

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● MERGERS & ACQUISITIONS

● STRATEGIES

Southern Scopes Solar Deals

Southern Co. is looking to make equity and tax equity investments in solar projects similar to a recent deal with First Solar. Page 6

Coso Nets LOC

Coso Geothermal Holdings has signed a new letter of credit from Citibank. Page 7

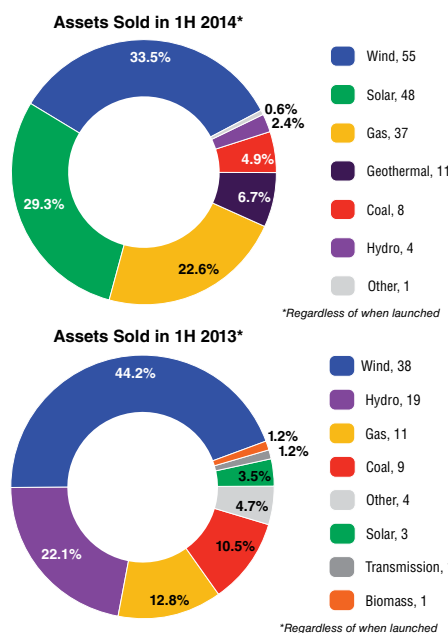
GSD Report 1H 2014: Solar Asset Sales Soar

Sara Rosner

Sales of solar assets boomed in the first half of 2014 and represent the resource with the most growth in number of asset trades over the same period last year. In the first six months of this year, 48 solar assets sold, 16 times more than the number of assets sold in 1H 2013, according to exclusive data from *PFR*'s Generation Sale Database.

More solar assets have also been coming to market in 2014. The 34 solar assets put up for sale in the first half of this year represent a 70% increase over 20 assets that shops tried to offload PAGE 12 »

Generation Sales Year-Over-Year



Source: Power Finance & Risk

EIF Hunts Oregon Co-Owner

Olivia Feld

Energy Investors Funds is looking to sell about half of its \$860 million Oregon gas-fired project in Oregon, Ohio, in parallel to arranging a project finance package.

The shop is out to bring in a co-investor so it can free up capital in its **United States Power Fund III**, says a deal watcher. "They don't want a gun to their heads," says a deal watcher of EIF's decision to bring in a co-investor to decrease its equity commitment.

EIF has been mulling a loan package ranging \$517 - \$657 million (*PFR*, 10/30). **BNP Paribas** and **Crédit Agricole** are leading the deal (*PFR*, 8/15). Two different hedge structures have been proposed: a heat-rate call option or a revenue put floor contract. The financing is expected to close in mid-November. EIF is angling for pricing of LIBOR plus 325 basis points. The pricing is expected to step-up to L+350 bps for the first PAGE 12 »

Q&A: Jared Donald, Conergy Americas - Part I

After selling its Canadian and U.S. distribution businesses and nailing down a \$100 million fund to purchase and finance solar projects, Conergy most recently

launched a drive to acquire solar assets in Ontario. "Conergy's new-found bankability and financial stability really gives us the resources to acquire pre-construction projects and really

help our partners in the market co-develop new projects," **Jared Donald**, president of Conergy tells *PFR* Editor **Sara Rosner** in an exclusive interview. See page 9 for the interview.

PFR: I originally contacted Conergy regarding the announcement of its campaign to buy PAGE 9 »



● IN THIS ISSUE

MERGERS & ACQUISITIONS

- 5 | Carlyle Chases Acquisition Financing
- 5 | Covanta Floats Biomass Portfolio
- 5 | Ikea Lands Apex Wind
- 6 | TerraForm Buys Solar Fund
- 6 | Creditors Take Kelson's Dogwood Stake
- 6 | Southern Scopes Solar Tax Equity Deals

STRATEGIES

- 7 | Okla. Utility Launches Peaking RFP
- 7 | SoCalEd Hunts Small Solar PPAs
- 7 | Army Kicks Off Ala. CHP RFP

PROJECT FINANCE

- 8 | Pattern Reprices Ocotillo
- 8 | Ocotillo Lands Low Pricing

INDUSTRY CURRENT

- 11 | Tidal Range Power

DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 8 | PowerTweets
- 12 | Alternating Current

● THE BUZZ



Credit: iStock/Thinkstock

The Buzz: B Loans, RFPs Abound

Sponsors are making a strong late year push in the term loan B market. The **Carlyle Group** is out with a \$480 million B loan to finance its purchase of stakes in **Southeast PowerGen** from **ArcLight Capital Partners** and **Government of Singapore Investment Corp.** The fourth quarter was boosted by **Energy Capital Partners'** \$1.71 billion package of three loans to finance its acquisition of **Wheelabrator** (PFR, 10/16). To see how the 2014 activity compares to 2013 see a tally on page 5.

Developers looking for power purchase agreements have opportunities across the country to score offtake agreements. The U.S.

Army is hunting a combined heat and power project for a base in Huntsville, Ala.—the second call for generation at **Redstone Arsenal** of the year. **Southern California Edison** is on the prowl, again, for small scale solar contracts in California as it looks to finish up a solar photovoltaic program in 2015. See page 7 to read about these requests for proposals as well as a peaker RFP in Oklahoma.

On the M&A side, solar asset sales in the first half of 2014 were 16 times greater than those in the same period of 2013, according to *PFR's* Generation Sale Database report. The activity is bolstered by a boom in distributed and commercial solar generation, Editor **Sara Rosner** writes in the 1H 2014 Report.

Two deals by **TerraForm Power** in recent weeks highlight the demand of distributed generation. It has agreed to buy a two portfolios of assets in the mid-Atlantic and Northeast from energy retailer **Just Energy Group** and investment manager **Capital Dynamics** (see story, page 6). TerraForm, **SunEdison's** yield company, is looking to bulk up its portfolio with solar generation as well as wind, hydro and energy storage assets, **Carlos Domenech**, ceo and president of Terra Form, told *PFR* in a Q&A (PFR, 10/17).

Covanta Holdings Corp. is in the market with a second attempt to offload a portfolio of biomass facilities. The company is working with **Ewing Bemiss & Co.** to sell seven facilities in California and a pair in Maine (see story, page 5). ■

PFR Power Finance & Risk

EDITORIAL

Holly Fletcher
Managing Editor
(212) 224-3293

Sara Rosner
Editor
(212) 224-3165

Olivia Feld
Senior Reporter
(212) 224-3260

Stuart Wise
Data Associate

Andrea Innis
Data Associate

Kieron Black
Sketch Artist

PRODUCTION

Gerald Hayes
Manager
Emily Foster
Designer
Andy Bunyan
Associate

ADVERTISING

James Barfield
U.S. Publisher,
Capital Markets Group
(212) 224-3445

PUBLISHING

Emmanuelle Rathouis
Marketing Director

Vincent Yesenosky
Head Of U.S. Fulfillment
(212) 224-3057

Nina Bonny
Customer Service Manager
(212) 224-3433

SUBSCRIPTIONS/ ELECTRONIC LICENSES

One Year \$3,147 (In Canada add \$30 postage, others outside U.S. add \$75)

Ken Lerner

Account Executive
(212) 224-3043

REPRINTS

Dewey Palmieri
Reprint & Permission
Manager [New York]
(212) 224-3675
dpalmieri@institutional
investor.com

CORPORATE

Richard Ensor
Chairman

John Orchard
Managing Director,
Capital Markets Group

Customer Service

PO Box 4009, Chesterfield, MO 63006-4009, USA
Tel: 1-800-715-9195
Overseas dial: 1-212-224-3451
Fax: 212-224-3886
UK: 44 20 7779 8704 Hong Kong: 852 2842 8011
E-Mail: customerservice@iintelligence.com

Institutional Investor Hotline

(212) 224-3570 and (1-800) 437-9997 or Hotline@iintelligence.com

Editorial Offices

225 Park Avenue South, New York, NY 10003
Power Finance & Risk is a general circulation newsweekly.
No statement in this issue is to be construed as a recommendation
to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2014

Institutional Investor, LLC ISSN# 1529-6652

Copying prohibited without the permission of the publisher.

COPYRIGHT NOTICE: All materials contained in this publication are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published, broadcast, photocopied or duplicated in any way without the prior written consent of Institutional Investor. Copying or distributing this publication is in violation of the Federal Copyright Act (17 USC 101 et seq). Infringing Institutional Investor's copyright in this publication may result in criminal penalties as well as civil liability for substantial money damages. ISSN# 1529-6652

Postmaster

Please send all undeliverable Mail and changes of addresses to:
PO Box 4009 Chesterfield, MO 63006-4009 USA

GlobalCapital

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 **Holly Fletcher**, managing editor, at (212) 224-3293 or holly.fletcher@powerfinancerisk.com

GENERATION AUCTION & SALE CALENDAR ●

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

Generation Sale ■ DATABASE

Seller	Assets	Location	Advisor	Status/Comment
● Apex Clean Energy	Hoopeston (98 MW Wind)	Vermilion County, Ill		Ikea is buying it (see story, page 5).
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	Sale relaunched after several PPAs were extended (PFR, 3/17).
● ArcLight Capital Partners, Government of Singapore Investment Corp.	Stake (Southeast PowerGen)	Various, Georgia	Citi	Carlyle has launched a B loan to finance its purchase (see story, page 5).
ArcLight Capital Partners	Victoria (330 MW CCGT)	Victoria, Texas	UBS	Sale is near launch (PFR, 4/7).
ArcLight Capital Partners	Hamakua (60 MW CCGT)	Hawaii	Energy Advisory Partners	Teasers out (PFR, 7/28).
ArcLight Capital Partners	Bayonne (512 MW CCGT)	Bayonne, N.J.	Morgan Stanley	Teasers recently out (PFR, 9/22).
Burrows Paper Corp.	Lyonsdale Associates (19 MW Hydro)	New York		Burrows in final stages of selling (PFR, 8/25)
Calpine	Osprey (550MW CCGT)	Florida	TBA	Comes after Duke recently said it wanted to build not buy plants (PFR, 9/1)
Centaurus Capital	Avalon (29 MW Solar)	California		Coronal Group is buying it (PFR, 10/6).
E.ON Climate & Renewables North America	Stake (Wind Portfolio)	Various	Bank of America Merrill Lynch	Looking to sell 80% of several projects (PFR, 9/15).
Enel Green Power North America	Stake (Wind Portfolio)	Various	Bank of America Merrill Lynch	Sale process recently started (PFR, 9/15).
Entegra Power Group	Portfolio	Arizona, Arkansas	Houlihan Lokey	Will scope tolling agreements, sales post-bankruptcy (PFR, 10/13).
Exelon Corp.	Quail Run (550 MW Gas-Fired)	Odessa, Texas	Citi	Starwood has agreed to buy it (PFR, 10/6).
Exelon Corp.	West Valley (189 MW Gas-Fired)	West Valley, Utah		Wayzata is buying it (PFR, 10/13).
Dynegy	Portfolio (2.7 GW Gas, Oil-Fired)	Various, California	Bank of America Merrill Lynch, Barclays	Teasers recently released (PFR, 10/27).
First Wind	Stakes(255 MW Wind)	Texas, Washington		Individuals affiliated with Southwest Generation are taking stakes in the project (PFR, 10/20).
Geronimo Energy	Various (Wind)	Various	Barclays	Algonquin has bought one project (PFR, 9/15).
LS Power	Portfolio (544 MW Hydro)	Various, PJM		Sale is reportedly between the first and second round (PFR, 10/20).
NRG Energy	Sabine (106.5 MW Cogen)	Orange, Texas		Rockland Power Partners agrees to buy NRG's stake (PFR, 10/20).
NTR	Portfolio (Wind)	Various	TBA	Will take pitches to sell Wind Capital Group (PFR, 9/8).
Olympus Power	Grant County Wind Farm (20 MW Wind)	Minnesota	Ewing Bemiss	The deal power price is set at \$69.10 per MWh for first ten years (PFR, 9/1) .
Pioneer Green Energy	Green Pastures (300 MW Wind)	Texas	None	Capital Dynamics, Pru are buying it (PFR, 10/13).
Riverstone Holdings	Sapphire Power (807 MW Gas)	Various	Barclays	First round bids submitted mid-October (PFR, 10/27).
SunShare	Portfolio (9.6 MW Solar)	Colorado	Infrastructure Finance Advisors	High interest; moved to second round (PFR, 8/18).
Tenaska	Westmoreland (950 MW Gas)	Pittsburgh, Pa.	Whitehall	Looking for development capital (PFR, 8/18).
Upstate New York Power Producers	Cayuga (306 MW Coal)	Lansing, N.Y.	Blackstone	Teasers recently went out (PFR, 6/23).
Upstate New York Power Producers	Somerset (675 MW Coal)	Barker, N.Y.		
● Covanta Holdings Corp	Portfolio (113 MW Biomass)	Various, California	Ewing Bemiss	Teasers out this month (see story, page 5).
	Portfolio (49 MW Biomass)	Various, Maine		

● 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 Managing Editor Holly Fletcher at (212) 224-3293 or e-mail holly.fletcher@powerfinancerisk.com

● PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Gener	Angamos (544 MW Coal)	Chile	TBA	TBA	\$700M-\$1B	TBA	Banks bid to lead a refi (PFR, 10/6).
Alterra, Fierri Axiom	Jimmie Creek (62 MW Hydro)	British Columbia	Manufacturers LifeCo	Construction, Term	C167.5	C+40-yr	Five lenders participated (PFR, 10/27).
Apex Wind	Balko Wind (300 MW Wind)	Oklahoma	TBA	TBA	TBA	TBA	Sponsor takes pitches from prospective MLAs (PFR, 9/8).
Cape Wind Associates	Cape Wind (468 MW Wind)	Cape Cod, Mass.	MUFJ	TBA	\$1.95B	TBA	Contention over pricing and lengthy due diligence slowing down prospective lenders (PFR, 10/20).
Cheniere Energy	Corpus Christi (LNG Export Facility)	Corpus Christi, Texas	SocGen	TBA	\$11.5B	7-yr	SocGen is talking to prospective JLAs (PFR, 10/13).
Cobra Energia	Peru Portfolio (122 MW Wind)	Peru	U.S Ex-Im	TBA	\$65M	17-yr	The Cobra projects have 20-year offtaker contracts with Peruvian government (PFR, 8/27).
Coronado Power Ventures	La Paloma (690 MW CCGT)	Cameron County, Texas	Blackstone	TBA	TBA	TBA	Debt and capital raise has had several setbacks (PFR, 8/11).
Deepwater Wind	Block Island (30 MW Wind)	Rhode Island	TBA	TBA	TBA	TBA	Aiming to close finance in the coming months (PFR, 10/27)
● Energy Investors Funds	Oregon (800 MW Gas)	Oregon, Ohio	BNP, Credit Ag	TBA	TBA	TBA	Deal is about to launch at L+325 (see story, page 1).
Exmar NV	Floating Liquefaction Project	Colombia	TBA	B Loan	\$170M	TBA	Sponsor looking to land a B loan for the debt on the project (PFR, 5/5).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	TBA	TBA	\$1B	TBA	Has opted for project finance loan over B loan (PFR, 7/28).
GDF Suez, Pemex	Los Ramones II Sur (178-mile Pipeline)	Mexico	Santander	TBA	TBA	TBA	BNP Paribas is also advising on the \$1B project (PFR, 8/11).
Greenwood Energy, ILLIOSS	Portfolio (250 MW Solar)	Mexico	TBA	TBA	TBA	TBA	The sponsors are speaking to lenders and potential mid-size commercial and industrial offtakers (PFR, 10/6).
Korea Southern Power Corp., Samsung C&T	Kelar (517 MW Gas)	Chile	Natixis, BTMU, SMBC, Mizuho, Santander KEXIM	Gaurantee, VAT, LC, Working Capital	\$310M	TBA	Deal is set to wrap in the next month (PFR, 10/6).
NextEra Energy Resources	Bluewater (60 MW Wind)	Lake Huron, Ontario	TBA	TBA	TBA	TBA	Sponsor is talking to lenders in the U.S. to finance the project (PFR, 5/19).
NTE Energy	Multiple (Gas)	Various, U.S.	Whitehall	TBA	TBA	TBA	Looking to arrange PPAs for a portion of gas-fired trio (PFR, 8/4).
Panda Power Funds	Stonewall (750 MW Gas)	Leesburg, Virginia	TBA	TBA	TBA	TBA	Received pitches and mulling options (PFR, 10/20).
● Pattern Energy	Armow (180 MW Wind)	Kincardine, Ontario	BMO Capital Markets, CIBC, Crédit Agricole, Société Générale and Sumitomo Mitsui Banking Corp	TBA	C\$580	TBA	Deal wrapped at L +162.5 (see story, page 8)
Samsung Renewable Energy	Kingston (100 MW Solar)	Ontario	RBC, Connor Clark & Lunn	TBA	\$500M	TBA	Lenders are beginning to circle up (PFR, 7/21).
D.E. Shaw	Red Horse 2 (51MW Wind)	Arizona	Santander, Sabadell	TBA	\$170M	20-yr	Near financial close (PFR, 8/25).
Starwood Energy Global Group	Stephens Ranch II (165 MW Wind)	Texas	Citi, Morgan, MUFJ	Construction	\$207M	TBA	Firms will also make tax equity investments in the project (PFR, 8/25).
Summit Power	Texas Clean Energy Project (400 MW Gas)	Odessa, Texas	TBA	TBA	TBA	TBA	Delays due to high labor costs and constuction reevaluation (PFR, 10/20)
Tenaska	Brownsville (800 MW CCGT)	Brownsville, Texas	TBA	TBA	TBA	TBA	Tenaska is in early stages of talks, plans to wrap by year-end (PFR, 6/30).
Tenaska	Westmoreland (950 MW CCGT)	Pittsburgh, Pa.	Whitehall	TBA	TBA	TBA	Looking for development capital (PFR, 8/18).
Transmission Developers	Champlain Hunson (Transmission)	New York	RBC	TBA	-\$1.6B	TBA	Sponsor is aiming to line up the debt by year-end (PFR, 3/3).

● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

To report updates or provide additional information on the status of financings, please call Senior Reporter Olivia Feld at (212) 224-3260 or e-mail olivia.feld@powerfinancerisk.com

MERGERS & ACQUISITIONS ●

Carlyle Chases B Loan To Finance Southeast PowerGen

The **Carlyle Group** is out with a \$550.5 million term loan B package to finance its acquisition of a majority stake in **Southeast PowerGen** from **ArcLight Capital Partners**.

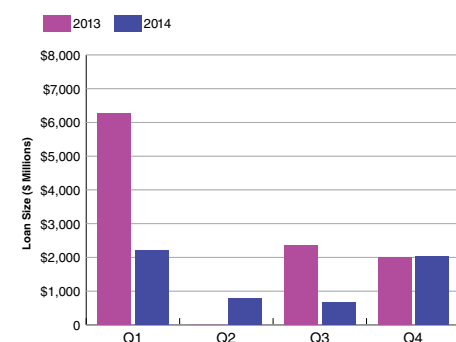
The package includes a seven-year \$480 million B loan that was launched with price talk at LIBOR plus 375-400 basis points, a 1% LIBOR floor and a 99 original issue discount. There's a \$70.5 million revolver due in 2019. The package is rated Ba2 by **Moody's Investors Service** and preliminarily BB by **Standard & Poor's**.

The package was launched at a bank meeting in New York this week, says a deal watcher. **Citigroup**, **Morgan Stanley** and **MUFG Union Bank** are lead arrangers. Commitments are due on Nov. 11.

Southeast PowerGen owns two combined cycle facilities and six peakers in Georgia, listed below, totaling 2,815 MW. Carlyle will own 75.05% of Southeast PowerGen while **GE Energy Financial Services** will own the remainder.

- 320 MW Monroe in Monroe
- 450 MW Walton in Monroe
- 602 MW Washington in Linton

B Loan Scorecard



Source: Power Finance & Risk

- 640 MW Sandersville in Sandersville
- 515 MW Effingham CCGT in Rincon
- 300 MW Mid-Georgia Cogen CCGT in Kathleen

The portfolio is fully contracted via various offtake, hedge or tolling agreements with affiliates of **Southern Power Co.**, **Georgia Power Co.**, **Morgan Stanley**, **Exelon Generation Co.**, **Snapping Shoals Electric Membership Corp.**, and **Central Georgia**

Membership Corp.

Proceeds will be used to fund a portion of the purchase price, to repay outstanding debt at one of the facilities, pay a dividend to an affiliate of co-owner GE EFS and fund a debt service reserve account.

The B loan includes a covenant that prohibits the sale of any of the assets, according to Moody's. A six-month debt service reserve account is required under the covenants of the B loan.

Carlyle will repay \$114 million in outstanding bonds issued at **Mackinaw Power, LLC**, a subsidiary of Southeast PowerGen that has \$149 million in senior secured bonds that are due October 2023 and a \$323.5 million working capital facility due in 2017.

The acquisition brings Carlyle's generation portfolio to about 4.3 GW (PFR, 9/30).

A Carlyle spokeswoman declined to comment on the purchase price while bank spokespeople either declined to comment or did not immediately respond to inquiries. A GE EFS spokesman declined to comment on the dividend payment to affiliate **GE Capital**. ■

Covanta Peddles Calif., Maine Biomass Portfolio

Covanta Holding Corp. is out to sell a portfolio of seven biomass facilities in California and Maine.

It's looking to sell five facilities in California totaling 113 MW and a pair of facilities in Maine totaling 49 MW, according to a teaser from **Ewing Bemiss & Co.**

The 57 MW Delano and 25 MW Mendota facilities in California have short-term power purchase agreements, according to the teasers. Delano and Mendota were contracted to **San Diego Gas &**

Electric and **Pacific Gas & Electric** when Covanta bought them from **AES Corp.** in 2007 (PFR, 1/27/07). The short-term agreements are with the same utilities, says a deal watcher. Details such as expiration could not be immediately learned.

Three of facilities in California were brought online in the 1980s and are idle because of economic conditions, according to the teaser. They all previously had power purchase agreements in place. Covanta tried to sell two of the shuttered plants, Burney Mountain and Mt. Lassen, in 2011 in a self-run auction (PFR, 12/21/11).

Both the 24.5 MW West Enfield and 24.5 MW Jonesboro facilities in Maine are merchant and can sell renewable energy credits under four state programs. Covanta the pair in 2008 from **Ridgewood Renewable Energy** (PFR, 5/16/08).

Mary Bacon and **Henry Berling**, managing directors at Ewing Bemiss in Richmond, Va., are running the sale.

A Covanta spokesman in Morristown, N.J., was not immediately available to comment. ■

Covanta's Biomass Portfolio

Plant Name	Location	Status
57 MW Delano	Delano, Calif.	Contracted
25 MW Mendota	Mendota, Calif.	Contracted
11 MW Burney Mountain	Burney, Calif.	Idle
11 MW Mt. Lassen	Westwood, Calif.	Idle
16 MW Oroville	Oroville, Calif.	Idle
24.5 MW West Enfield	West Enfield, Maine	Merchant
24.5 MW Jonesboro	Jonesboro, Maine	Merchant

Source: Covanta Holdings Corp.

Ikea Targets Ill. Wind Project

Ikea has agreed to buy a wind project in Illinois from **Apex Clean Energy**.

The 98 MW Hoopston project in Vermilion County, Ill., will be the first wind asset owned by Ikea in the U.S., according to a filing with the U.S. **Federal Energy Regulatory Commission**. The deal is expected to close once the project is online in the middle of January, according to the filing. **Ikea Energy U.S.** will own the farm.

Ikea will use the power from the farm. The Swedish furniture company owns nearly three dozen rooftop solar installations around the U.S. totaling about 34 MW, according to the filing.

Details such as purchase price could not be immediately learned. A spokeswoman for Ikea in Conshohocken, Pa., could not immediately comment. ■

● MERGERS & ACQUISITIONS

TerraForm Lands Capital Dynamics' Solar Assets

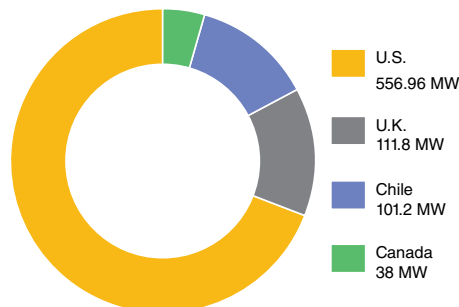
TerraForm Power has agreed to buy 77.6 MW of distributed solar facilities from **Capital Dynamics** for \$250 million.

The portfolio, owned by Capital Dynamics' **U.S. Solar Energy Fund**, is comprised of 39 assets in California, Massachusetts, New Jersey, New York and Pennsylvania. The facilities are contracted to 16 investment-grade entities, such as utilities, municipalities and corporate offtakers (PFR, 5/16).

The U.S. Solar Energy Fund closed in 2012 at \$282 million. Capital Dynamics did not arrange tax equity investments on the solar assets, which would have lessened the amount of cash flow available to return to investors.

TerraForm, **SunEdison's** yield company, will use debt and cash on hand to finance the purchase, according to a filing with the

TerraForm Power's Existing Solar Portfolio



Source: TerraForm Power

U.S. Securities and Exchange Commission. The acquisition is expected to close by year-end.

Three of the projects totaling 5.4 MW

are still under construction. If the projects are not online by the time the deal closes, then TerraForm will buy those assets upon operation under a separate transaction. The yieldco will not be obligated to buy them if they are not online by the end of February, according to the filing.

The acquisition is TerraForm's second since going public this summer. It agreed to acquire a 25.5 MW portfolio of 101 operating solar assets from energy retailer **Just Energy Group** for \$35 million and assume \$21 million in project level debt. SunEdison will pick up a 4.5 MW development pipeline as part of the transaction (PFR, 10/10).

A TerraForm spokeswoman could not immediately comment on whether the company will issue new debt to finance the acquisition. ■

Creditors Scoop Kelson's Dogwood Stake

A group of creditors is taking over **Kelson LP's** stake in the 620 MW Dogwood combined cycle facility in Pleasant Hill, Mo.

The creditors will own 55% of the facility alongside several municipal utilities, according to a filing with the U.S. **Federal Energy Regulatory Commission**. The creditor group consists of affiliates of **Credit Suisse**, **EIG Global Energy Partners**, **Freestate Management**, **Monarch Alternative Capital** and **Trilogy Funds**. EIG via four affiliates will be

the largest owner with 37.5% followed by Monarch with 35.15% and Trilogy with 26.35%.

The co-owners of Dogwood are **Missouri Joint Municipal Electric Utility Commission**, the **City of Independence, Mo.**, **Kansas Power Pool**, and the **Unified Government of Wyandotte County and Kansas City, Kan.** The munis bought into the plant nearly three years ago (PFR, 1/11/12).

Kelson is owned by two **Harbinger Capital Partner** affiliates, the **Harbinger Capital Partners Master Fund 1** and **Harbinger Capital Partners Special Situations Fund**.

The reasons around the creditor takeover could not be immediately learned. Spokespeople for Harbinger, EIG, Monarch and Trilogy either were not immediately available to comment or declined to comment. ■

Southern Courts Solar Tax Equity Partnerships

Southern Co. is looking to do more solar deals where it comes into the project as a co-owner and tax equity investor.

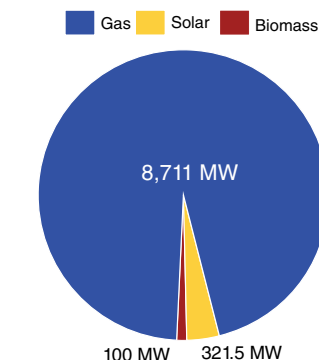
The company debuted this model in a recent deal with **First Solar**, where Southern bought 51% of the 150 MW Imperial Valley project and stepped in to take most of the tax capacity (PFR, 9/5). The deal was a departure from the company's other solar acquisitions, noted **Art Beattie**, cfo of Southern, on the third quarter earnings call. "We are finding different ways to get deals done and this was what we thought was be a win-win for both Southern Power and for First Solar," he said.

The company sees a niche for itself as both an equity and tax equity investor in solar, said **Tom Fanning**, chairman, president and ceo, noting that the company has tax appetite. "My sense is

there will be some more opportunities ahead."

Southern Power, the unregulated subsidiary of Southern, has a solar portfolio totaling more than 300 MW. The Imperial Valley project, also known as Solar Gen 2, has a 25-year PPA with **San Diego Gas & Electric** and is due to be completed later this year. ■

Southern Power Portfolio Mix



Source: Southern Power

FAST FACT

55%

A group of financial players will own a majority of the Dogwood facility alongside a group of municipal utilities that own 45%.

Okla. Utility Issues Peaker RFP

Public Service Company for Oklahoma is out with a request for proposals for 250 MW of peaking capacity.

The utility is looking for peaking power for five years beginning June 1, 2016. The utility will consider shorter terms for the power purchase agreements with start dates in 2017 and 2018, according to an RFP document. **American Electric Power Service Corp.**, a sister subsidiary of PSO under **American Electric Power**, is overseeing the RFP.

The utility is on the hunt for peaking power because it expects its capacity demand to increase from 20 MW in 2016 to 340 MW in 2021. Pub-

lic Service Co. of Oklahoma is based in Tulsa, Okla., and serves 540,000 customers over 30,000 square miles.

The utility prefers generation with high energy heat rates of 10,000 -12,000 MMBtu/MWh although it will consider alternative proposals. Bidders may offer generation in blocks as small as 40 MW.

Proposals are due Nov. 15. A short list is expected on Jan. 2, 2015 with winning bids announced in February.

A spokesperson for Public Service Co. of Oklahoma could not immediately comment on the utility's current capacity needs. ■

U.S. Army Scouts For Ala. CHP Proposals

The U.S. **Army Corps of Engineers** has issued a request for proposals for a 25 MW combined heat and power project at Redstone Arsenal in Huntsville, Ala.

The winning bidder will be responsible for financing, building, operating and maintaining the CHP facility, which will be on the base. The Army Corps expects to sign a lease and 30-year power purchase agreement with the project. The RFP is jointly coordinated by the Army Corps and the **Army Office of Energy Initiatives**, which is overseeing the effort to develop more renewable generation at Army installments in the U.S.

Redstone Arsenal is holding a briefing for companies interested in bidding into the RFP on Nov. 13—an event that the Army calls an industry day. The deadline for bids is Jan. 7, 2015. A finalist is expected to be selected by mid-2015.

Earlier this year Redstone Arsenal issued an RFP to sign a 25-year PPA for up to 18,000 MWh annually with an on-site solar project (PFR, 7/31). The deadline for proposals has passed and the intent to award notice is due in January 2015. Redstone Arsenal wants to the project to be operational before the end of 2016.

Redstone Arsenal is an Army base that hosts activities from several departments of the Army, including the Army Aviation and Missile Command and the Army Space and Missile Defense Command as well as **NASA's** Marshall Space Flight Center. ■

Coso Lands LOC From Citi

Coso Geothermal Power Holdings has arranged a letter of credit from **Citibank**.

The \$15.2 million facility replace letters of credit totaling \$55 million from **CoBank** that were set to mature this quarter. CoBank decided it would not extend its letters of credit over the summer.

Coso Geothermal owns three geothermal facilities in Inyo County, Calif., totaling 302 MW. The facilities have been beset with chronic underproduction that has strained its financials (PFR, 7/13/12). Energy production was down 40% from the original forecast as of March 2014, according to **Fitch Ratings**.

Coso Geothermal, a subsidiary of **Terra-Gen Power**, has \$455 million outstanding on \$629 million pass through certificates that mature in 2026. Fitch Ratings downgraded the notes from CC to C in August; Moody's Investors Service downgraded the notes to Caa2 from Caa1. **MetLife** entered into a sale leaseback as the lessor of the Coso facilities in December 2007.

Details on why CoBank opted to not extend its facilities or pricing on the LOC could not be immediately learned. Spokesmen or officials for Terra-Gen, Citi and CoBank could not immediately comment. ■

SoCalEd Shops Again For Small Scale Solar PPAs

South California Edison has launched a request for proposals for 63 MW of solar generation.

SoCalEd is looking for projects between 500 kW and 10 MW. Projects must sit within the utility's territory in Southern and Central California, although the company is particularly keen to get project bids from Orange County, according to **Nicole Neeman Brady**,

SoCalEd's director of energy procurement. SoCalEd prefers rooftop projects that are 1-2 MW although it will consider some ground-mounted projects.

Bids from developers are due by January 6, 2015. The utility expects to file with the **California Public Utilities Commission** for approval for the PPAs by April 24, 2015. Projects must be online within 18 months of receiving CPUC approval.

The RFP is the fourth call under the company's solar photovoltaic program, or SPVP, which has been in place since 2010. The program has so far signed 64 MW of PPAs. The third phase of the program ended in June and resulted in PPAs being signed with **NexEra Energy Resources**, **Antelope Valley Solar**, **Borrego Solar Systems**, **Kona Solar** and **SunEdison Utility Solutions** (PRF, 7/3). The SPVP program ends in 2015. ■

SoCalEd's Solar Photovoltaic Program

Phase 1	Phase 2	Phase 3	Phase 4
412 MW	104 MW	102 MW	63 MW Target
148 projects	62 projects	49 projects	

Source: Southern California Edison

PROJECT FINANCE

Pattern, Samsung Seal Armow financing

Pattern Development Group and **Samsung Renewable Energy** have closed a C\$580 million (\$519 million) financing supporting the 180 MW Armow wind project in Kincardine, Ontario.

The package includes a C\$433 million (\$385.7 million) loan that carries pricing of LIBOR plus 162.5 basis points, notes a deal watcher.

A roster of ten lenders signed onto the deal despite which carries a record low pricing for a wind construction financing since the financial crisis (PFR, 5/23). **BMO Capital Markets, CIBC, Cr dit Agricole, Soci t  G n rale** and **Sumitomo Mitsui Banking Corp.** were book-runners, says a deal watcher. **BayernLB, KeyBank Capital Markets, Mizuho Corporate Bank, Nation-**

al Bank of Canada and **Bank of Tokyo-Mitsubishi** participated in the deal.

Construction at Armow has started and the project is expected to be completed in the fourth quarter of 2015. Armow Wind has a 20-year power purchase agreement with the **Ontario Power Authority**.

The Armow financing had many of the same lenders as Pattern's K2 wind deal, which closed at L + 175 bps—the market low at the time (PFR, 3/4).

The details on package such as additional components or tenor could not be immediately learned. Spokespeople for Pattern, Samsung Renewable Energy and the lenders were either not immediately available or declined to comment. ■

Pattern Scores Debt Repricing

Pattern Energy Group Inc. has shaved 100 basis points off commercial bank debt backing its 265 MW Ocotillo wind project in Imperial Valley, Calif. The San Francisco-based company sealed the repricing this month.

Deutsche Bank and **RBC Capital Markets** led the original \$490 million commercial bank facility, with **Royal Bank of Scotland, Soci t  G n rale, KeyBank** and **NordLB** among the participants (PFR, 10/15/12). The seven-facility had pricing of around 250 basis points over LIBOR. Two lenders joined the original eight to the project for the repricing. A spokesman did not respond to inquiries by press time and the identity of the lenders could not be learned.

"They're notorious for squeezing every penny," says one banker of working with Pattern. The sponsor is among a wave of borrowers looking to reprice debt on deals inked in 2011 and 2012 (PFR, 10/10)

Ocotillo has a 20-year power purchase agreement with **San Diego Gas & Electric**. The project was among an initial portfolio that Pattern dropped down into its yield company (PFR, 8/12/13). ■

#PowerTweets

For more news and coverage, follow @PowerFinRisk on Twitter, as well as Managing Editor @HollyFletcher, Editor @SaraReports and Senior Reporter @OliviaFeld.

@PaulJQuinlan

First bird now this: Ivanpah Solar Plant falling short of expected electricity production #concentrating #solar [http://www.greentechmedia.com/articles/read/ivanpah-solar-plant-falling-short-of-expected-electricity-production ...](http://www.greentechmedia.com/articles/read/ivanpah-solar-plant-falling-short-of-expected-electricity-production...)

@russellgold

U.S. energy boom can withstand \$80 oil, even \$70... \$60? Probably not. <http://on.wsj.com/1wMs7Fc> via @WSJ

@davide_savenije

Citi exec: If solar ITC drops to 10%, regulated banks won't make any solar financing deals. #SolarNetworkSummit

@InvenergyJobs

We're hiring - Vice President of Engineering in Chicago <http://bull.hn/l/25XL8/39> #job

@CleantechMag

The @solarcity goal is to get lowest average cost of capital so 4% yield can be fine - different structure from @solarmosaic says Dan Rosen

@ERCOT_ISO

ERCOT and Frontera Facility owners submit reliability safeguards to U.S. DOE. [http://www.ercot.com/content/news/presentations/2014/ERCOT%20Frontera%20Letter.pdf ...](http://www.ercot.com/content/news/presentations/2014/ERCOT%20Frontera%20Letter.pdf...)

@_NEPGA

Exciting for New England! RT@PSEGNews PSEG considering new \$600 million, 450 MW CCGT plant at Bridgeport Harbor site <http://spr.ly/6018SGpp>

@LangReynolds

Another big NG build- 87 vs 59 5 yr avg, still 294bcf below where we were this time last year however

Q&A: JARED DONALD, CONERGY AMERICAS ●

« FROM PAGE 1

solar projects in Canada. Why is Conergy launching this campaign in Ontario now, as opposed to six months ago or six months from now?

Donald: Right now, we are investing. We see Ontario as a very competitive market. But now that we have the political stability from the current government for the next few years, we see some forward visibility and consistency in the market, which isn't something we've had for some time. We see some others leaving the space, but we've been in this market for the better part of a decade and we feel like we really understand it well. Conergy's new-found bankability and financial stability really gives us the resources to acquire pre-construction projects and really help our partners in the market co-develop new projects. We're going to continue to seek out any opportunities we can find to really maximize shareholder value for our company in that space.

PFR: What qualities is Conergy looking for in potential solar acquisitions in Canada? How much will it look to invest in each asset?

Donald: We're looking for large single sites or portfolios with Feed-In Tariff contract offers in-hand or pending FIT contracts, all of them in pre-construction. We really look to leverage Conergy's EPC and O&M capabilities, so pre-construction is critical for us. We're looking for individual project values over \$1 million and again, small single sites or portfolios fit that quite well.

PFR: How much capital is Conergy looking to invest overall in solar in Canada? Over what kind of timeframe?

Donald: There's no cap that we put in place. We think that high double-digit, triple-digit million dollar targets are achievable. That's where we're going to start our focus. The key though, is that we achieve capital returns for investors and we'll continue our predictable program that we can rely on, in the province.



Jared Donald

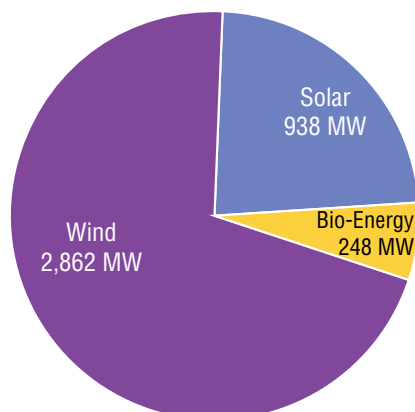
PFR: Conergy sold its distribution arm to Soligent. What was the impetus behind that sale?

Donald: We sold to Soligent in the U.S. and we sold to HES PV in Canada. We sold the distribution businesses in both countries. Really, it comes down to continuing a strategic shift to focus more on project development, financing, EPC and O&M and really using those resources to support our partners across North America as they look to develop more projects.

PFR: According to the release regarding Soligent, Conergy will be using additional resources to focus on growth in Central and South America. Can you describe Conergy's development and financing plans in those regions?

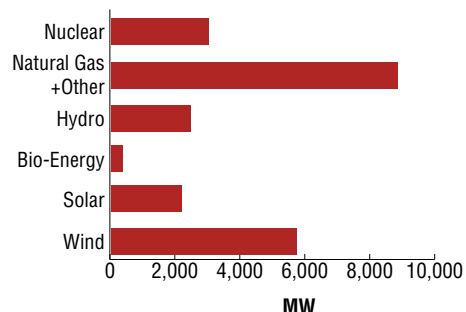
Donald: As one of the largest downstream solar companies, we're really look for opportunities to support developers in all markets that they're active in, to bring

Renewables Under Development In Ontario



Source: Ontario Power Authority

Ontario Power Authority Contracts By Fuel Source



Source: Ontario Power Authority

those projects to reality. We see Central and South America as a great place to do so. The specific approach will vary by country, because they all have very different parameters. But we see, as a whole, Central and South America as a strong growth market where we want to ensure that we can effectively support our partners.

PFR: Why are Central and South America attractive right now and what kind of markets are you finding there?

Donald: At a high level, we're seeing cost reductions on the installation of solar and also seeing electricity cost increasing. We have energy volatility issues in a lot of countries and a significant infrastructure growth and renewal process that needs to happen in Central and South America. All of this points to, in our minds, a stronger need for solar. Now is the right time to really invest in those regions.

PFR: Conergy launched a \$100M fund to finance and purchase solar projects in the U.S. earlier this year. Has Conergy inked any transactions from this fund to date? If so, please describe them.

Donald: We've signed more than a dozen deals from that fund. It is very active and continues to be very active for us. ■

Check back next week for the final installment of this Q&A, when Donald discusses the company's strategy for the next 12-18 months.

POWER FINANCE & RISK IS BACK...



WWW.POWERFINANCERISK.COM



The look and feel is being updated in September, to frame our exclusive editorial content. Our editorial team is enhancing its deal and feature coverage with:

- Up-to-date databases tracking generation M&A, project finance and requests for proposals
- Increased coverage of Mexico and Latin America
- The PPA Pulse and Yieldco Sweep
- Q&As with corporate, banking, legal and investment executives who are leading the industry



@PowerFinRisk



Power Finance & Risk



Power Finance & Risk

By the publisher of GlobalCapital

INDUSTRY CURRENT ●

'A Paradigm Shift in Tidal Range Power'—Part 2



This week's Industry Current on tidal range power is written by **Ted Verrill**, president and ceo of **Halcyon Tidal Power** in Southport, Conn. The article appeared in Chadbourne & Parke's Project Finance Newswire as a rebuttal to a June piece that suggested hydrokinetic tidal power was several years from reaching commercial scale. Verrill looks at how advancements in tidal range power offer commercial deployment opportunities now.



Ted Verrill

Complaints

The ability of a Halcyon tidal range facility to avoid sensitive estuarine environments is a perfect segue to the further reduction or elimination of environmental harm caused by traditional tidal range facilities, the remaining key to the proliferation of tidal range power. Halcyon can now locate its tidal range facilities along shorelines, creating tidal lagoons that do not enclose sensitive estuaries. Along with a construction methodology that limits or avoids environmental harm, Halcyon has also engineered an advanced operating cycle from existing technologies. In collaboration with the hydro turbine division of Alstom Power, Halcyon has taken bulb turbines off the shelf and will be deploying them horizontally at the base of its enclosure, generating power at both the ebb and flood tides as well as using them as high-volume pumps during slack tides to re-align sea water (within the basin created by the Halcyon enclosure) with the natural intertidal zone.

This effort is critical to maintaining natural hydrology, preventing sedimentation and otherwise maintaining the marine environment. As feeding or migrating fish and invertebrates move in and out of the basin, care must be taken to assure that most, if not all, are able to do so unscathed. Most of the fish and invertebrates will have little difficulty moving through the three-meter diameter turbines themselves or through the sluiceways, which will be open at various times throughout a tidal cycle. However, in order to accommodate the normal activity of marine life, Halcyon and Alstom have further modified the bulb turbines by reducing the number of impellers from four to three, by thickening the leading edges of the impellers and by reducing the

speed of the impellers through gearing modifications. Furthermore, safeguards will be put in place to prevent cetaceans or other large marine mammals from entering the basin or at least guiding them away from the turbines. Finally, Halcyon will make special accommodation for unique species that use the basin on a case-by-case basis.

Another complaint levied against tidal range power is the use of an enclosure. Many detractors have likened the enclosure to a dam. The definition of a dam is a barrier that impounds water or diverts water from its natural course. Hoover Dam is a dam because it impounds a large portion of the water volume from the Colorado River in Lake Mead. Existing tidal range facilities share most of the attributes of a dam: they impound water, produce power only on the ebb tide, change the characteristics of the intertidal zone and ultimately fill the basin with sediment.

This is not the case with a Halcyon tidal range facility, which produces power on both the ebb and flood tides without impounding or diverting water from its natural course, maintains the natural intertidal zone, with pumping if necessary, and sustains the natural hydrology of the water, preventing sedimentation. While obviously of lesser importance, a Halcyon enclosure does not look like a typical dam either, as over 75% of the enclosure lies permanently below the surface of the sea. The portion of the enclosure sitting above the water line can be modified to accommodate aesthetic considerations.

Best Sites

Where are tidal range facilities likely to be deployed? The website GreenRhinoEnergy.com suggests that there are only five regions

in the world where tidal range power could be generated. It is assumed that this site determination was based on the economics of those facilities where the tidal range is more than eight meters (the distinguishing criteria apparently used). This conclusion appears to be drawn from facilities using typical embankment or barrage construction rather than the far less expensive Halcyon enclosure construction methodology. With Halcyon advancements, a tidal range facility can be constructed efficiently and economically, on five continents, not just five regions, as well as many more locations on these continents. Please see the seminal work on tidal power by **L.B. Bernshtein**, Tidal Energy for Electric Power Plants, published in 1961 and translated from the Russian in 1965, for a discussion of these locations.

Halcyon is currently developing a 25-megawatt facility in Cobscook Bay, Maine, and considering an 1,100-megawatt facility in Scott's Bay, Nova Scotia. It is also proposing to develop a facility on the English side of Bristol Bay. The Cobscook Bay power plant, sized to be the "showcase" Halcyon tidal range facility, is economically viable at five meters of tidal range. In sum, Halcyon intends to construct its facilities as tidal lagoons along shorelines in places where the tidal range is approximately five meters or more, such as the Bay of Fundy and Bristol Bay, where, in actuality, several of these facilities could be considered without altering the natural hydrology.

Tidal range power deserves a serious second look by the renewable energy and clean tech sectors and, in particular, the ocean energy subsector. ■

Check out www.powerfinancerisk.com or the Oct. 27 edition of *Power Finance & Risk* for Part 1 of the Industry Current.

GSD Report 1H 2014: Solar Asset Sales Soar

« FROM PAGE 1

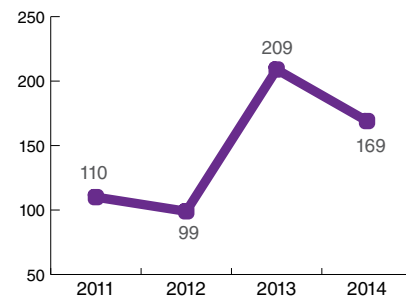
last year. Those 34 assets accounted for roughly 20% of the generation facilities put up for sale in the first half of 2014. Solar accounted for about 9.6% of the assets coming to market in the same period last year.

Overall, the volume of assets sold in the first half of 2014 has nearly doubled over the same period last year, with 164 assets trading hands compared to 86 in the first six months of 2013.

The number of closed solar deals ranked second only to wind in 1H 2014. The first half of 2014 saw 55 wind assets change hands—a tally that accounts for 33.5% of the six months' activity.

For the full Generation Sale Database

Assets Put Up For Sale - 1H



Source: Generation Sale Database, PFR 2012 Quarterly Reports

Report for 1H 2014, with data, graphics and commentary, please visit the data page at www.powerfinancerisk.com ■

EIF Hunts Oregon Co-Owner

« FROM PAGE 1

three years after the plant is online and then to L+375 bps for the remaining four years. EIF was scheduled to have a call with lenders on Oct 31.

Nearly a dozen banks have been casing join the deal, financiers say. The deal list is could include **Associated Bank, Bank of America, CIT Group, Deutsche Bank, ING, ICBC, Investec, NordLB, Prudential Capital Group, Royal Bank of Scotland, SunTrust and Wells Fargo**. The lenders will need to do some final assessments before they finalize their commitments, says a financier at a firm who will be on the call. The deal is expected to be oversubscribed so not all banks may get a piece of the financing, says another financier.

The private equity shop initially planned to close the deal by the end of October but has delayed the process over equity questions, says a deal watcher.

The deal is modeled after EIF's recent the \$590 million financing backing the 705 MW Newark CCGT in Newark, N.J. The Newark deal closed at L+350 bps

(PFR, 6/24). "The transaction structure is designed to be a carbon copy of the Newark deal," says an observer, noting that many of the banks are the same.

Construction has already begun on the combined cycle project in Oregon, Ohio. It's scheduled to be online in 2017.

The status of the sale could not be learned at time of print. A spokesman for EIF declined to comment while bank officials or spokespeople either declined to comment or did not respond to inquiries ■

Gas-Fired PF Activity



Source: Power Finance & Risk

● ALTERNATING CURRENT

Solar Panels Need a 'Fiddling' on the Roof



The placement of many rooftops solar panels in the U.S. is at odds with the needs of the grid.

Panels installed on residential roofs are facing the south in order to capture the most direct sunlight to generate a maximum amount of power. Owners are paid by the amount of power generated and are incentivized to produce as much power as possible—even if it's generated when it's not needed.



iStock/ThinkStock

However, demand on the grid is at its highest in the afternoon, when the sun is setting in the west creating a discrepancy that a **California Public Utilities Commission** highlighted in a report.

It's in the later part of the day that temperatures are high and air conditioners are on at full blast and yet by this point in the day most south facing panels aren't catching optimal light, according to the New York Times.

Houses around Austin, Texas, that had west-facing panels used 65% less power from the grid in peak times in the summer compared to those who had south-facing panels, who used 54% less, according to a study from Pecan Street Research Institute, an Austin-based research and development organization. ■

● ONE YEAR AGO



Samsung Renewable Energy closed on a C\$525.3 million (\$502.9 million) debt package backing its 100 MW Grand solar facility in Haldimand County, Ontario. [The company closed on a similar deal in July of this year to finance its 100 MW Sol-Luce Kingston solar project in Ontario (PFR, 7/18).]

● QUOTE OF THE WEEK

"We're looking for individual project values over \$1 million and again, small single sites or portfolios fit that quite well."

Jared Donald, president of **Conergy Americas**, on what kind of solar acquisitions the company wants to make in Canada (see Q&A, page 1).