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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● PROJECT FINANCE ● STRATEGIES ● PEOPLE & FIRMS

NRG 'Explores Financing Options' for Carlsbad

NRG Energy is mulling how to finance a 632 MW gas-fired project in California, which will cost up to $850 million to construct. Page 2

PG&E Increases Size of Senior Bond

Pacific Gas & Electric Co. issued a $650 million senior unsecured bond on a busy day in the U.S. investment grade bond market. Page 12

CohnReznick Makes Hires for Renewables

New York-based advisor **CohnReznick Capital Markets** has hired a trio of bankers, including a former m.d. at **Ambata Securities**. Page 12

Yieldco Execs Face Questions about Alternative Options

Richard Metcalf

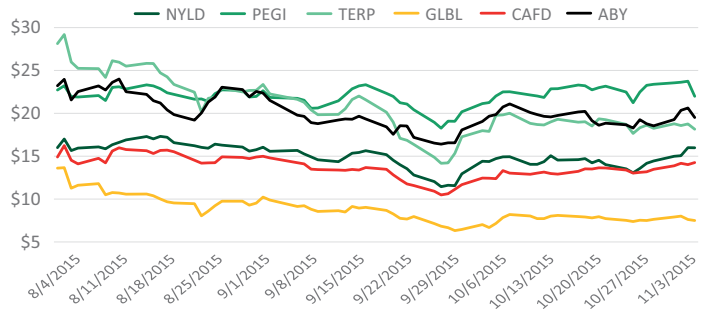
In third quarter earnings calls, yield company executives have faced questions about what strategic options they have, should the volatility the sector has faced since June fail to abate.

NRG Yield and **Pattern Energy Group** hosted conference calls last week, and officials at both publicly traded yieldcos outlined actions that they had already taken as well as possible future plans to survive what market participants are calling a market "dislocation".

In his company's earnings call on Nov. 4, **David Crane**, ceo of NRG Yield, told analysts the company would not be making any rash decisions and would "stay the course". However, he also recognized that the under performance of the company's share price was unacceptable.

"In that regard," he said, "what we will commit PAGE 11 »

Selected Yieldco Stocks, Last Three Months



Source: Nasdaq

'Sticker Shock' for Sponsors as Pricing Widens

Olivia Feld

Volatility in the capital markets and regulatory pressures are pushing up margins and causing project finance deals in the institutional and bank markets to be repriced.

"The developers are having a sticker shock," a project finance banker tells *PFR*.

Pricing in the institutional market widened first, following downturns in equities and secondary trading, and this is bleeding over into the commercial bank market, warn financiers. "The market was overheated and there's been a realization by banks," says another banker.

Financiers are feeling the pressure to close deals before sponsors retreat from the market, says a third project financier. "A lot of us that have been working on deals all year long, PAGE 5 »

Q&A: Jean-Pierre Boudrias, Goldman Sachs - Part II

In the second half of this exclusive interview, **Jean-Pierre Boudrias**, v.p. and head of project finance at **Goldman Sachs**, talks to *PFR* managing editor **Olivia Feld** about the investment bank's plans to finance more projects in Latin America and how contagion from the energy market is affecting pricing.

PFR: How have hedge agreements evolved?

Hedges have filled PAGE 10 »

● PPA PULSE

Factories, Stores, Data Centers Sign Up

Stuart Wise, Richard Metcalf

Non-utility corporate offtakers have continued to snap up power purchase agreements for the output of renewables projects in the last months, and it's not all for data centers, although there were a couple of those.

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PROJECT FINANCE

NRG Plots Carlsbad Financing

NRG Energy is "exploring financing options" for the 632 MW Carlsbad Energy Center gas-fired simple-cycle project in Carlsbad, Calif., a company spokesperson tells *PFR*.

The project is slated to cost between $650 million and $850 million to construct, according to filings with the **California Energy Commission**.

In July, the Commission granted the Princeton, N.J., and Houston-based sponsor a license to build the Carlsbad project, which will replace its 964 MW Encina gas-fired project, which is due to retire in 2017. The Commission is reviewing its decision after a petition was filed against the project in September, and will announce whether it has changed its ruling at a meeting on Nov. 12.

The project has undergone significant alterations since it was first proposed eight years ago. The Commission originally licensed NRG to build a 540 MW natural-gas combined-cycle project on the same site.

The City of Carlsbad opposed the plan, and two years later NRG announced it had revised its proposal, saying that new technology was available to better meet the needs of the area. The amended plan includes the removal of obsolete facilities at NRG's adjoining Encina project. The demolition is part of an agreement with the City of Carlsbad to help return the coastal area to non-industrial use.

San Diego Gas & Electric has a power purchase agreement with the Carlsbad project, which is slated to be online at the end of 2017, when the Encina facility is due to retire.

Google Takes Tax Equity in EDPR Project

Oz Wind, an indirect subsidiary of **Google**'s parent company, **Alphabet**, is investing tax equity in **EDP Renewables**' 199 MW Waverly Wind Farm in Coffey County, Kan., according to paperwork filed with the U.S. **Federal Energy Regulatory Commission**.

Kansas City Power & Light Co. has a 20-year power purchase agreement with the project, which is slated to be online in December.

Google was one of the first non-financial corporations to enter the renewable tax equity market in 2010. At the time, some bankers were skeptical about the likelihood of similar deals following (PFR, 12/23/10).

The publicly traded internet company has since invested in a slew of renewable projects, including **Pattern Energy Group**'s Panhandle 2 wind project in Carson County, Texas, and the **EDF Renewable Energy** Spinning Spur wind project in Oldham County, Texas (PFR, 1/11/13).

Spokespeople for Google in Mountain View, Calif., and EDPR in Houston did not immediately respond to inquiries. ■

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

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GENERATION AUCTION & SALE CALENDAR

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

Generation Sale DATABASE

Seller	Assets	Location	Advisor	Status/Comment
Arclight	Michigan Power (125 MW Gas)	Ludlington, Mich.		Rockland Capital has agreed to acqcuire the project with a group of minority investors (PFR, 10/26).
CarVal Investors, Merrill Lynch Credit Products, Värde Partners, other financial investors	Granite Ridge (745 NW Gas)	Londonderry, N.H.		Calpine has agreed to acquire the project for $500M (PFR 10/19)
DTE East China (DTE Energy)	East China (350 MW Gas)	East China, Mich.		DTE Electric, another affiliate of DTE Energy, acquired the facility for $69 million after an RFP process (see story, page 6).
Entergy Corp.	Rhode Island State Energy Center (583 MW Gas)	Johnston, R.I.		The Carlyle Group has agreed to acquire the facility for $490M (PFR 10/19)
Fotovoltaica Los Prados	Los Prados (53 MW Solar)	Choluteca region, Honduras		Scatec and Norfund have acquired the project, which has an expected construction cost of $100 million (PFR, 11/2).
Green Gas Americas	Pioneer (8 MW Landfill Gas)	Birdsboro, Pa.	Shearman & Sterling (legal)	Fortistar has agreed to acquire the projects after closing a $150M financing for its LFG to energy portfolio (PFR, 10/12).
	Port Charlotte (3 MW Landfill Gas)	Punta Gorda, Fla.		
IFM Investors	Portfolio (1.08MW Gas, Oil, Hydro)	U.S.	Morgan Stanley	IFM has launched the sale of its Essential Power portfolio (PFR, 8/31)
LS Power	Portfolio (4,300 MW Gas)	U.S.	Citi, Morgan Stanley	LS Power has taken second round bids (PFR, 9/28).
MACH Gen creditor group	Athens (1.08 GW Gas)	Greene County, N.Y.		The deal has closed. Talen Energy pulled a planned $400M term loan B in connection with the $1.175B acquisition (PFR 10/23).
	Millenium (360 MW Gas)	Charlton, Mass.		
	Harquahala (1.092 GW Gas)	Maricopa County, Ariz.		
Northwest Power Services	Red River (52 MW Hydro)	Rapides Parish, La.		Private equity-owned FFP New Hydro has acquired the project (see story, page 6).
Petrobras	Pipeline Network (4038-mile)	Brazil		First Reserve is mulling a bid for an interest in the assets (PFR, 8/17).
Piedmont Natural Gas	Cardinal (Gas pipeline)	North Carolina	Barclays (buyer), Goldman Sachs (seller)	Duke Energy has acquired Piedmont Natural Gas for $4.9 billion (PFR, 11/2).
	Constitution (Gas pipeline, 24%)	Pennsylvania, New York		
	Atlantic Coast (Gas pipeline, 10%)	W. Virginia, Virginia, N. Carolina		
Renovalia	Portfolio (418 MW Wind)	U.S., Canada, Mexico		Cerberus has acquired Renovalia for $1 billion (PFR, 10/26).
	Portfolio (105 MW Solar)	Chile		
Solar Frontier Americas	Morelos del Sol (15 MW Solar)	Kern County, Calif.		Southern Power has acquired the project, which was part of a 280 MW solar portfolio that Solar Frontier bought from Gestamp Solar in April (PFR, 11/2).
Talen Energy	Ironwood (778 MW, Gas)	Lebanon, Pa.	Credit Suisse, Kirkland & Ellis (legal)	TransCanada has agreed to acquire the project for $654M following an auction (PFR, 10/12).
	Holtwood (252 MW, Hydro)	Holtwood, Pa.	RBC Capital Markets, Simpson Thacher & Bartlett (legal), Morrison & Foerster (legal, buyer)	Brookfield Renewable Energy and institutional partners have agreed to acquire the assets for $860 million (PFR, 10/12).
	Lake Wallenpaupack (40 MW Hydro)	Hawley, Pa.		
	C.P. Crane (399 MW Coal)	Middle River, Md.		Talen has initiated a sales process for the facility (PFR 10/19)
Talen Energy	Sapphire Portfolio (655 MW Gas, Oil)	New Jersey, Pennsylvania		Talen is taking bids for the assets and may sell any, all or none of them (PFR 10/19)
Tenaska Capital Management	Portfolio (4,900 MW Various)	U.S.	Barclays	Arclight has emerged as the buyer (PFR 10/19)
Sigma Engineering	Alterra (approx 50 MW)	British Columbia, Canada		Alterra is acquiring the four early stage development projects (PFR, 10/26).
Upstate New York Power Producers	Somerset (668 MW Coal)	Somerset, N.Y.		Riesling Power (Blackstone) is acquiring the projects in a transaction expected to close in December (PFR, 10/5).
	Cayuga (312 MW Coal)	Lansing, N.Y.		

New or updated listing

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

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PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Cemig	Unnamed Project (Capacity Unknown)	Minas Gerais, Brazil	TBA	Debt	TBA	TBA	The sponsor intends to seek debt for the project, which is pegged at a cost of $1.14B (PFR, 8/17).
Competitive Power Ventures	Towantic (805 MW Gas)	Oxford, Conn.	GE EFS, ING, Natixis, MUFG, NordLB, Mizuho	Debt	TBA	TBA	The sponsor is in the market for debt and is in talks with the lenders listed here (PFR, 8/17).
	Fairview (980 MW Gas)	Cambria County, Pa.	TBA	TBA	Debt, Equity	TBA	The sponsor will be in the market for debt when the deal launches in Q3'16 (PFR, 6/15).
Citizens Energy Corp, ClearGrid Energy	Portfolio (Capacity Unknown, Solar)	Massachusetts	TBA	Debt, Tax Equity	TBA	TBA	Sponsors will seek tax equity and debt financing for a number of community solar projects (PFR, 10/26).
EDPR	Waverly (199 MW Wind)	Coffey County, Kan.	Google	Tax Equity			A subsidiary of Google's parent company has invested tax equity in the project (see story, page 5)
Energy Transfer Partners	Comanche Trail (195-mile pipeline)						
Invenergy	Clear River (900 MW+ Gas)	Burrillville, R.I.	TBA	TBA	TBA	TBA	The project is slated to cost $700M to develop (PFR, 8/10).
Invenergy	Portfolio (2 GW Gas)	U.S., Canada	Morgan Stanley, ICBC	Sen. Secured Term Loan	$340M	7-yr	Chicago-based sponsor has closed financing for the porfolio in a deal lead by Morgan Stanley (PFR, 10/26).
				Sen. Secured RCF	$70M	5-yr	
				Second Lien Term Loan C	$200M	TBA	
Magnolia LNG	Magnolia LNG (80 mtpa LNG)	Lake Charles District, La.	TBA	Debt	<=$3B	TBA	Teasers are likely to be sent out in early October (PFR, 8/10).
Moxie Energy	Freedom (900 MW Gas)	Luzerne County, Pa.	BNP Paribas, Citigroup, GE EFS, MUFG Union Bank	Debt	$600M	TBA	The deal, which is likely to be oversubscribed, is priced at 325 basis points over Libor (PFR, 9/21).
NextEra Energy Resources	Breckinridge (98 MW Wind)	Garfield County, Okla.	JPM Capital Corp, Wells Fargo	Tax Equity	TBA	TBA	JP Morgan has taken 75% of the Class B shares and Wells Fargo 25% (PFR, 9/14).
NRG Energy	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	TBA	TBA	TBA	The sponsor is "exploring financing options" for the project expected to cost up to $850 million to build (see story, page 2)
Panda Power Funds	Panda Sherman (1,200 MW Gas post expansion)	Grayson County, Texas	TBA	TBA	TBA	TBA	The 450 MW expansion project is pegged at a cost of $200M to $300M (PFR, 8/30).
Panda Power Funds	Hummel (1 GW CCGT)	Snyder County, Pa.	Goldman Sachs, ICBC and Investec	Term Loan B	$460M	7-yr	Loan was priced at 600 basis points over Libor with an original issue discount of 96 and a 1% floor (PFR, 11/2).
			ICBC and Investec	Term Loan A	$250M	6.5-yr	Deal closed with term loan priced at 375 bps over Libor (PFR, 11/2).
Pattern Energy	St. Joseph (138 MW Wind)	Manitoba, Canada	TBA	TBA	TBA	TBA	Pattern is refinancing the project's 20-year loan sealed in 2010 (see story, page 6)
Recurrent Energy (Canadian Solar)	Barren Ridge (199 MW Solar)	Kern County, Calif.	Rabobank, Santander, NordLB, Key Bank, CIT, US Bank	Construction, Tax Equity Bridge, Term	$115M, $68.8M	7-yr	Recurrent Energy has closed debt and tax equity financing for the solar project (see story, page 2)
Recurrent Energy (Canadian Solar)	Mustang (100 MW Solar)	Kings County, Calif.	Santander	Construction, Term, Tax Equity Bridge	$165M	TBA	Santander plans to syndicate the loan in the coming weeks (PFR, 9/14).
			U.S. Bancorp	Tax Equity	101M	TBA	
Recurrent Energy (Canadian Solar)	Tranquillity (200 MW Solar)	Fresno County, Calif.	NordLB, Rabobank, Santander, KeyBanc, CIT, CIBC	Construction, Letters of Credit, Term	$337M	TBA	The deal has closed (PFR, 9/14).
Rockland Capital	Michigan Power (125 MW CCGT)	Ludington, Mich.	BNP Paribas	Term Loan	TBA	TBA	BNP Paribas will launch the financing in a few weeks (PFR, 11/2)
Ares EIF	St Joseph Energy Center (700 MW CCGT)	New Carlisle, Ind.	BNP Paribas	Term	$400M	TBA	The deal has launched and price talk is 325bp over Libor (PFR, 10/5).
sPower	Eden Solar (48 MW Solar)	Richmond County, N.C.	U.S. Bancorp	Tax Equity	$52.6 M		U.S. Bancorp has taken federal tax equity in the project (PFR, 10/26).
sPower	Latigo (62 MW Solar)	Utah	EFS Renewables	Tax Equity			sPower is seeking authorization for tax equity investments for a wind and solar project (see story, page 5)
	Sandstone (45 MW Solar)	Arizona	Wells Fargo	Tax Equity			

New or updated listing

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'Sticker Shock' for Sponsors as Pricing Widens

not being able to close, right now we want to get to the finish line before it becomes public that the prices are going up."

Three term loan B offerings have been repriced or pulled from the market since August, and a **Recurrent Energy** project financing in the bank market has recently been repriced, according to three deal watchers who are not involved in the transaction. Officials at the **Canadian Solar** subsidiary in San Francisco declined to comment.

"It is a realization by banks that it probably got a little tight," says the first banker. "The catalyst for that realization was that most banks are relationship banks and we were willing to do things, maybe price things a little tighter, knowing that there was a bunch of equity deals coming down the pike. With the yieldco pause, there's not as much deal flow to make up for some mispriced deals. There's just not as much pressure or need to be aggressive in the market right now."

The market is still reeling after pricing widened on **Panda Power Funds'** latest deal, which closed on Oct. 27. The $460 million term loan B backing the 1 GW Hummel gas-fired project in Snyder County, Pa., was priced at 600 basis points over Libor with an original issue discount of 96 and a 1% floor. Price talk had been around 550 bps to 575 bps (PFR, 10/26).

Earlier in October, **Talen Energy** pulled its term loan B offering, blaming poor market conditions. The company said the rate and terms required to syndicate the $400 million issuance were no longer attractive (PFR, 10/23).

In August, **Invenergy** reduced the size of a term loan B, injecting $50 million of equity to make up the shortfall (PFR, 8/13). "This was the first deal that we saw the cracks," says a fourth financier.

In October, the Chicago-based sponsor priced its rejigged term loan B package backing a 2.5 GW portfolio of gas-fired projects in the range of 550 bps to 600 bps over Libor. The original loan was priced at between 525 bps and 550 bps over Libor with a 1% floor rate, according to a deal watcher (PFR, 10/21).

Regulatory pressures on banks, including the Basel III rules, are adding to the pressure put on bankers by their investment committees, says the first banker.

"There's been tremendous loan growth throughout the industry over the last two or three years. It can't grow unabated forever. You eventually work through your cheaper capital, your deposit base," he says. "Once those loans are out there, you eventually run out of ways to fund loans. You need to go out and find more capital which tends to be more expensive. The market is getting more mature." ■

Recurrent Closes Club Deal

Recurrent Energy, a subsidiary of **Canadian Solar**, has closed debt and tax equity financing for the 60 MW Barren Ridge solar project in Kern County, Calif.

Rabobank led the club deal, which includes **Santander**, **NordLB**, Key **Bank**, and **CIT**. The lenders are providing $115 million of construction debt, a tax equity bridge loan and a back levered term loan for the project. The 7-year term loan has a long-term amortization schedule.

US Bancorp Community Development Corporation, a division of **US Bank**, is providing $68.8 million in tax equity for federal credits.

Los Angeles Department of Water and Power has a 20-year power purchase agreement with the Barren Ridge project for generation and associated renewable energy credits.

The project, which is already under construction, is slated to be online in the third quarter of 2016. **Swinerton Renewable Energy** is providing engineering, procurement, and construction services. ■

sPower Files for Brace of Tax Equity Investments

sPower is seeking authorization from the U.S. **Federal Energy Regulatory Commission** for tax equity investments for a wind project in Utah and a solar project in Arizona.

The 62 MW Latigo wind project in San Juan County, Utah, has secured a tax equity commitment from **General Electric** subsidiary **EFS Renewables**, while **Wells Fargo** will be the tax equity investor for the 45 MW Sandstone solar project in Florence, Ariz., according to filings.

sPower acquired the Latigo project from **Wasatch Wind** in June. It has an estimated development cost of $125 million and is slated to go online in December.

The project has a 20-year power purchase agreement with **Rocky Mountain Power**, a subsidiary of **Berkshire Hathaway**-owned **PacifiCorp** (PFR, 9/2).

sPower has asked FERC approve the Latigo tax equity deal by Dec. 2.

Under the terms of the investment, EFS will acquire 100% of a passive class of membership interests in the project, and sPower will retain indirect ownership of all of the controlling membership interests.

A spokesperson for **GE Energy Financial Services** would not comment on the size of the tax equity investment or whether it related to federal or state tax credits, or both.

The Sandstone project has a 21-year power purchase agreement with the **Salt River Project Agricultural Improvement and Power District**, an electric utility company, owned by the state of Arizona, which serves the Phoenix metropolitan area.

The solar project is estimated to cost $80 million to develop and, like Latigo, it is slated to begin commercial operation in December.

sPower will transfer the Sandstone project to **WFS Holdings**, a special purpose vehicle, under the proposed tax equity transaction. The planned corporate structure is similar to that for the Latigo project, in that sPower will indirectly own 100% of the controlling class B membership interests in WFS Holdings, while Wells Fargo will own all of the passive class A membership interests.

sPower also expects WFS Holdings to acquire the 20 MW SEPV Mojave West solar project, which is under development in Kern County, Calif., in the future.

A spokesperson for Wells Fargo did not respond to a request for comment. A spokesperson for sPower declined to disclose details of the financing for the two projects. ■

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MERGERS & ACQUISITIONS

FFP Grows Hydro Portfolio with Louisiana Purchase

Boston-based **FFP New Hydro** has acquired a 52 MW hydro project at the John H. Overton Lock and Dam facility on the Red River in Rapides Parish, Louisiana, from **Northwest Power Services**.

The Red River project, which will be built on property owned by the U.S. **Army Corps**, is expected to require $130 million of capital expenditure to build.

FFP has not yet decided how it will finance the project, a company official tells *PFR*. The purchase price was not disclosed.

"We are probably about 12 to 18 months away from notice to proceed, which would be the time we'd need to get the financing locked in," says **Paul Jacob**, chief commercial officer at **Rye Development**, which manages FFP. "We have a substantial portfolio of 23 projects in total, so depending on the timelines, we might be looking at financing them independently or in the aggregate."

In August, FFP announced that it had obtained a senior loan facility from Fort Worth, Texas-based hedge fund **Crestline Investors** to fund the development of a portfolio of 21 advanced stage hydro projects totaling more than 200 MW.

The addition of Red River and another smaller sized project brings the total size of the portfolio to in excess of 260 MW, says Jacob, who adds that it could continue to grow. "We are always looking for good hydro power projects," he says.

FFP has a second portfolio of 23 projects totaling 280 MW that are in earlier stages of development.

Los Angeles-based private equity firm **US Renewables Group** created FFP New Hydro in August 2010 to develop a portfolio of hydro projects at existing non-powered dams in the U.S.

The seller of Red River, Northwest Power Services, is a privately owned company. A call to **Brent Smith**, Northwest's founder and president in Wasilla, Alaska, was not returned. ■

DTE Energy Sells East China Gas-fired Plant to Affiliate

DTE Electric has completed the acquisition of a 350 MW gas-fired peaking facility in East China Township, Mich., from a non-regulated subsidiary of **DTE Energy**, **DTE East China**.

The $69 million purchase of the East China facility closed at the beginning of October, according to Detroit-based DTE Energy's most recent quarterly report.

The deal is the result of a request for proposals for up to 350 MW of gas-fired simple cycle facilities issued by DTE Electric in January, to meet its **Midcontinent System Operator** Zone 7 adequacy requirements (PFR, 2/5). East China was the only entity that put in a qualifying bid.

The RFP process was overseen by Boston-based consulting firm **Charles River Associates**, which identified several assets in MISO Zone 7 that met DTE Electric's requirements and invited the owners to bid. CRA extended the initial deadline for notices of intent from Feb. 6 to Feb. 10 at the request of a potential bidder.

The purchase price was established at arm's length, according to filings with the U.S. **Federal Energy Regulatory Commission**.

DTE Energy identified East China as an asset it intended to sell or redeploy to its utility arm as long ago as 2006 (PFR, 11/10/06). Since then, DTE East China has used the plant as a peaking unit.

"This transaction will help ensure DTE Electric continues to provide reliable and affordable electric service for our customers," said a spokesperson for DTE Energy in Detroit, via e-mail. "With a number of coal-fired power plants due for retirement in the next few years, it's important for us to secure adequate long-term generation supplies for our full-service customers."

In January, DTE Electric closed its $240 million acquisition of the 732 MW Renaissance gas-fired simple-cycle plant in Carson City, Mich., from **LS Power**. That transaction also resulted from an RFP run by CRA for DTE Electric (PFR, 11/11/14).

DTE Electric owns or controls about 13.5 GW of generation and 44,000 miles of distribution lines in MISO.

An official at Charles River Associates did not respond to inquiries. ■

PROJECT FINANCE

Pattern to Refinance Canadian Wind Project

Pattern Energy is refinancing the 138 MW St. Joseph wind project in Manitoba, Canada. Lead arrangers were picked in the last few weeks, a deal watcher tells *PFR*.

The San Francisco-based sponsor is keen to improve the pricing on its current loan, which was signed during the European banking crisis, adds the deal watcher.

Manitoba Hydro, which buys the project's output under a power purchase agreement, supplied the original construction/term loan of up to $260 million when the facility was financed in early 2010. The loan has a 20-year tenor.

Pattern invested $95 million of equity in the project, which was estimated to cost $345 million to construct (PFR, 2/23).

Earlier this year, Pattern financed the 180 MW Meikle wind project in British Columbia with $304 million of debt priced around 162.5 bps over Libor (PFR, 7/15).

The St. Joseph project came online in April 2011. Manitoba's 28-year power purchase agreement with the facility expires in 2039.

A spokesperson for Pattern in New York declined to comment. ■

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- The PPA Pulse and Yieldco Sweep
- Q&As with corporate, banking, legal and investment executives who are leading the industry

PPA PULSE

« FROM PAGE 1

ble, a repeat renewables buyer, has entered into a partnership with **EDF Renewable Energy** to build a 123 MW wind farm in Cooke County, Texas.

P&G will use the electricity generated by the facility to meet the demands of the consumer goods manufacturer's North American factories, which produce Tide laundry detergent, Dawn dishwashing liquid and Mr. Clean cleaning products, amongst other things. The wind project is scheduled to go online in December 2016.

Another serial offtaker, **Walmart** has entered into a 10-year power purchase agreement with **Pattern Energy Group** for 58% of the output of its 200 MW Logan's Gap wind farm in Comanche County, Texas. The generation is enough to power 380 stores, about 10% of the retailer's total.

SunEdison has meanwhile signed two more agreements to provide renewable energy to power-hungry data centers.

Equinix, the networking company, has entered into a power purchase agreement with SunEd for roughly two-thirds of the output of its 150 MW Mount Signal Solar II facility near Calexico, Calif., which is slated to enter construction this year. The project is expected to be completed in the second half of 2016, and will power Equinix's 11 facilities in the Los Angeles and Silicon Valley areas and its headquarters in Redwood City, Calif.

SunEdison's other corporate offtaker is financial media company **Bloomberg**. The two parties have signed a power purchase agreement for the output of a 2.9 MW solar plant that will power Bloomberg's Rockland County, N.Y., data center.

Inside Equinix's Silicon Valley data center. Credit: Equinix

The Equinix and Bloomberg deals are the second and third SunEdison has signed in 2015 to provide renewable energy to data centers. The first was with **Hewlett-Packard** in Texas.

Here is a round-up of the rest of the power purchase agreements signed in the Americas in September and October:

U.S.

Solar

- **The Southern California Public Power Authority** has inked a power purchase agreement with **8minutenergy Renewables** for the output of the future 191 MW Springbok 2 Solar Farm, to be built in Kern County, Calif., by the fourth quarter of 2016. Construction on the 137 MW Springbok 1 project began in July.
- California's **Sacramento Municipal Utility District** has executed a power purchase agreement with **First Solar** for the generation from a 10.8 MW solar project. The Golden 1 Center will be built on the site the decommissioned Rancho Seco Nuclear Generation Station in Sacramento County, Calif. Construction is expected to begin the fourth quarter of 2015 and is due to be complete in mid-2016.
- **Pacific Gas & Electric** has entered into a 20-year power purchase agreement for the output from the 15 MW Morelos del Sol solar facility in Kern County, Calif. **Southern Power** and **Turner Renewable Energy** acquired the project from Solar Frontier Americas in October (PFR, 10/27).
- **The Southern California Public Power Authority** has awarded **sPower** a 20-year power purchase agreement for the output of its Antelope DSR 1 and 2 solar facilities, which begin construction in Lancaster, Calif., in mid-2016, with commercial operations expected later that year. The facilities will produce 55 MW of solar power. Earlier this year sPower signed two long-term PPAs with SCPPA for the output from two other 20 MW projects.
- **Southern California Edison** has entered into a 20-year power purchase agreement with **Southern Power** for the electricity and associate renewable energy credits generated by the 300 MW Desert Stateline solar project in San Bernardino County, Calif. Southern Power, a subsidiary of **Southern Co.**, acquired a controlling interest in the plant from First Solar, which retains the remaining interest (PFR, 9/3). The facility began construction in October 2014 and is expected to be completed in phases and fully operation by the third quarter of 2016.
- Texas' **Austin Energy** entered into a 25-year power purchase agreement with California-based **Hanwha Q CELLS USA** for the output from a 170 MW solar project to be built in Pecos County, Texas.
- Austin Energy also inked a power purchase agreement with **First Solar** for generation from the future 119 MW East Pecos solar project, which is expected to begin construction in Pecos County, Texas, in early 2016 and enter commercial operation in late 2016.
- San Antonio utility **CPS Energy** has inked a deal to purchase an additional 50 MW of solar generation from **OCI Solar Power**, adding to its 2012 power purchase agreement for 400 MW. The power will come from a series of solar projects in Greater San Antonio, Uvalde, Bracketville and north and west Texas. 90 MW is online already, with another 95 MW expected to begin operating before the end of the year. Company officials say that the entire 450 MW should be online by fall 2016.
- Arizona's **Sulphur Springs Valley Electric Cooperative** has inked a 20-year power purchase agreement with **SunPower** for a 20 MW solar photovoltaic project in Cochise County, Ariz. The facility is expected to be online by the end of 2016.

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- Southern California Edison has signed a 20-year power purchase agreement with **Sempra U.S. Gas & Power** for the total output of the 100 MW Mesquite Solar 2 project, now under construction in Arlington, Ariz. The deal, subject to approval by the **California Public Utilities Commission**, is the result of an expansion of the facility, which is expected to be completed in late 2016.
- **Dominion North Carolina Power** has signed a long-term power purchase agreement with **Ecoplexus** for the output from a 25 MW solar project in Whitakers, N.C., which is expected to be in commercial operation later this year.
- The U.S. **Department of the Navy** has signed a power purchase agreement for up to 20 years with Dominion subsidiary **Virginia Electric and Power Co**. for the output of its Morgans Corner solar facility currently under construction in Pasquotank, N.C. The agreement is initially for 10 years, and the Department of the Navy has the option to extend it for an additional 10 years. The facility, which is expected to be online by April 2016, will supply Norfolk Naval Station in Virginia with 6% of its energy needs. Dominion acquired the project from **Invenergy** in September (PFR, 9/23).

Wind

- Texas' Austin Energy has an 18-year power purchase agreement with **Berkshire Hathaway Energy Renewables** for the output of the 300 MW Jumbo Road wind farm, located southwest of Amarillo, Texas. BHE Renewables closed a $275 million term loan deal backing the project in October (PFR, 10/23).
- Michigan's **Wolverine Power Supply Cooperative** has signed a 20-year power purchase agreement with **Exelon Generation** for the output of the 153 MW Michigan Wind 3 project, which is expected to begin construction in Sanilac County, Mich., in the spring and begin commercial operation by December 2016.
- WPSC has also signed a 20-year power purchase agreement with **Algonquin Power & Utilities Corp**. and **Renewable Energy Systems America** for the output of the future 150 MW Deerfield Wind Project that the two companies are jointly building in central Michigan.
- Michigan's **Consumers Energy** has signed a power purchase agreement with **Geronimo Energy** for the energy produced by its future 100 MW Apple Blossom wind project to be built in Huron County, Mich. Under the agreement, Consumers Energy will have a future option to purchase the wind farm, which is expected to begin construction in spring 2016.
- **Western Farmers Electric Cooperative**, **East Texas Electric Cooperative** and **Northeast Texas Electric Cooperative** have together inked 20-year power purchase agreements with Southern Power for the output of the 151 MW Grant Wind project in Grant County, Okla., which is expected to be operational by March 2016. Each offtaker has a contract for roughly 50 MW and will have the option to either keep or sell the associated renewable energy credits.

Hydro

- The **New York State Electric & Gas Corp**. has entered into long-term power purchase agreements for the output of Allegheny Lock & Dam 8 and the Allegheny Lock & Dam 9, a combined 31.5 MW hydro projects on the Allegheny River in Armstrong and Indiana Counties, Pa. A fund managed by **Ares-EIF Group** and **Northbrook Energy** recently sold the projects to Pennsylvania's **Public Sector Pension Investment Board** (PFR, 9/4).

Canada

- **Manitoba Hydro** has entered into a 20-year power purchase agreement to sell a minimum of 100 MW of renewable energy to **SaskPower** beginning in 2020. Under the terms of the sale, 18% of the energy generated from the Keeyask Generating Station on the Nelson River in northern Manitoba, under construction, will be sold to SaskPower.

Walmart has signed a PPA with Pattern Energy. Credit: Wallmart

Latin America Renewables

- Honduras' government-owned utility, **Empresa Nacional de Energía Eléctrica**, has signed a 20-year power purchase agreement for the output from the 53 Los Prados solar project to be constructed in the country's southern Choluteca region. **Scatec Solar** and **Norfund** acquired the project last month (PFR, 10/28).
- Colombia's **Comision de Regulacion de Energia y Gas** has agreed to purchase the output of **Emgesa's** 400 MW El Quimba hydro plant in the country's Huila region under a 20-year power purchase agreement. Emgesa is a subsidiary of Italian energy company **Enel**.

Latin America Gas-fired

- The **Mexican Federal Electricity Commission** has inked a 25-year power purchase agreement with **Iberdola** for the output of its future 850 MW Noreste combined cycle facility to be built beginning early in 2016 in Escobedo, in the country's state of Nuevo León. The facility is expected to be completed in July 2018.

Caribbean

- **Caribbean Utilities Co**. has signed a power purchase agreement with **Entropy Cayman Solar** for the output from the first utility scale solar project to be approved in the Cayman Islands. The 5 MW solar project is to be built in the district of Bodden Town. ■

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Q&A: Jean-Pierre Boudrias, Goldman Sachs Pt. II

« FROM PAGE 1 some of the gap versus the unavailability of power purchase agreements, but obviously there is a tradeoff, because the tenor is so much shorter for hedges than for traditional offtake agreements. Usually what it will mean is that there is going to be a lot more merchant risk that will either be borne by the transaction overall, so both debt and equity, or more often borne by the sponsors, relative to what a fully contracted transaction will look like with the help of an offtake.

PFR: Do you sense that sponsors are having difficulties getting those hedge agreements in place?

It really becomes an economic question: Will hedges provide the right economics to move a project forward or not? I'd say hedges are available. The question becomes how long they are available for. I think if you look at the universe of hedges we've seen in the power space, it's generally been anywhere between three or four years for operating assets all the way up to seven or eight years for new construction and then sometimes — especially for Texas wind deals — you've seen 10-year hedges.

Other than in that specific set of circumstances, the decision for sponsors to move forward is more driven by what economics are available rather than the availability of hedges — at least what we've seen. That being said, given some of the recent activity in PJM, it is possible that some of the people that have been offering these hedges are going to be less active and will offer less because of the existing exposure they already have. That is entirely possible, but we haven't seen it yet.

PFR: This year we've seen number of solar developers follow in SolarCity's footsteps and either plan or issue securitizations. Goldman Sachs, I've been told, is chasing more of these deals. How many more ABS deals do you think we're likely to see from solar developers this year?

As you know, we have a separate team that is pursuing these solar securitizations. Certainly, from our vantage point, there seems to be a little more momentum and market acceptance of really having tax-equity structurally ahead of ABS debt, so that's probably a sign that ultimately we should see more transactions.

Jean-Pierre Boudrias

Also, independent of the ABS market, some of the trends that we've talked about in the broader commercial bank market where there is a little bit of lack of supply of projects verses all the dollars available, we have seen commercial banks provide these aggregation facilities that don't necessarily have precise ABS takeout parameters around them, but function as almost permanent ABS funding, but in the commercial bank market.

PFR: Goldman recently announced it had hired John Greenwood to head up its Latin America finance efforts. How would you describe Goldman Sachs' wider appetite in Latin America?

John's hire reflects the firm's belief that we will see more opportunities in the region. Historically we've been active, but certainly this is a sign that we would love to do a little bit more or a lot more in the region than we have done historically by adding specific project finance expertise to cover the region.

PFR: The market has gone seemingly quiet on LNG export deals recently. Can you tell me what the near future might look like for LNG financing?

At the end of the day, the key issue is really offtakers. There have only been a few announcements of new contracts in the last year, and without offtake agreements these projects are not able to secure the necessary financing to move ahead.

The other factor is the fact that LNG in most of the world is indexed to oil, so as a result, in the current environment, it's a little more challenging to get offtaker appetite, as opposed to a few years ago when LNG prices globally were higher than U.S. prices for export. The difference between the two is a lot less than it used to be, so it's a little more challenging for offtakers to make the case. Until we see new offtake agreements being signed, our suspicion is that LNG projects are probably going to be a little bit slower to come to market.

PFR: How is the wider turmoil we've seen in the market affecting pricing on project finance loans?

Certainly on the traditional project finance loans I don't think we've seen any impact really. That market tends to have its own forces that dictate it that are probably more driven by supply and demand on the one hand, and the cost of capital for banks on the other. As far as more institutional markets are concerned, it is difficult to parse how much has been broader market sentiment and how much has been contagion from energy. But certainly there's probably a mix of the two factors that have affected pricing and levels for what we've seen recently.

PFR: I am keen to get your sense on whether the yieldco downturn will continue for a while and the impact on the M&A market?

Only time will tell. Certainly if one looks back, renewable assets have generally been able to attract high-quality buyers in a variety of different market environments, so we certainly expect that to continue, but we really haven't seen yet what the world looks like in the current environment for yieldcos, other than at the project level.

PFR: Finally, what is the bank's appetite for investing in storage projects?

We haven't seen anything come to us yet. At the end of the day, project finance is relatively simple. It's really financing contracts and having the assets to fulfill the obligations under these contracts, so certainly if someone is able to put together a project that works that way in storage, obviously we would be interested, but we just haven't seen it yet. ■

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PG&E Senior Bond Deal Stretches to $650M

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existing series maturing in June 2025, and a long 30-year, maturing in March 2046. The company indicated that it was aiming for $500 million in total, of which the longer tranche was to account for at least half. The proceeds are to be used for general corporate purposes and to repay existing debt.

Initial price thoughts were 135 basis points area over Treasuries for the 10-year tap and 160 bps area for the long 30-year. The pricing tightened at the guidance stage to 120 bps area and 145 bps area.

At pricing, the issuer announced an increase in the total size of the deal to $650 million. The size of the tap was set at $200 million and the long 30-year at $450 million. The final pricing was 115 bps and 140 bps, and the bonds carry coupons of 3.5% and 4.25%.

The bond maturing in 2025 was initially offered in a $400 million issuance in June, PG&E's only other outing in the bond market so far this year.

In 2014, the utility company issued $2.43 billion in four visits. One of those deals was similar to the long 30-year issued this week: a $600 million bond maturing in March 2045, issued almost exactly a year ago, on Nov. 3, 2014.

That deal was priced at 130 bps over Treasuries and bears interest at 4.3%.

PG&E is rated A3 by **Moody's Investors Service**, BBB by **Standard & Poor's** and A- by **Fitch Ratings**.

S&P changed the outlook on the company's rating from stable to positive on Oct. 29, the day after it released its third quarter earnings report. **Gabe Grosberg** and **Obioma Ugboaja**, the S&P analysts who wrote the report, highlighted their expectations that the company will maintain its funds from operations higher than 20% of its debt.

Officials at PG&E in San Francisco were not available to comment. ■

Yieldco Execs Face Questions about Alternative Options

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to you is that the management team and board of NRG Yield have no intention of waiting forever." The company will monitor the yieldco sector over the coming months before making any necessary strategic decisions, he added.

In the Q&A session, **Matt Tucker**, an analyst at **KeyBanc Capital Markets**, asked what steps NRG Yield would consider taking should a recovery in the yieldco sector fail to materialize.

"Everything's on the table," said Crane. "You hear all sorts of things: Should yields be combined? Should they be bought in? Should it go private? And to be frank, we haven't evaluated any of those in great detail. I'm just telling you that we will not ignore the existing share price performance forever."

If a developer were to reacquire and delist its yieldco, it would not be entirely without precedent, a deal watcher notes.

In 2011, French state-owned utility company **Electricité de France** bought back the shares of its renewables spin-off **EDF Energies Nouvelles** and delisted it from **Euronext Paris**. Spain's **Iberdrola** followed suit in the same year by reacquiring its renewables unit **Iberdrola Renovables**. EDF Energies Nouvelles was floated in November 2006, raising €340 million ($448.7 million) and Iberdrola Renovables completed its €4.1 billion ($6 billion) initial public offering in 2007.

HEALTHY DISCUSSION

In Pattern Energy Group's analyst call on Nov. 5, the company's ceo **Mike Garnet** put a positive spin on the volatility in the yieldco space, saying that the discussion it had produced among management, investors and analysts was healthy for both Pattern and the sector.

Nelson Ng, an analyst at **RBC Capital Markets**, asked PEGI's executives whether the dislocation in the sector had led to a decline in valuations of renewables, and whether that would translate into lower cash available for distribution multiples for future drop-downs.

"We hope so!" said Garland. "It's still too early to know how much it's going to affect the market, because remember, while yieldcos were helping to drive up the valuations in some cases, there are other investors in the market other than yieldcos that have been participating and have been competitive to yieldcos."

Andrew Hughes, an analyst at **Bank of America Merrill Lynch**, asked whether the volatility would affect the ability of PEGI's sponsor, **Pattern Development**, to recycle capital through drop-downs into PEGI.

Michael Lyons, the yieldco's cfo, replied that it would have some impact on how fast PEGI could acquire assets, "but not as much as you'd think."

In the meantime, Pattern Development is seeking to increase the capacity of its revolving credit facility and has secured an increased capital commitment from its private equity backer **Riverstone**, in part to give the developer more flexibility around the timing of drop-downs.

Pattern Development is also discussing other ways to raise debt and equity with Riverstone, Lyons added. The funds would be used to take advantage of new opportunities, including in Mexico and Japan.

PLANS ON HOLD

In **Sempra Energy**'s earnings call on Nov. 3, the company's chairman and ceo, **Debra Reed**, said the company had put the launch of its master limited partnership on hold until mid-2016, citing poor market conditions.

Sempra is monitoring market conditions and will reassess whether to go ahead with the MLP in the middle of next year, she added.

MLPs do not usually hold renewables assets and are structured differently to yieldcos, but their role is similar. "The primary reason to form an MLP is to create a source of competitively priced capital to support Sempra's growth," Reed told analysts. "As you are aware, current MLP market conditions are not ideal, and we will not go forward at this time."

The company's board approved the MLP in June, and Sempra has submitted a confidential S-1 with the U.S. **Securities and Exchange Commission**.. ■

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PEOPLE & FIRMS

CohnReznick Adds Three to Renewables Team

CohnReznick Capital Markets Securities has made three hires to its renewable energy team in New York.

Nick Sangermano joins the firm as managing director and head of corporate and private placements, having left his position as m.d. at **Ambata Securities** in September.

Adrian Ruiz and **Michael Tatarsky** have both arrived at the firm from **Santander**, where they were part of the bank's asset and capital structuring team. Tatarsky joins CohnReznick as a senior associate, while Ruiz is an investment banking analyst.

Nick Sangermano

Sangermano has more than 15 years of experience and has led several private equity and debt transactions for renewables clients. In 2014, he advised **Greenwood Energy** on a $40 million equity financing from **John Hancock Financial** and **Libra Group** for a portfolio of four solar projects (PFR, 1/23).

Before joining Ambata, Sangermano was chief operating officer at **Hudson Clean Energy Partners**, which he helped to found. While there, he worked on the firm's debut $1 billion fund, leading fundraising, investor relations and portfolio management.

Sangermano began his banking career at **CIBC Wealth Management** in 2002, before working as a director at **Credit Suisse** from 2005 to 2007.

Tatarsky focused on cash and tax equity as an associate at Santander, where he had worked since 2013. He was previously a project finance analyst at **Deutsche Bank**.

Ruiz joined Santander at the same time, and also worked on tax equity investments as an investment banking analyst.

CohnReznick Cap Markets is part of the New York-based tax, accounting and financial advisory firm, **CohnReznick**, and has led financing deals for more than 1.65 GW of renewables projects, and advised on solar and wind asset sales and purchases totaling 1.73 GW.

Earlier this year, the firm advised **sPower** on its acquisition of a 63 MW portfolio of solar projects from **FLS Energy** (PFR. 3/27).

The three new hires bring the number of bankers across CohnReznick's offices in New York, Baltimore, Chicago and San Francisco to more than 20.

Officials at CohnReznick were unavailable to comment. A spokesperson for Santander in Boston and an official at Ambata in New York did not immediately respond to inquiries. ■

ALTERNATING CURRENT

Midnight Sun to Power Ice Hotel

AC

Until now, Sweden's **ICEHOTEL** has remained closed in the summer months. That was understandable, because it melts every spring. But the team behind the project now has plans for a solar powered wing to be open all year round.

The team is about to begin building the hotel using sculpted ice from the Torne River, as they have done every winter for the past 26 years, attracting thousands of visitors annually.

The planned extension, which will include a bar and art gallery as well as about 20 hotel suites when it is finished, will allow guests to stay 365 days a year.

"This ground-breaking initiative lets our guests decide whether they want to combine ICEHOTEL with dog sledding and northern lights, or hiking under the midnight sun," says ICEHOTEL founder **Yngve Bergqvist** in a statement. "It just lets us meet the desires of our clients in a way whole new way."

photo: PinPin Studio

The hotel is located in Jukkasjärvi, Swedish Lapland, 125 miles north of the Arctic Circle, where the midnight sun shines for 100 days and nights without setting.

"It's inspiring and fun to be part of an initiative that takes place well above the Arctic Circle," says **Jon Malmsten**, advisor general at **Solkompaniet**, the Swedish company that will install the solar panels. "The midnight sun offers unique conditions for producing electricity using solar power, as it allows us to generate power throughout the night."

STRATEGIES

PG&E Senior Bond Deal Stretches to $650M

Pacific Gas & Electric Co. issued $650 million of senior unsecured bonds on Nov. 2, a busy day for investment grade credit, with issuance totaling almost $7.9 billion.

Bank of America Merrill Lynch, **Goldman Sachs**, **RBC Capital Markets** and **Wells Fargo Securities** were the bookrunners.

The deal was announced as two tranches: a tap of the company's PAGE 11 »

QUOTE OF THE WEEK

"John's hire reflects the firm's belief that we will see more opportunities in the region,"

Jean-Pierre Boudrias, head of project finance at **Goldman Sachs** on the recent hiring of John Greenwood to head up its Latin American efforts (see story, page 1).

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