotland** are among the lenders said to be participating in the Tenaska deal (*PI*, 9/27). The bank loan portion of the deal has been priced at LIBOR plus 200 basis points and includes a bridge facility to the 30% equity that Tenaska is planning to contribute upon the project's operation in 2013.

Institutional investors have an appetite for solar paper, financiers note, though counterparty offtakers need to be highly rated as some investors still view the technology as young. "Solar placed very well over the summer," says a senior financier at an insurance company, pointing to a bond tranche in a $1.48 billion deal supporting the 550 MW Desert Sunlight PV project developed by **First Solar** (*PI*, 10/5). "There's definitely a market for it." The terms of the First Solar deal couldn't be learned. **San Diego Gas & Electric** has a 25-year offtake agreement for Imperial Solar South.

The tenor and size of the tranches of the deal couldn't be learned. **Greg Van Dyke**, Tenaska cfo in Omaha, Neb., didn't return a call, while a spokeswoman declined to comment. Bank officials or spokespeople declined to comment or didn't return calls.

A $209 million financing backing three PV projects developed by **Eurus Energy** and **NRG Energy** is the largest non-DOE solar deal to wrap in the past few years (*PI*, 9/27/10).

Calif. Fuel Cell Maker Taps RBS, Plots Sale

Bloom Energy, a Sunnyvale, Calif.-based fuel cell maker, has tapped **Royal Bank of Scotland** to lead a financing supporting 30 MW of gas-fueled cell projects in New Castle County, Del. Bloom also plans to sell its stake in the project company **Diamond State Generation Partners** to a third party, according to an Oct. 3 report filed with Delaware's **Public Service Commission**.

It would have "an ongoing relationship with the project company, presumably contractual," according to the filing. Bloom, backed by venture capital firm **Kleiner Perkins Caufield & Byers**, hopes to wrap a financing supporting the projects by year-end, says a deal watcher.

Details, including size, pricing and tenor of the financing, a timeline for the sale and whether the company is working with an advisor, couldn't be learned. A spokeswoman for Bloom and a bank official declined to comment. A Kleiner spokesperson didn't respond to an e-mail inquiry.

Bloom's cells can use various fuels, including gas and biomass, to generate 100 kW per cell (*PI*, 2/25). The first Delaware project, dubbed Brookside, would generate 3 MW and be operational in the second quarter of 2012, according to a PUC filing. The other project, Red Lion, would ultimately generate 27 MW and come online in four phases, between the fourth quarter of 2012 and the fourth quarter of 2013.

Utility **Delmarva Power & Light Co.** will provide Bloom with a tariff over 21 years that will allow the company to recover project cost through the ratebase. Delmarva customers will see the charge on their bills, says a utility spokeswoman. In return for paying Bloom to feed the grid, Delmarva will reap renewable energy credits and solar renewable energy credits. The state legislature has allowed the granting of SRECs to help achieve Delaware's renewable portfolio standard, the spokeswoman explains.

The Bloom financing would be unprecedented in the U.S. project finance market, bankers have said, noting that they're unaware of a previous instance where project lenders backed a fuel cell. The due diligence for a lender to get the deal through a credit committee would be significant, a banker says. Bloom began meeting with lenders in February.

Bloom's challenge is magnified today, with fewer European lenders playing in the U.S. project marketplace (*PI*, 10/18) amid mounting costs-of-capital (*PI*, 9/23). "There are a select number of guys that would be interested in this," says the deal watcher of the Bloom financing.

Mergers & Aquisitions

Tenaska Merchant Teasers Dispatched

Teasers have been sent out to prospective buyers of **Tenaska Capital Management**'s Rio Nogales and High Desert combined cycle facilities. Preliminary bids are penciled to come in around the second week of November, says one deal watcher. **Barclays Capital** and **Citigroup** are running the sale.

FAST FACT
The 800 MW Rio Nogales in Seguin, Texas, and the 830 MW High Desert in Victorville, Calif., are said to have no debt attached at the project level.

The merchant plants, the 800 MW Rio Nogales in Seguin, Texas, and the 830 MW High Desert in Victorville, Calif., are said to have no debt attached at the project level, according to another industry observer. Tenaska financed the acquisition of the plants from **Constellation Energy** with debt at a holding company that will not travel with a potential acquisition, says the observer. Tenaska is expected to pay down debt at the holding company with proceeds from the sale.

Tenaska bought the facilities as part of a $1.64 billion purchase (*PI*, 10/10/06). Tenaska pinged Barclays and Citi for the sale in early September (*PI*, 9/9).

A Tenaska spokeswoman in Omaha, Neb., and a Citi spokesman declined to comment while a Barclays spokesman couldn't immediately comment.

LS Nears Club For Acquisition Financings

LS Power is close to landing a club to lever up a pair of combined cycle plants it's buying from **NextEra Energy Resources**. A pack of banks are considering two packages totaling $650-700 million. Commitments could be finalized in the upcoming days, deal watchers say.

BNP Paribas, **CIT Group**, **CoBank**, **Banco Santander**, **Siemens Financial Services** and **Union Bank** are looking at the deal. BNP is still willing to lend to relationship sponsors despite its debt difficulties, bankers say.

Each package will be in the mid-$300 million range and comprise a term loan, revolver and letters of credit. The tenor will be about seven years, says a deal watcher, noting that the pricing is still a variable. Each package will be backed by a combined cycle plant with an offtake agreement; one package will have a merchant tail.

The 668 MW Calhoun CCGT in Eastaboga, Ala., has 11 years remaining on its power purchase agreement with **Alabama Power Co**. The 708 MW Doswell CCGT in Ashland, Va., that has six years left on a **Virginia Electric Power Co**. PPA.

LS plans to line up the financing and then close the purchase by year-end. The term loan backed by Calhoun was originally slated to be $300 million but was reduced to $285 million, says a financier. LS is also buying the 507 MW Blythe CCGT in Blythe, Calif., and the 98 MW Cherokee CCGT in Gaffney, S.C. (*PI*, 9/30). Why the Calhoun package was reduced and how the buyer is planning to finance the rest of its purchase could not be learned by press time.

Entergy Wholesale Commodities landed the fifth piece of the portfolio, the 550 MW RISEC combined cycle in Johnston, R.I., for $346 million (see story below). Officials at the banks and LS Power either declined to comment or didn't reply to messages.

Entergy Sub Grabs R.I. CCGT

Entergy subsidiary **Entergy Wholesale Commodities** has agreed to buy the 550 MW RISEC combined cycle facility in Johnston, R.I., from **NextEra Energy Resources** for $346 million, or $629 per kW. The purchase represents the company's first non-nuclear generation asset in the Northeast. The purchase is expected to be finalized by year-end.

The RISEC facility is nearing the completion of an upgrade that will increase its output to 583 MW.

Separate bids came in about three weeks ago for RISEC after **LS Power** bought four facilities for $1.05 billion from a portfolio that NextEra put on the market earlier this year (PI, 9/2 & 10/6). The portfolio fetched an aggregate $1.35 billion.

Whether Entergy used an advisor or how it plans to finance the purchase could not be learned; an Entergy spokesman declined to comment. Spokesmen for Citi and Credit Suisse declined to comment.

JPMorgan Sub Hunts Co-Investor For E.ON Tax Equity

JPMorgan Capital Corp. is looking to bring in additional entities into a tax equity investment in an **E.ON Climate & Renewables** wind farm in Iroquois County, Ill., that went online earlier this month.

JPMCC, is looking to divide a 100% tax equity stake in the 150 MW Settler's Trail farm and is currently in talks with potential investors, according to a filing last week with the U.S. **Federal Energy Regulatory Commission**. One or more investors could be signed on by December, which is when E.ON anticipates closing the tax equity deal.

GE 1.6 MW Turbine

The project will use 94 **GE** 1.6 MW turbines. The identity of the prospective investors, the cost of the tax equity stake and whether the project has a power purchase agreement could not be learned. Neither a **JPMorgan** spokesman nor an E.ON Climate & Renewables spokesman in Chicago could immediately comment.

Industry Current

Financing Renewable Energy & Securitization Prospects

*This week's Industry Current is written by **Jeff Chester**, **Bill Fellerhoff** and **Madeleine Tan**, partners at **Kaye Scholer** in Los Angeles, Chicago and New York, respectively.*

The recent U.S. financial crisis caused a significant slow-down in financings across all markets. Nonetheless, government sponsored incentives ensured that the pace of installations of wind and solar renewable energy projects in the U.S. remained robust. Much of this activity was attributable to the introduction of government-backed cash grants in the American Recovery and Reinvestment Act of 2009. Prior to ARRA, tax incentives had existed in the form of production tax credits for wind projects and investment tax credits for solar projects. But, their value in spurring development was lessened during the financial crisis and resulting recession due to significantly decreased taxable corporate earnings. ARRA provided developers an alternate incentive in the form of government-backed cash grants for qualifying projects, in lieu of tax credits.


Jeff Chester

The cash grants proved to be a very popular alternative for developers. According to various industry sources and publications, in 2008, PTCs supported approximately $2.5 billion in wind installations. But, in 2009, the dollar value of wind power installations supported by PTCs had fallen below $1 billion. In contrast, in the same year, wind power installations supported by cash grants amounted to approximately $2.04 billion and increased to $3.48 billion in 2010, with PTCs supporting only $2.7 billion in wind installations in the same year. To date, cash grants have provided financing for wind projects totaling over 10,000 MW.

In addition to wind developers, the cash grant program also has benefitted solar developers and integrators. Prior to 2009, owners of commercial solar systems were entitled to an ITC equal to 30% of the capital cost of a solar installation. But this ITC was scheduled to expire and the tax credit would have fallen to 10%. In addition, owners of residential solar systems were only entitled to a per project tax credit capped at $2,000. ARRA extended the 30% ITC for eight years until the end of 2016 and removed the cap and made available to residential solar asset owners the full ITC equal to 30% of the capital cost. In addition, the owners of both residential and commercial projects could apply for a 30% cash grant in lieu of the ITC. The combination of tax and cash incentives has resulted in a boom in the number of solar installations in the U.S. In 2009, capacity in the U.S. grew by 40% (to over 430MW) compared to the capacity installed in 2008 and since inception of the program, approximately 14,500 solar projects, representing over 700 MW of generation capacity, have received cash grants.

Traditional Financing Structures

Two primary financing structures have been used in the U.S. to finance wind and solar projects. The first is commonly known as the partnership or partnership-flip structure and the second is the sale-leaseback structure. Both structures can be levered with debt or unlevered, depending on investor preference and the availability and cost of debt financing. The sale-leaseback structure, however, could not effectively monetize PTCs available to wind power projects because applicable PTC regulations required that the owner and operator of the wind project be the same entity. No such limitation applies to the ITC. Traditionally, the partnership structure had primarily been used to finance wind projects and sale-leasebacks have been used to finance solar projects. But this distinction has become less clear in recent financings, in particular since ARRA also made ITCs available to wind projects, in lieu of PTCs. The partnership structure can be levered through borrowing at the entity level or back-levered, whereby a holding company for the project entity is created and acts as the borrower (pledging the equity in the project entity). The sale-leaseback is typically levered at the lessor level; that is, at the level of the special purpose entity created by the tax-equity investor to acquire the underlying assets and lease them back to the developer (which in turn enters into power purchase agreements with its customers). Generally, tax equity investors have not favored the introduction of debt into either the partnership or sale-leaseback structure but, given the availability of debt and the ability of leverage to enhance investment returns, more and more transactions are being levered, especially in the case of sale-leasebacks, where interest payments on the debt constitute a tax deductible item to the tax equity investor.

In the last couple of years, projects that are of sufficient credit quality have been able to obtain debt financing both in the bank loan market and the bond market. Recently, with credit markets tightening in Europe, an existing long-term bank loan on a wind project was restructured and the tenor reduced to 10 years from 18 years, with pricing at LIBOR +275 bps (up from 237.5 bps) and increased up-front fees. TProject bonds for renewable projects have also been successfully placed and priced at 5-7% per annum for tenors equal to the length of a 20-year or 25-year power purchase agreement.

The Potential Of Securitization

The number of new issuances in the securitization market generally

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

(across all asset classes) has shrunk significantly since the credit crisis began and the market remains challenged for many of the more traditional financial asset classes. However, interest has recently increased in securitizing more off-the-run or esoteric asset classes (which would include solar equipment and related power purchase or lease receivables), due to the higher yields that securitized debt for such asset classes would provide. From an issuer's perspective, securitized debt has the potential to provide better pricing and a longer tenor than bank loans. And whereas the project bond market has focused primarily on the credit rating of the issuer, securitization also offers the ability for a sponsor, by ring fencing the solar assets in a separate limited-purpose debt-issuing entity, to obtain financing through bonds that are rated higher than its own credit rating as an operating company.

There are several reasons why solar is a viable candidate for securitization. The solar market has matured over the last few years and there are now originators or developers in the distributed generation sector with a track record and proven ability to originate transactions with customers in both the residential and commercial sectors. These developers install and service the equipment and enter into long-term power purchase agreements with such customers. Some developers have aggregated sizeable portfolios. In addition, equipment leases in this sector tend to be long-term leases with regularly scheduled rent payments. A portfolio of such leases and/or power purchase contracts can provide a potential issuer with a steady and diversified stream of cash flows to provide collateral support and service payments under the securitized debt.

Furthermore, most of the developers that have established a track record have entered into increasing volumes of transactions, under more-or-less standardized contracts with respect to the installations and sale of power to their customers, and have thus created a more diversified and commoditized pool of assets that can be analyzed on a portfolio basis (as opposed to asset-by-asset). The ability to analyze these assets on a diversified portfolio basis is important for securitization purposes, since it enables the issuer to provide more predictive historical performance data both to potential debt investors and to rating agencies. Also, the commoditized nature of this asset class is not limited to just the solar equipment leases or PPAs that generate ongoing cash flows. The solar panels themselves are commoditized units that are readily available and replaceable in the event of loss or technical failure (and, if used as collateral in a securitization, would accordingly have more readily determinable or predictable liquidation values as well).


Madeleine Tan

It should also be noted that even though solar may be a new asset class, securitizations of operating assets generally are not new to the rating agencies or investors in asset-backed securities. There have been numerous prior securitizations by operating lessors of aircraft, freight railcar and shipping container portfolios (together with their related end-user leases). Such transactions offer guidance as to appropriate structures to potential issuers of securitized debt in the solar area.

Although solar securitization is relatively attractive, several challenges remain. In a typical operating asset structure, the securitization debt would be used to provide leverage to the special purpose entity set up to be the lessor in a sale-leaseback transaction. However, given that tax incentives are major drivers of the structure of a sale-leaseback transaction, any attempt to introduce leverage must respect the tax treatment of the tax equity investor and must involve the tax equity investor in the structuring and execution process. In this regard, structuring new originations on a "going forward" basis to fit the securitization model may be an easier path than reworking existing arrangements.


William Fellerhoff

The passage of Dodd-Frank also presents new challenges to any securitization, even ones that would be privately placed, such as a solar securitization. The proposed risk retention rules for asset-backed securities under Dodd-Frank would require a sponsor to retain at least 5% of the credit risk of any issuance. A sponsor of an ABS under Dodd-Frank is defined as "a person who organizes and initiates a securitization transaction by selling or transferring assets, either directly or indirectly, including through an affiliate, to the issuing entity." This begs the question of who the sponsor is in a solar lease securitization. It is also unclear whether the investment banker who assists a developer in selecting the assets to be transferred (but does not itself own the assets) is the sponsor.

In addition to the risk retention rules (still to be finalized), Dodd Frank has mandated the **Securities & Exchange Commission** to develop substantive disclosure requirements for various ABS asset classes, and the statutory mandate is not limited just to ABS that are publicly registered. While these rules have not yet been proposed and there is no statutory deadline for their adoption, it may be expected that disclosure of historical performance data will be a part of the requirements of any new rules. This could raise challenges for potential issuers in the solar market since long-term operating data is not yet available. Some of the developers in this area have been active for the last five to eight years but the bulk of the build-up in assets has occurred since 2009. Accordingly, performance data for most existing portfolios is limited. New rules may or may not take such limitations into account.

Finally there are practical challenges to completing securitization transactions. The long lead-time needed to set up a program and resultant costs make it less attractive for issuers who may choose to tap the bank loan or bond markets where lead-time is shorter, transaction costs are generally lower and overall execution risk is lower. However, with credit markets in the U.S. remaining tight and with the recent worsening of the European credit markets, access to the bank loan and bond markets has become more costly and limited. This has made securitization more attractive as a potential financing source. Through securitization, issuers may be better able to tap a broader investor base for long-term debt, at a cost that could potentially be equal to or better than the bank loan or bond markets.

Generation Auction & Sale Calendar

Generation Sale DATABASE

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

Seller	Assets	Location	Advisor	Status/Comments
AES	Cayuga (306 MW Coal) Greenidge (105 MW Coal) Somerset (675 MW Coal) Westover (83 MW Coal)	Lansing, N.Y. Dresden, N.Y. Barker, N.Y. Binghamton, N.Y.	Barclays Capital	Signed a forbearance agreement with lenders that is in place until October (PI, 9/5).
AES Solar, Riverstone Holdings	Stakes (Solar pipeline)	Variou, Europe	Morgan Stanley	Bids for a partnership stake are due the week of Sept. 19 (PI, 9/12).
AES Thames	Thames (208 MW Coal-fired)	Montville, Conn.	Houlihan Lokey	Less than a dozen shortlisted bidders are preparing second round bids (PI, 9/26).
AE Investor II	Astoria Energy II (4%, or 23.3 MW)	Queens, N.Y.	Whitehall & Co.	First round bids were scheduled for Fri., Sept. 16 (PI, 9/19).
ArcLight Capital Partners	Waterside (72 MW peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (391 MW, 65-mile transmission line)	Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokae, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y	Citigroup, Barclays Capital	Final bid deadline pushed to November (PI, 10/17).
Black Hills Corp.	Stake (29 MW Wind project)	Huerfano County, Colo.	None	Utility sub is looking to bring in an outside owner for 50% (PI, 8/22).
Cascade Investment	Altura (600 MW Cogen) Twin Oaks (305 MW lignite-fired) Cedar Bayou 4 (275 MW natural gas-fired)	Channelview, Texas Bremond, Texas Chambers County, Texas	Evercore Partners	Cascade is considering its options, including restructuring and a sale of its stake (PI, 7/11).
Citigroup	Alta V (Stake in 168 MW wind)	Tehachapi, Calif.	TBA	ING Capital has bought out Citi's stake in a sale leaseback (PI, 10/3).
Conti Group, Grupo Arranz Acinas	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went out in late July (PI, 8/1).
Coram Energy	Stake (102 MW Wind project)	Tehachapi, Calif.	Marathon Capital	Coram is selling a 50% stake in a wind project co-owned by Brookfield Renewable Power (PI, 8/22).
Energy Investors Funds	Mojave (55 MW gas-fired)	Boron, Calif.	None	A pair of investors have bought the facility (PI, 8/22).
FirstEnergy	Richland (432 MW gas-, diesel-fired) Stryker (18 MW gas-fired)	Defiance County, Ohio	TBA	A unit of Quintana Capital has agreed to buy them (PI, 8/22).
First Solar	Topaz (550 MW PV)	San Luis Obispo County, Calif.	No advisor	Enbridge is in talks to buy the project (PI, 9/26).
GDF Suez Energy North America	Hot Spring (746 MW CCGT) Choctaw (746 MW CCGT)	Malvern, Ark. Ackerman, Miss.	UBS	UBS is releasing CIMs to interested parties (PI, 5/15).
Macquarie Capital, Fomento Económico Mexicano	Stakes (396 MW wind project)	Oaxaca, Mexico	TBA	Bidders are in due diligence (PI, 10/10).
NextEra Energy Resources	Blythe (507 MW Combined-cycle) Calhoun (668 MW Peaker) Doswell (708 MW CCGT & 171 MW Peaker) Cherokee, (98 MW CCGT) Risec (550 MW CCGT)	Blythe, Calif. Eastaboga, Ala. Ashland, Va. Gaffney, S.C. Johnston, R.I.	Credit Suisse, Citigroup	LS Power nears club deals for financing acquisition (see story, page 5). Entergy Wholesale Commodities is buying the plant for $346 million (see story, page 5).
Newind, WindRose Power	CCI (120 MW wind project)	Childress County, Texas	RedWind Consulting	Teasers have gone out for the project (PI, 9/19).
NRG Solar	Various (stake in 881 MW solar pipeline)	Various	Credit Suisse	NRG is looking for a minority owner for its solar subsidiary (PI, 5/9).
PNM Resources	Stake in Optim Energy	Texas	Morgan Stanley	Teasers are out as Cascade Investments considers exiting (PI, 5/23).
Signal Hill Power, CarVal Investors	Wichita Falls (77 MW CCGT) Rensselaer (79 MW Peaker)	Wichita Falls, Texas Rensselaer, N.Y.	Scotia Capital	Teasers out in late June; first round bids said to be in (PI, 8/8).
Starwood Energy Group	Thermo Cogeneration (272 MW CCGT)	Fort Lupton, Colo.	None	Tri-State Generation and Transmission Association is buying the plant (PI, 10/10).
Strategic Value Partners, JPMorgan, Cargill	Liberty Electric Power (586 MW CCGT)	Eddystone, Pa.	JPMorgan	Energy Capital Partners is buying the facility for a price just under $1,000/kW (PI, 8/29).
Tenaska	High Desert (800 MW CCGT)	Victorville, Calif.	Barclays, Citi	Teasers dispatched and preliminary bids expected early to mid-November (see story, page 5).
	Rio Nogales (800 MW CCGT)	Seguin, Texas		
Third Planet Wind Power	Petersburg (40.5 MW Wind)	Petersburg, Neb.	Morgan Stanley	Edison Mission Energy is buying the project (PI, 10/10).
Tuusso Energy, Akula Energy Ventures	TA High Desert (209 MW Solar)	Tehachapi, Calif.	Marathon Capital	Said to be close to a purcahse sale agreement (PI, 10/17).
U.S. Power Generating Co.	Astoria Generating (2.1 GW Gas-fired)	Queens, N.Y.	Perella Weinberg Partners	Perella Weinberg has been hired to advise on strategic alternatives (PI, 9/26).

Shaded items indicate latest entries.

Project Finance Deal Book

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
American Renewables	Gainesville (100 MW Biomass)	Gainesville, Fla.	BoTM, Crédit Agricole, ING, Natixis, Rabo, SocGen	TBA	$500M	TBA	CIT joins retail syndication (PI, 8/29).
Bloom Energy	Unidentified (Fuel Cell)	TBA	RBS	TBA	TBA	TBA	Sponsor taps RBS to lead financing (see story, page 4).
Boralex, Gaz Métro	Unidentified (272 MW Wind)	Seigneurie de Beaupré, Quebec	BoTM, DB, KfW	TBA	$500-600M	18-20-yr	Commerz joins deal; Hermes wrap nears (PI, 10/3).
Competitive Power Ventures	Ashley (200 MW Wind)	McIntosh County, N.D.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PI, 8/8).
	Cimarron (165 MW Wind)	Gray County, Kan.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PI, 8/8).
Edison Mission Energy	Portfolio (Wind)	U.S.	WestLB	TBA	$200M+	TBA	Deal priced at 250 bps over LIBOR (PI, 10/24).
Enova Energy Group, NuPower	Plainfield (37.5 MW Biomass)	Plainfield, Conn.	Carlyle	TBA	$170M	TBA	Carlyle tapped as lender after SocGen drops out (see story, page 1).
First Wind	Palouse (100 MW Wind)	Whitman County, Wash.	Key Wind	TBA	$180M	20+-yr	Key Wind to lead financing (see story, PI, 10/24).
Gradient Resources	Patua (132 MW Geothermal)	Reno, Nev.	BNP, Dexia, Scotia	TBA	$600M	TBA	Project to be financed in phases (PI, 10/17).
Inkia Energy	Unidentified (400 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC, WestLB	TBA	$525M	12-yr	Sponsor mandates lenders (PI, 9/26).
Invenergy	Bishop Hill I (200 MW Wind)	Henry County, Ill.	BayernLB, Rabo	Term/Bridge	$415M	10-yr	Deka and Siemens join financing (PI, 10/17).
	Hardin Wind (300 MW Wind)	Hardin County, Ohio	TBA	Term	$500M	TBA	Sponsor reaches out to lenders (PI, 9/19).
Macquarie Mexican Infrastructure Fund, Macquarie Capital, Fomento Económico Mexicano	Oaxaca (396 MW Wind)	Oaxaca, Mexico	Banorte, BBVA, Crédit Agricole, HSBC	TBA	TBA	16-yr	Four lenders join financing (PI, 10/10).
MPX	Castilla (2.1 GW Coal-Fired)	Chile	TBA	TBA	TBA	TBA	Sponsor talks to lenders about $1 billion first phase (PI, 9/26/11).
Northland Power	Manitoulin Island (60 MW Wind)	Maitoulin Island, Ontario	Manulife	TBA	TBA	TBA	Manulife expects to name a second lender (see story, page 4).
NRG	Alpine (66 MW PV)	Lancaster, Calif.	TBA	Term	$300M	18-yr	Sponsor to delay financing until next year (PI, 10/17).
Odebrecht	Chaglla (406 MW Hydro)	Peru	BNP	TBA	$650M	TBA	Brazilian Development Bank mulls contribution (PI, 10/3).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Sponsor targets financial close in 2012 (PI, 10/24)
	Santa Isabel (75 MW Wind)	Santa Isabel, P.R.	Siemens	Construction	TBA	TBA	Deal wraps (PI, 10/24).
Peregrine Midstream Partners	Ryckman Creek (18-35 bcf Gas Storage)	Uinta County, Wyo.	TBA	TBA	$160M	TBA	Sponsor hunts financing (PI, 9/5).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial Valley, Calif.	BBVA, BoTM, Lloyds, MUFG, MS, RBS	TBA	$600M	TBA	Sponsor mulls bond component to deal (see story, page 4).
Wind Capital Group	Post Rock (201 MW Wind)	Lincoln and Ellsworth, Kan.	BayernLB, Rabo	Term/ Construction	$300M	TBA	Mizuho, NordLB, UniCredit and Union Bank join deal (PI, 10/17).
	Unidentified (150 MW Wind)	Osage County, Okla.	BayernLB, Rabo	TBA	TBA	TBA	Sponsor mandates BayernLB, Rabo (PI, 8/15).

Shaded items indicate latest entries.

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Conference Coverage

Lenders: PF Deals Will Still Get Done

The European sovereign debt crisis may have sidelined some project lenders, compressed tenors and widened spreads, but there is appetite to wrap deals, said **Matt O'Connor**, leader of **GE Energy Financial Services**' financial institutions group, at the conference. "It's not all doom and gloom," he said.

The bond and term loan B markets have available capital, noted **Vivek Bantwal**, **Goldman Sachs** managing director, to supplement traditional project finance debt. Private placements now can do delayed draw, or tapping debt when need be, which is common in non-recourse deals—and typically desirable for sponsors.

Wind financings should do a decent volume next year as sponsors scramble to wrap deals before the production tax credit ceases at the close of 2012, said **Dan Foley**, **Acciona Energy** ceo.

Solar Bidders To RFPs Pitch Low Prices

Solar photovoltaic sponsors are pitching extremely low prices to utilities as the sponsors face a paucity of power purchase agreements and robust competition. Some recent requests for proposals from California utilities have drawn more than 300 bids, noted **John DiMarco**, **Terra-Gen Power** v.p.

The prices are reflecting the future panel market, often two to three years ahead, said financiers on Friday. They also expressed doubt that utilities generally discern credible bids from those whose primary attribute is low pricing.

Pricing has become an especially sensitive subject for utilities in California, perhaps the biggest solar market in the U.S. The California **Public Utilities Commission** has rejected at least one completed PPA from a tender more than a year prior because the pricing was higher than those pitched into recent requests for proposals (*PI*, 8/19).

The subject of pricing also trails approved PPAs. If sponsors of approved PPAs from 2008 ask utilities to address a contractual provision that toughens project financing, the utility will almost certainly seek to reopen negotiations to lower pricing to today's figures, the developers said.

ECP Circles

(Continued from page 1)

The fund will remain separate from its sister private equity funds and will not invest in any projects or assets that ECP already has a stake in, thereby removing potential conflicts of interest.

Massouh joined ECP this summer from **Goldman Sachs**, where he was a managing director in its fixed income currency and commodities division. He is charged with boosting the firm's acumen in mezzanine lending.

—Holly Fletcher

Reporter's Notebook

- Umm...lighting issues at a power conference?: The lights kept flickering during the second panel on Thursday. The speakers, who included **Jay Horine**, head of U.S. power and utilities investment banking at **JPMorgan Securities**, and **Sean O'Donnell**, cfo of **Quantum Utility Generation**, talked right through a two-minute period of darkness.

- The **Carlyle Group** and operations and management company **PCI** were giving out mini footballs and shot glasses, respectively, to attendees. **John Dingle**, conference chair and partner at **Thorndike Landing**, suggested giving Carlyle's goods a toss after utilizing PCI's wares at the cocktail reception.

- Dingle may have been giving a nod to panelist **Patrick Eilers**, managing director at **Madison Dearborn** and former safety for the **Chicago Bears**, **Washington Redskins**, and **Minnesota Vikings**.

- Many attendees found themselves stranded in the main presentation room with no outside contact. The venue at the **Sheraton New York Hotel and Towers** had no windows, wi-fi or **AT&T** service.

Carlyle Steps *(Continued from page 1)*

SocGen's departure forced the developer to look elsewhere for funds that could be rapidly deployed, says a deal watcher. "Concern over Europe and a need for a timely close led them to seek other financing," he adds. SocGen and peer **BNP Paribas** have been trying to shrink their corporate and investment banking businesses in order to meet the **European Banking Authority**'s requirements of building capital reserves to reflect price declines in Greek and other sovereign debt exposure. SocGen is trying to avoid the need for government funding or turning to shareholders for capital to meet the EBA standards. Whether SocGen pulled out the deal or Enova dropped the lender could not be learned.

Mezzanine debt is costlier than bank debt, but Enova was willing to pay a premium to snag the U.S. **Department of Treasury** cash grant before it expires at year-end. The cost of mezzanine funding often runs in the 11-15% range, says a longtime financier, while project finance bank debt usually comes in far below 10%. The developer will look to refinance the Carlyle loan quickly, the deal watcher says. Sponsors typically refinance construction loans when a project begins operating. The Plainfield financing was pegged at $142.5 million, which included $25 million in letters of credit, when SocGen was the planned lender. (*PI*, 7/15). The bank loan was priced at LIBOR plus 325 basis points with a tenor of construction plus five years.

The pricing and tenor of the Carlyle loan couldn't be learned. **Zachary Steele**, Enova ceo in Orlando, and **Rahul Culas**, Carlyle co-head of the energy mezzanine opportunities group in New York, didn't return calls seeking comment. SocGen officials and a spokesman in New York also didn't return calls.

"Mezzanine debt is creeping back into senior secured debt," says the longtime financier. "That tends to happen when bank debt gets scarce." Lender capacity has shrunk since mid-August, prompting some sponsors to push off deals until next year and others to identity new sources of senior debt (*PI*, 10/13). Several European lenders have sidelined themselves from new project finance deals amid the repercussions from the European debt crisis (*PI*, 10/14). **Ares Management** and the **Carlyle Group** are among entities looking to take advantage of the market gap with mezzanine debt financings (*PI*, 7/18 & PI 7/22). **Energy Capital Partners** is the latest enter the mezzanine debt arena (see story, page 1).

Enova plans to buy an 80% stake in **Plainfield Renewable Energy LLC**, which holds the project, from **Decker Energy** of Winter Park, Fla., at financial close for an undisclosed price. **NuPower** of Norwalk, Conn., owns the other 20%. **Connecticut Light & Power** and **United Illuminating** have 15-year offtake agreements to buy 80% and 20% of the plant's generation, respectively. The plant is expected to be operational in 2013. Decker and NuPower officials declined to comment. Enova is targeting financial close in early November.

—Brian Eckhouse & Sara Rosner

ALTERNATING CURRENT

Solar Power Swimwear To Beat The Winter Blues

What do you get when you combine photovoltaic technology and some extremely skimpy swimwear? A piece of apparel that can power your iPod and give you some serious tan lines. The Solar Bikini, created by New York designer **Andrew Schneider**, sports a conductive thread that runs through 40 flexible mini photovoltaic strips from **PowerFilm Solar** and ends at a USB port where you can charge your MP3 player or smartphone.

The output on the Solar Bikini is comparable to charging a device from a laptop, according to *GizMag*. The suit can even be worn in the water, but charging a device while swimming is not recommended and the wearer must let the suit dry before charging.

The Solar Bikini has a price tag of $500-1,500 and is available for custom order at SolarCoterie.com. Schneider did not respond to email inquiries regarding the suit. Whether there are plans for a version for men could not be learned.

Quote Of The Week

"I love coal. I would love to invest in coal."—**Rahul Culas**, co-head of the **Carlyle Group**'s energy mezzanine opportunities, lamenting the paucity of coal-fired M&A opportunities at the **Platts** conference in New York last week (see story, page 1).

One Year Ago In Power Finance & Risk

Royal Bank of Scotland and **Société Générale** were preparing to launch a $500-700 million financing backing **PowerBridge** affiliate **Hudson Transmission Partners**' 660 MW line between Ridgefield, N.J., and midtown Manhattan. [After fielding a challenge from rival **Cavallo Energy** and talks of a potential sale to the **New York Power Authority**, the leads finally came to market with a roughly $700 million private placement backing the project in April and wrapped it up in May (PI, 5/26).]

Tell Us What You Think!

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

Feel free to contact **Sara Rosner**, managing editor, at (212) 224-3165 or srosner@iiintelligence.com.

