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# Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

**MERGERS & ACQUISITIONS**

### Basalt takes Ares stake in resi solar portfolio

**Ares Management** has sold its stake in a 100 MW residential solar portfolio to a **Basalt Infrastructure Partners** fund. Page 6

**PROJECT FINANCE**

### Cypress Creek inks holdco financing

**Cypress Creek Renewables** closed a holdco loan two weeks after refinancing a portfolio of seasoned solar assets. Page 8

**PEOPLE & FIRMS**

### FirstEnergy fires CEO amid bribery accusations

**FirstEnergy Corp** has axed its CEO **Charles Jones** and two other employees following a review of bribery allegations. Page 12

## Exelon taps two for strategic review

Richard Metcalf, Taryana Odayar

**Exelon Corp** has appointed two investment banks as it considers whether to separate its generation business from its utilities.

The company has not disclosed the identities of its financial advisers on the strategic review, but deal watchers say they are **Barclays** and **Goldman Sachs**.

**Nasdaq**-listed Exelon owns six US electric and gas utilities that serve 10 million customers, while its competitive generation fleet totals 31 GW, most of which (18.7 GW) is nuclear. The remaining 12.2 GW comprises wind, solar, hydro, gas-fired and oil-fired assets in the US and Canada.

Besides the utility and generation businesses, Exelon also owns **Constellation**, a competitive energy marketing company that relies largely on Exelon's generation fleet.

"Exelon is currently conducting a strategic review PAGE 5 »

CHICAGO STYLE: Exelon contemplates a carve-out

## Brookfield puts 500 MW wind portfolio on market

Taryana Odayar

**Brookfield Renewable Partners** is looking to offload a roughly 500 MW portfolio of wind projects, including three in California that are in the process of being repowered.

The Toronto-listed company has engaged **TD Securities** and **SMBC Nikko Securities** as sell-side advisers and is aiming to reach a deal by the first quarter of 2021, *PFR* has learned.

The assets that are already operational are:

- The 150 MW Alta Wind VIII project in Tehachapi, California
- The 120 MW Windstar project in in Tehachapi, California
- The 99 MW Granite Reliable wind farm in PAGE 6 »

## NextEra returns to convertible equity format with KKR

Taryana Odayar

**NextEra Energy Partners** (NEP) has signed its fourth convertible equity financing – a $1.1 billion deal – with a consortium of investors led by **KKR & Co**, which it says is the lowest-cost and longest-dated iteration of the unique financing structure yet.

As before, NEP intends to use the financing as a stepping stone to buy contracted assets from its affiliated developer, **NextEra** PAGE 7 »

## Cubico debuts in transmission with Colombia deal

Carmen Arroyo

British fund manager **Cubico Sustainable Investments** has acquired its first transmission assets by taking a stake in **Celsia**'s Colombian portfolio through a newly formed vehicle called **Caoba Inversiones**.

The jointly-owned platform owns 932 miles (1,500 km) of transmission lines and 85 substations in the departments in the country's Carib- PAGE 9 »

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## PPA PULSE

# EDF signs up coop for Texas wind

**EDF Renewables North America** has roped in an electric cooperative as the offtaker for a portion of the output of a wind project in the Texas Hill Country.

**Pedernales Electric Cooperative** (PEC) will buy 100 MW from the King Creek 1 project for 15 years under the terms of the deal. The total size of the project was not disclosed.

EDF is developing the project in Throckmorton and Haskell counties, in the West zone of Ercot, and expects to start construction by the end of 2020. It will take about a year to build the project.

"We're excited about the expansion of our power portfolio to include 100 MW of wind power," said **Julie Parsley**, the CEO of PEC, which serves about 343,000 accounts in an area almost as large as New Jersey.

*Here is a round-up of the rest of the past week's PPA news:*

### SAVION SCORES

**Savion** has secured a power purchase agreement for the output of a 200 MW solar project it is developing in central Ohio.

**AEP Energy Partners** will buy the generation from the Atlanta Farms Solar Project, which is located in Pickaway County.

Construction is slated to start in mid-to-late 2021, pending approval of the project's permit with the **Ohio Power Siting Board**. The project is due to be online by the end of 2022.

The project will also help power the city of Columbus if an aggregation proposal is passed by the city in November and approved by the city council.

### NEVADA ACTION

**NV Energy** has issued a request for proposals to add new renewable energy projects to its portfolio.

The RFP is open to solar, geothermal, wind, biomass and biogas projects that are compliant with Nevada's renewable portfolio standards. NV Energy will consider projects including energy storage as an add-on as well as stand-alone storage systems.

Projects must be at least 20 MW in size. Bids are due on January 6, 2021 and projects are expected to be online by December 31, 2025. ■


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

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

## GENERATION AUCTION & SALE CALENDAR

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

# Generation Sale DATABASE

| | Seller | Assets | Location | Adviser | Status/Comment |
|---|---|---|---|---|---|
| | Able Grid Energy Solutions | Madero Grid (200 MW Storage) | Texas | Guggenheim | The sponsor has launched the auction (PFR, 10/12). |
| | Amasa Advisory Services | Portfolio (180 MW Solar) | Arizona | | Portfolio in market since August (PFR, 8/17). |
| | American Electric Power | Portfolio (70 MW Hydro) | US | Scotiabank | Sale expected to conclude by late 2020 (PFR, 8/24). |
| | AltaGas | Blythe (507 MW Gas) | California | Scotiabank | The sale has been relaunched (PFR, 8/24). |
| ● | Ares Management Corp | IGS Resi Solar (100 MW) | US | | Basalt Infrastructure Partners III has acquired Ares' stake (see story, page 6). |
| | Avenue Capital, others | Coso (270 MW Geothermal) | California | Cantor, Houlihan | Auction underway since August (PFR, 8/31). |
| | Blackstone Group | Onyx Renewable Partners | US | BNP Paribas | Platform sale launched (PFR, 8/3). |
| | Brookfield Infrastructure | Enwave Energy (District energy) | US, Canada | Scotia, TD | Auction to be launched this year (PFR, 8/10). |
| ● | Brookfield Renewable | Wind Portfolio (500 MW) | California, New Hampshire | TD, SMBC | Brookfield aiming to sell by Q1, 2021. Three of the projects are repowerings (see story, page 1). |
| | CarVal Investors | Portfolio (129.4 MW Solar) | US | Marathon Capital | The fund manager has launched the sale (PFR, 9/28). |
| ● | Celsia | Caoba (1,500 km Transmission, stake) | Colombia | | Sale of stake to Cubico Sustainable Investments announced on November 2 (see story, page 1). |
| | CleanCapital | Portfolio (129 MW Solar) | US | Javelin Capital | The sponsor is looking for an equity investor (PFR, 9/28). |
| | Colbún | Colbún Transmisión | Chile | BTG Pactual, JP Morgan | Colbún launched the process on September 8 (PFR, 9/28). |
| | Delaware River Solar | Portfolio (59.5 MW [DC] Solar) | New York | Fifth Third | First round bids were due in October (PFR, 10/5). |
| | | Sky High Solar (20 MW Solar) | New York | Rhynland | Marketing began in August (PFR, 9/28). |
| | DIF Capital Partners | Lone Valley (30 MW Solar, 49%) | San Bernardino County, CA | Fifth Third | Sale process initiated by end July (PFR, 8/10). |
| | Energy Capital Partners | Alpine Portfolio (507 MW Cogen) | Canada | Credit Suisse | CIM sent to bidders in mid-July (PFR, 8/10). |
| ● | Exelon Corp | Exelon Generation (31 GW) | US, Canada | Barclays, Goldman Sachs | Exelon considering splitting utility and generation businesses (see story, page 1). |
| | First Solar | US Development Platform | US | BofA, CohnReznick | Bids were due in August (PFR, 8/10). |
| ● | Fortress Transportation and Infrastructure Investors | Long Ridge Energy Terminal (485 MW Gas, 50%) | Monroe County, Ohio | | FTII considering selling its stake at COD (see story, page 5). |
| ● | HGP | Finn, Ford, Sienna (30 MW/60MWh Energy Storage) | Texas | Metric Point Capital | SER Capital Partners acquired the projects in September (see story, page 6). |
| | Macquarie Capital | Candela Renewables | US | Nomura Greentech | The sponsor has launched the sale process (PFR, 7/20). |
| | Marathon Energy | Marathon Energy | New York | | The auction process has been launched (PFR, 9/14). |
| ● | NextEra Energy Resources | Project Gila (115 MW Solar) | Texas | Marathon Capital | The sale processes were launched in June (PFR, 7/13). |
| | | Project Rocket City (150 MW Solar) | Alabama | | |
| | | Portfolio (500 MW [net] Wind, Solar) | US | | A consortium led by KKR & Co is paying $300m for the assets (see story, page 1). |
| | | Portfolio (500 MW/30 MWh [net] Wind, Solar, Energy Storage) | US | | NextEra Energy Partners is paying $320m for the assets, which will be financed through a convertible equity deal with KKR & Co. |
| | New Energy Solar | Portfolio (281.1 MW Solar) | US | RBC Capital Markets | New Energy has begun a strategic review of the portfolio (PFR, 9/14). |
| | Petrobras | Portfolio (578 MW Thermal) | Brazil | Goldman Sachs | Sale has entered binding phase (PFR, 8/31). |
| ● | PNM | Four Corners 4 & 5 (200 MW [net] Coal]) | San Juan County, New Mexico | | Navajo Transitional Energy Corp to take ownership at end of 2024 (see story, online). |
| | Point Reyes Energy | Jade Meadow (20 MW Solar) | Maryland | LevelTen | First round bids were due in September (PFR, 8/31). |
| ● | Puget Sound Energy | Colstrip 4 (92.5 MW [net] Coal) | Rosebud County, Montana | | Deal to sell to NorthWestern Energy for $1 has fallen apart (see story, page 5). |
| | Solar Landscape | Portfolio (20 MW [DC] Solar) | New Jersey | | Bids due September (PFR, 8/17). |
| | Swift Current Energy | Portfolio (2.2 GW Solar) | US | Lazard, KeyBanc | The company has launched the auction (PFR, 10/5). |

● **New or updated listing**

*The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.*
*To report updates or provide additional information on the status of financings, please call Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@powerfinancerisk.com*

## ● PROJECT FINANCE

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

# Live Deals: Americas

| Sponsor | Project | Location | Lead(s) | Deal Type | Loan Amount | Tenor | Notes |
|---|---|---|---|---|---|---|---|
| AP Solar Holdings, J-Power USA | Red-Tailed Hawk (350 MW Solar) | Wharton County, Texas | CohnReznick Capital | Tax equity | $150M | | The sponsors are looking for a tax equity investor (PFR, 9/28). |
| Argo Infrastructure Partners | Portfolio (1,643 MW Gas) | US | MUFG | Private placement | $772M | 15-yr | The project bond has been priced (PFR, 11/2). |
| Arroyo Energy | Portfolio (219 MW Solar, Wind) | Chile | SMBC, Credit Agricole | Term Loan | $140m | 7-yr | Financial close was penciled for October (PFR, 10/5). |
| Atlas Renewable Energy | Jacaranda (187 MW [DC] Solar) | Brazil | IDB Invest, DNB | Term loan | $67.2m | 14.8-yr | The deal has closed (PFR, 11/2). |
| | Pimienta Solar (444 MW [DC] Solar) | Mexico | IDB Invest, Bancomext, DNB | Private placement | $200m | | The financing is expected to close by December (PFR, 11/2). |
| Caithness Energy | Long Island Energy Center (350 MW Gas) | New York | Investec | Holdco refi | $212.5m | 9-yr | The sponsor launched the debt raise the week of October 19 (PFR, 10/26). |
| Clearway Energy | Utah Solar Holdings (265 MW) | Utah | Citi | Private placement | $300m | 16-yr | The notes were priced at T+295 bp (PFR, 11/2). |
| ● Cypress Creek Renewables | Operating portfolio (1.6 GW Solar) | US | Investec | Holdco debt | $200m | 7-yr | Closed on October 30 (see story, page 8). |
| | CCR Refi Tranche 1 (92 MW) | North Carolina | BNP Paribas | Term loan | >$45m | | Closed on October 16. Can grow to $650m with additional assets (see story, page 8). |
| Duke Energy | Portfolio (360 MW Solar) | US | SMBC | Private placement | $135m | 19.5-yr | The deal has closed (PFR, 11/2). |
| EDF Renewables | Gunaa Sicarú (252 MW Wind) | Oaxaca, Mexico | | Term loan | | | Term sheets received from banks (PFR, 7/13). |
| Essentia Energia | Sol do Sertao (415 MW Solar) | Brazil | BNDES | Construction loan | $160m | | The bank has approved the funding (PFR, 11/2). |
| Geo Eletrica Tamboara | Expansion (Biogas) | Brazil | BNDES | Term loan | $3.9m | | BNDES approved the loan the week of October 19 (PFR, 10/26). |
| ● Innergex | Innavik (7.5 MW Hydro) | Nunavik, Quebec | ManuLife | Term loan | $92.8m | C+40-yr | The loan is priced at 3.95% (see story, page 8). |
| Interchile | Cardones-Polpaico (Transmission) | Chile | | Bond refinancing | $1bn | | The sponsor has sent out RFPs to banks (PFR, 10/19). |
| Invenergy | Traverse Wind (999 MW) | Oklahoma | CIBC | Construction loan | $1.8bn | | Financial close targeted by end of 2020 (PFR, 9/28). |
| | Maverick Wind (278 MW) | Oklahoma | Rabobank, NordLB, CoBank | Construction loan | | | Financial close targeted by end of 2020 (PFR, 9/28). |
| | Sundance Wind (199 MW) | Oklahoma | Rabobank, NordLB, CoBank | Construction loan | | | Financial close targeted by end of 2020 (PFR, 9/28). |
| Canadian Solar, Korea Electric Power Co, Sprott Korea | El Mayo (99 MW Solar) | Mexico | SMBC | Term loan | $60m | 7-yr | Financial close is penciled for November (PFR, 10/12). |
| Key Capture Energy | Portfolio (230 MW Storage) | US | CIT Bank, Rabobank, Siemens | Term loan | $100m | C+5yr | The deal is expected to close in November (PFR, 11/2). |
| NextEra Energy | Repowering Projects (639.1 MW) | US | | | | | Financing expected by year-end (PFR, 8/24). |
| ● NextEra Energy Partners | Portfolio (1,125 MW [net] Wind, Solar) | US | | Convertible equity | $1.1b | 10-yr | NEP is financing the assets through a convertible equity deal with KKR & Co (see story, page 1). |
| ● OPDEnergy | Litre, Lingue, Llay Llay (17 MW Solar) | Valparaiso, Chile | CIFI | Term loan | $13.7m | 18-yr | Deal announced on November 3 (see story, page 9). |
| Pattern Development | Western Spirit (1 GW Wind, Transmission) | New Mexico | HSBC, CIBC, CoBank, MUFG, SocGen, Santander | Term loan | $82m | C+10-yr | The sponsor has launched the financing (PFR, 10/19) |
| | | | | Construction debt | $1.624b | | |
| | | | | Ancillary facilities | $396m | | |
| Powertis | Araxa (90 MW Solar) | Brazil | BNDES | Construction loan | $34m | | The bank has approved the funding (PFR, 11/2). |
| Solarpack, Ardian | Portfolio (43.4 MW Solar) | Peru | SMBC, BNP Paribas, SocGen | Refinancing | | | The deal will close by the end of 2020 (PFR, 10/19). |
| WattBridge Energy | Braes Bayou (288 MW Gas) | Fort Bend County, Texas | | Construction, term loan | $83.6m | C+4yr | The sponsor has begun reaching out to lenders (PFR, 9/28). |
| | | | | Ancillary Facilities | $64.2m | | |

● **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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# Fortress weighs sale of Long Ridge CCGT

**Fortress Transportation and Infrastructure Investors** is weighing the sale of its remaining 50.1% stake in the Long Ridge Energy Terminal combined-cycle project in Ohio, which is eventually expected to run on green hydrogen.

FTII will consider selling its stake once the plant reaches commercial operations, which is scheduled for November 2021, according to **Joseph Adams**, FTII's chairman and CEO, on the company's third quarter earnings call on October 30.

"At that point, that's when you have the maximum amount of contracted revenue," said Adams. "So there were a lot of people that we've talked to over the prior years that expressed interest, but they only wanted to invest when something was up and running and operating, not under construction."

The sponsor financed the 485 MW combined-cycle facility, which is located in Hannibal, Ohio, and also known as Hannibal Port Power, with a unique non-bank unitranche loan totaling $742 million last year (PFR, 4/10/19).

Following the financing, **GCM Grosvenor** acquired a 49.9% equity interest in the project from FTII (PFR, 12/23/19).

**New Fortress Energy**, which is a portfolio company of FTII's sponsor, **Fortress Investment Group**, is working with **General Electric** with the aim of rendering the plant capable of burning 100% green hydrogen within the next decade (PFR, 10/23, 10/13). In the meantime, it will burn a mixture of natural gas and hydrogen.

### DATA CENTERS

Adams also confirmed that the company is having "numerous ongoing discussions" with data center operators, whose interest in Long Ridge has been driven partly by the involvement of GE and Zero, a new division of New Fortress Energy created to invest in and deploy emerging hydrogen production technologies, including Long Ridge.

"The conversations that we're having with major data center users have accelerated and are more serious," said Adams. "The financial impact to our remaining 50% interest in Long Ridge will be meaningful."

Fortress and GE are aiming to make the project the first purpose-built hydrogen-burning power plant in the US and the first in the world to to blend hydrogen with natural gas in a GE H-class turbine.

"We're hopeful that before we turn it on, we'll have actually signed for a tenant and a construction project by then and then hopefully, early in 2021 is our goal," said Adams.

Although FTII is still in negotiations, Adams expects that the plant's hydrogen component could boost revenues. ■

# NorthWestern nixes Colstrip acquisition

**NorthWestern Energy** has scrapped its $1 purchase of **Puget Sound Energy**'s 92.5 MW stake in unit 4 of the coal-fired Colstrip plant in Montana, as well as an interest in the Colstrip transmission system.

NorthWestern agreed to acquire the asset for $1 last year (PFR, 12/12) prompting **Talen Energy**, which operates the plant, to seek to exercise its right of first refusal to purchase a portion of the unit on the same terms (PFR, 4/17).

The termination of the deal between NorthWestern and Puget comes after an evaluation of recent Montana regulatory decisions regarding the plant.

The sale would have required the approval of the **Montana Public Service Commission** and the **Washington Utilities and Transportation Commission** (WUTC). Last month, the WUTC's staff criticized the agreement, suggesting it provided too much value to Montana customers at the expense of Puget's customers in Washington, reducing the likelihood of the WUTC approving the sale.

"This is a huge loss for Montana and our customers," said **John Hines**, NorthWestern's vice president of energy supply and Montana government affairs.

NorthWestern claimed the agreement would have addressed critical capacity shortages at a low cost, while creating a reserve fund to address the environmental costs associated with the company's existing share of Colstrip unit 4. The environmental responsibilities for the purchased share of Colstrip unit 4 would have remained with the seller.

"Unfortunately, with the end of this transaction, NorthWestern Energy's customers require about 365 megawatts of capacity purchases to serve peak demand from a market that is shrinking, with no price ceiling," said Hines. "One only needs to look at the blackouts in California this past summer to appreciate the significance of the need for capacity resources. It is no longer hypothetical, capacity shortages are real."

The utility's efforts are now focused on securing capacity through a request for proposals, beginning with 280 MW to begin serving Montana customers in 2023. ■

# Exelon taps two for strategic review

« FROM PAGE 1

of its corporate structure to determine how to best create value and position its businesses for success," the company said in its announcement of its third quarter results on November 3. "There can be no assurance that the strategic review will result in any particular action, nor can there be any assurance regarding the timing of any action."

Officials at Exelon, Barclays and Goldman Sachs declined to comment.

Exelon is preparing to retire several of its generation assets in the coming years. The plants to be shuttered include the 2.5 GW Byron and 1,805 MW Dresden nuclear facilities in Illinois, which Exelon will take offline ahead of schedule in 2021 as a result of what the company describes as "broken energy policies that don't fairly value clean energy resources."

The company is also planning to retire the remaining units of its 2,001 MW Mystic gas-fired project in Boston in 2024. ■

● NORTH AMERICA MERGERS & ACQUISITIONS

# Basalt III acquires stake in resi solar portfolio

Basalt Infrastructure Partners III has closed its first investment, acquiring a stake in a residential solar portfolio in the US.

The fund has bought **Ares Management Corp**'s stake in IGS Resi Solar, a vehicle created by Ares and residential solar developer **IGS Solar** to finance a 100 MW portfolio of projects.

Their most recent fund, IGS Resi Solar III, was financed with a $146 million term loan package arranged by **ING Capital** and $50 million of tax equity from **US Bank** (PFR, 6/2).

"The sale of our residential solar portfolios to Basalt highlights the significant investor interest in this growing sector and demonstrates our value-add approach to renewable investing," said **Andrew Pike**, co-head of Ares Infrastructure and Power.

At the same time, **Basalt Infrastructure Partners** and IGS have formed a new entity, **Habitat Solar**, to manage the 11,000 solar systems, which are located in eight US states. The assets have 25-year power purchase agreements and leases.

The terms of the transaction were not disclosed.

Basalt and IGS aim to expand Habitat Solar with the addition of further solar projects in the US.

The legal advisers on the deal were:

- ◆ **Foley & Lardner** – to Basalt
- ◆ **Latham & Watkins** – to Ares ■

# SER snaps up battery storage projects

Private equity firm **SER Capital Partners** has bought three battery storage projects from Texas-based developer **HGP**.

SER has committed about $70 million of equity capital to acquire the projects, which total 30 MW and are due to be online by the summer of 2021. The facilities are located near wind assets whose output is frequently congested, according to SER.

The deal closed in September, with **Metric Point Capital** acting as exclusive placement agent on the fund raise.

**DLA Piper** acted as legal adviser to SER on the acquisition. **Nathaniel Marrs**, co-chair of DLA Piper's Investment Funds practice, led the deal alongside partners **John Cusack**, **Rob Davis** and **Evelyn Kim** and of counsel **Jennifer Layfield**.

As part of the deal, SER has also signed a strategic arrangement with lithium-ion battery supplier **LG Chem** to deploy equipment for the projects.

"We have been working in the power markets for over 20 years and have seen first-hand the disruption that renewables and intermittent resources have had," said **Greg Forero**, HGP's co-founder and president. "As we move to a truly clean energy future and progress through the lifecycle of energy transition, our work alongside that of **Perfect Power**, a portfolio company of SER, will continue to focus on identifying the best in class assets that improve grid resiliency and achieve meaningful economic returns while accelerating the decarbonization of our energy grids."

Earlier this year, SER acquired New York-based distributed energy start-up **MicroGrid Networks** (PFR, 8/10).

SER was formed in 2018 by ex-**Energy Capital Partners** staffer **Rahul Advani** (PFR, 2/21/20). ■

# Brookfield puts 500 MW wind portfolio on market

« FROM PAGE 1 Coos County, New Hampshire

The assets undergoing repowerings are:

- ◆ The 30 MW Mesa project
- ◆ The 27 MW Alta Mesa project
- ◆ The 80 MW Mulqueeney Ranch project

Brookfield plans to transfer the three repowering projects to their new owner or owners once they are online via a forward sales agreement. Operations are scheduled for 2022.

The whole portfolio is contracted under power purchase agreements with a weighted average remaining life of 16 years.

**SEASONED MACHINES**

Alta Wind VIII is part of the roughly 1.5 GW Alta Wind Energy Center. Located in the foothills of the Tehachapi mountains, this complex in its entirety is one of the largest onshore wind projects in the world and sells its output to **Southern California Edison**. **Terra-Gen Power** sold the seventh phase of the cluster to Brookfield in 2012.

Brookfield bought the Windstar project the following year as part of its acquisition of more than 90% of **Western Wind Energy Corp** (PFR, 11/26/12). This project has a 20-year PPA with SoCalEd and was financed in 2011 with debt from **Manulife Financial** and **Sun Life Assurance Co of Canada** (PFR, 1/7/11). The 21-year loan was priced at 7.249%.

As for Granite Reliable, Brookfield acquired a stake the project about ten years ago from **Noble Environmental Power** (PFR, 12/7/10). It has been online since 2012 and has 20-year offtake agreements with **Central Vermont Public Service** and **Green Mountain Power**. Brookfield holds an 89.5% stake in the project, according to US **Federal Energy Regulatory Commission** filings. The remaining 10.5% is held by **Freshet Wind Energy**.

**FRESH REPOWERINGS**

The repowered projects date back even further. The Mesa Wind Farm, for example, was first brought into service in 1984. As a result of the advances in technology since then, hundreds of small turbines are being removed to make way for far fewer turbines that are larger and more efficient.

At the Mesa site, for instance, Brookfield is removing 460 legacy turbines and installing 11 new generators with a combined capacity of 30 MW.

The Alta Mesa project, located in Riverside County, was originally installed in three phases between 1987 and 1997. Its 159 legacy turbines will be replaced with 14 new turbines totaling 39 MW.

The Mulqueeney project involves the replacement of about 518 machines with up to 36 new wind turbines with capacities of between 2.2 and 4.2 MW each and totaling 80 MW. ■

 

# NextEra returns to convertible equity format with KKR

« FROM PAGE 1 **Energy Resources**. In this case, the yield company is eventually looking to buy stakes in renewable energy projects representing a net capacity of 500 MW.

Separately, the KKR-led group is also directly acquiring stakes in several of the same projects that are involved in the convertible equity deal. In this separate deal, the investors are paying NextEra Energy Resources $300 million for interests representing 500 MW.

### TAKING TURNS

NEP debuted the convertible equity financing structure in 2018 with a $750 million deal with asset manager **BlackRock** (PFR, 9/5/18) and followed up six months later with a $900 million deal with KKR (PFR, 3/7/19). The structure returned in September 2019 in the form of a $170 million deal with BlackRock, this time for gas pipeline rather than renewable energy assets (PFR, 9/30/19). The pattern of alternating between the two rival private equity firms continues with the latest transaction.

All of NEP's convertible equity portfolio deals have followed the same template, whereby the convertible equity investor purchases a partnership interest in the assets to be acquired, with the expectation that NEP will periodically buy the investor out of the partnership after a certain amount of time has elapsed. NEP typically also contributes some projects that it already owns to the partnership.

However, unlike the previous iterations of the deal, KKR is this time leading a consortium of institutional investors including **Healthcare of Ontario Pension Plan** (HOOPP Infrastructure), the **CAAT Pension Plan** and **Varma Mutual Pension Insurance Co**.

The convertible equity structure gives funds the opportunity to gain exposure to assets at market prices, rather than paying a premium.

KKR is so keen on the structure that it has also signed a letter of intent to provide NEP with an additional $900 million for future convertible equity portfolio financings on similar terms and conditions, subject to identifying suitable projects.

The deals are expected to increase the size of the portfolio of renewable assets owned jointly by KKR and NEP to over 2.3 GW. They will also bolster the partnership's total financing capacity to about $2.4 billion, including a corporate revolving credit facility and commitments from investors in future deals.

### FINELY-TUNED

The new convertible equity deal involves NEP buying from NextEra Energy Resources a 40% stake in a 1 GW portfolio of renewable energy assets as well as a 100% stake in a 100 MW/30 MWh solar-plus-storage project in Arizona for $320 million. NEP will contribute these assets immediately to a partnership with KKR and its co-investors, along with four projects it already owns.

The KKR-led consortium will initially pay about $750 million to finance the acquisition and to fund the repayment of the outstanding balance under an existing credit facility. A second draw of around $350 million will take place by the end of the second quarter of 2021.

*"The acquisition of the high-quality, long-term contracted renewable energy assets, including the partnership's first battery storage project, further enhances the diversity of the partnership's existing portfolio"*

KKR and the institutional investors are expected to earn a 4.4% coupon over an initial 10-year period for their $1.1 billion investment in the partnership.

For NEP to buy the partners out – which it can do between the fifth and 10th anniversary of the deal – it will need to provide the investors with a fixed pre-tax annual return of 6.75%. The yieldco has the right to pay the entire buyout amount in stock, issued at no discount to its prevailing market price.

### THE PORTFOLIO

The portfolio that is subject to the financing is made up of 12 operating utility-scale wind and solar projects totaling 1,625 MW, with a weighted average of 19 years left to run on their power purchase agreements.

NextEra Energy Resources is holding on to a 10% stake in most of the assets that it is selling to the partnership and will retain a right of first offer on the 50% interest that the KKR-led consortium is purchasing directly, should the investors decide to dispose of it.

The projects being sold into the partnership by NextEra Energy Resources are:

- The 200.2 MW Blue Summit III Wind Energy Center in Texas
- The 200 MW Ponderosa Wind Energy Center in Oklahoma
- The 74.5 MW Harmony Florida Solar Energy Center in Florida
- The 74.5 MW Taylor Creek Solar Energy Center in Florida
- The 100 MW Saint Solar Energy Center in Arizona
- The 49.4 MW Sanford Airport Solar Energy Center in Maine
- The 300.4 MW Soldier Creek Wind Energy Center in Kansas
- The 100 MW/30MWh Wilmot Solar Energy Center in Arizona

The KKR-led group is buying 50% stakes in all of the projects except for Wilmot directly in the more straightforward $300 million deal.

The $1.1 billion convertible equity financing will cover a further 40% stake in each of those projects as well as a 100% stake in Wilmot and the four projects that are being contributed by NEP.

The assets to be contributed by NEP are:

- Northern Colorado Wind Energy Center – 174 MW
- Baldwin Wind Energy Center – 102.4 MW
- Elk City I Wind Energy Center – 98.9 MW
- Genesis Solar Energy Center – 250 MW

The deal is expected to close in the fourth quarter of this year, subject to various closing conditions and regulatory approvals.

"The acquisition of the high-quality, long-term contracted renewable energy assets, including the partnership's first battery storage project, further enhances the diversity of the partnership's existing portfolio," said **Jim Robo**, **NextEra Energy**'s chairman and CEO. "Combining this acquisition with the recapitalization of four existing NextEra Energy Partners' assets through the longest-dated and lowest-cost convertible equity portfolio financing in the partnership's history is expected to provide significant benefits for unitholders." ■

NORTH AMERICA PROJECT FINANCE

# Cypress Creek closes $200m holdco financing

**Cypress Creek Renewables** has closed an oversubscribed $200 million holdco loan to support its 1.6 GW operating utility-scale solar portfolio in the US.

**Investec** was sole bookrunner on the senior secured seven-year holdco loan, which was launched into the market shortly after Labor Day (PFR, 8/25).

**East West Bank**, **Silicon Valley Bank** and **Crédit Agricole** joined Investec as joint lead arrangers on the financing, which closed on October 30, *PFR* has learned.

The debt package was two times oversubscribed, as previously reported (PFR, 10/26). Cypress Creek will use the proceeds to fuel the development of new assets.

### PROJECT DEBT REFI

A few weeks earlier on October 16, the developer had reached financial close on the recapitalization of a 92 MW portion of its fleet in North Carolina, buying out the tax equity investors and refinancing project debt with a roughly $45 million loan arranged by **BNP Paribas**.

Cypress Creek had to close the project-level refinancing before the holdco loan so that the holdco lenders would be able to assess the overall capital structure, says a person close to the situation.

The refinancing took 14 projects that had previously been financed through various levered tax equity funds and combined them into one portfolio with a single mini-perm financing agreement. Most of the projects have about 10 years left on their power purchase agreements.

The assets are among the oldest in Cypress Creek's portfolio and have mostly exhausted their tax attributes.

The developer used the proceeds of the loan from BNP to buy out the existing tax equity investors, repay the project debt and fund a distribution to the parent company.

Cypress Creek intends to expand the loan arranged by BNP as it recapitalizes additional tranches of its fleet. The documentation provides for a loan of up to $650 million.

"We approached our first refinancing with a holistic, forward-looking strategy: to set up a new debt facility for our initial 92 MW of operating assets reaching their tax equity buyouts, while also establishing a clear framework to expand that facility to include large portions of the remainder of our 1.6 GW fleet," said **Cassidy DeLine**, the company's vice president of project finance.

"In our efforts to grow into one of the top US independent power producers, it was key for us to capture this efficiency and low cost of capital, helped by today's low interest rate environment," she added.

The legal advisers on the deal were:

- **Kirkland & Ellis** – borrower's lead transaction counsel
- **Kilpatrick Townsend & Stockton** – borrower's counsel for North Carolina law
- **White & Case** – lender's lead transaction counsel
- **McGuire Woods** – lender's North Carolina counsel

Cypress Creek's overall 1.6 GW operational portfolio is mostly made up of small utility projects with 10 MW of capacity or less, though there are also some larger assets.

Paperwork filed with the US **Federal Energy Regulatory Commission** in 2018 – in relation to Cypress Creek's sale of the 53 MW Buckleberry Solar project to **John Laing** (PFR, 11/13/18) – lists 166 energy projects affiliated with **Cypress Creek Holdings**, with an average nameplate capacity of 6.38 MW.

The largest among them is the 79 MW Innovative Solar 46 project in Cumberland County, North Carolina, which Cypress Creek came to own in 2017 when it acquired **FLS Energy**. It has a 10-year PPA with **Duke Energy Progress** (PFR, 1/12/17).

Cypress Creek hired **Barclays** to sell the 1.6 GW portfolio in 2018 but no transaction materialized at the time (PFR, 1/15/19).

Recently, Cypress Creek's mezzanine creditors, **HPS Investment Partners** and **Temasek**, agreed to exchange a substantial portion of their investment for 100% of the common equity in the company (PFR, 9/2). ■

# Innergex inks 40-year Quebec hydro financing

**Innergex Renewable Energy** and the **Pituvik Landholding Corp** have closed a $92.8 million non-recourse financing for a hydro project in northern Québec.

**The Manufacturers Life Insurance Co** is providing the debt, which will be used to build the 7.5 MW run-of-river Innavik hydro facility on the Inukjuak River near Inukjuak, Nunavik.

Construction costs are estimated to be $127.8 million. It will be financed primarily through the $92.8 million construction loan, which will convert into a 40-year term loan with a 3.95% interest rate once the facility comes online in December 2022.

The 40-year term loan is set to match the duration of a 40-year power purchase agreement signed with **Hydro-Québec Distribution**.

"Thanks to an impressive 40-year power purchase agreement with Hydro-Québec Distribution, we were able to negotiate excellent debt repayment terms that will positively impact the facility's cash flow once the project reaches commercial operation," said **Michel Letellier**, president and CEO of Innergex.

The remaining $35 million will be financed by Innergex and Pituvik.

The Innavik project represents the first partnership between an Inuit corporation and an independent power producer. It will provide customers of Inukjuak's off-grid system with renewable rather than diesel-fired electricity.

It is expected to earn an average of $8.6 million in adjusted Ebitda annually over the first five years of operation.

"Reaching financial close for the Innavik Project initiated by our community in 2008 in order to reduce local greenhouse gas emissions is a historic achievement," said **Sarah Lisa Kasudluak**, president of Pituvik. "Being able to secure substantial funding demonstrates how, through self-determination, we can carry out projects with significant social, environmental and economic benefits for our people." ■

 

LATIN AMERICA PROJECT FINANCE

# OPDE secures funds for PMGD portfolio

Spanish developer **OPDEnergy** has closed the financing for a 17 MW portfolio of small-scale solar assets in Chile.

**Corporación Interamericana para el Financiamiento de Infraestructura** (CIFI) is providing the $13.7 million 18-year loan for the three projects, which will each qualify under Chile's PMGD (*Pequeños Medios de Generación Distribuida*) distributed generation scheme.

The deal is structured to allow the sponsor to add other projects to the portfolio. The three initial assets are called Litre, Lingue and Llay Llay and located in the region of Valparaiso.

"This financing reinforces OPDEnergy's capacity to keep working and to continue moving forward with our plans in the country," said the company's CEO, **Luis Cid**, in a statement on November 3.

OPDE has an installed capacity in Chile of 182 MW. The developer reached financial close on its 104.3 MW Sol de los Andes solar project and 50 MW La Estrella wind farm in June (PFR, 9/11).

The deal is CIFI's second PMGD financing this year. The first was a $17.2 million loan to finance the development of a 22.8 MW solar portfolio owned by Chilean developer **Gestión Solar**, which was announced in April (PFR, 4/1). The Gestión portfolio is located in the regions of Valparaíso and O'Higgins.

Chile's PMGD program, which is limited to projects up to 9 MW in size, confers benefits including stabilized prices and the avoidance of trunk transmission tolls. However, a recent reform expected to negatively affect qualifying solar projects has spurred a rush among developers to secure permits and grandfather their assets into the old version of the scheme (PFR, 10/14).

# Colombia sets terms for LNG regasification project

Colombia's **Mines and Energy Planning Unit** (UPME) has released the final tender documents for the LNG regasification project on Buenaventura Bay on the Colombian Pacific Coast.

Located in the department of Valle del Cauca, the project includes the construction of the regasification plant, which will have a capacity of 400 million cubic feet per day, and the development of a 68.35-mile (110 km) pipeline, Buenaventura-Yumbo.

The pipeline, in the same department, is expected to transport 400 million cubic feet per day and distribute imported gas to the rest of the country.

UPME estimates that the project will require an investment of $700 million.

Bids are due on April 27, 2021, while the winners will be announced on May 18 of the following year. The project must be brought online before December 2024, according to documents published by UPME.

The project has already raised interest among investors from across the natural gas value chain. Gas transportation company **Promigas** and Seoul-headquartered LNG tanker constructor **Samsung Heavy Industries** are among the parties rumored to be considering a bid.

**Astrid Álvarez**, the president of Colombian energy company **Grupo Energía de Bogotá**, announced her company's intention to bid for the project to local media on February 19 (PFR, 2/24).

### THE LONG WAIT

The prospect of a tender for the project was first raised three years ago. At the time, **Colombia's Mines and Energy Planning Unit** (UPME) announced that a process would take place in early 2018, and the project would start commercial operations by 2021. However, the procurement process was postponed.

The project was revived toward the end of last year, when UPME, led by then-director **Ricardo Ramírez**, set a new goal of carrying out the procurement process in 2020 to allow the plant to be brought online by 2023 (PFR, 12/12/19).

UPME released a draft of the tender documents over the summer (PFR, 7/20).

The asset is expected to face difficulties during construction, according to deal watchers in Bogota. For instance, the project's location is in a hot zone for armed groups, as most of Colombia's narcotraffic and weapons smuggling goes through the Valle del Cauca department (PFR, 4/9).

The tender is part of the government's push to increase the country's gas supply, adding to the **Ecopetrol**-controlled gas fields Cusiana and Cupiagua, both in Casanare, and Ballena, in La Guajira. This month, Colombia presented its gas infrastructure plan to move forward with eight projects and ensure the country's natural gas supply.

MERGERS & ACQUISITIONS

# Cubico debuts in transmission with Colombia deal

« FROM PAGE 1

bean region and the department of Tolima in the center of the country.

**Scotiabank** and **Export Development Canada** have provided $395.41 million (€340 million) in non-recourse project debt to finance the portfolio. Celsia, which developed the assets, will continue to operate them.

"This is our first investment in transmission lines globally, showing the flexibility and capability of Cubico to grow its portfolio through value accretive transactions," said **Ricardo Diaz**, head of Americas at Cubico, in a statement on November 2.

It is not the fund manager's first deal with Celsia in Colombia, however. In October 2019, the two firms announced a partnership to develop 400 MW of renewable energy assets in the country by 2021. The sponsors are expected to invest more than $100 million of equity in the portfolio (PFR, 10/9).

Last week, Minister of Mines and Energy **Diego Mesa** announced the development of an 80 MW solar asset by Celsia in the department of Santander. The Celsia Chicamocha project will require $103.35 million (Ps400 billion), with the start of construction penciled in for the third quarter of 2021.

LATIN AMERICA PROJECT FINANCE

# Colombia's first private power auction launched

**Grupo Renovatio** has launched the first private power auction in Colombia with the aim of awarding five- to 25-year power purchase agreements to renewable energy projects.

Bidders have until December 30 to present offers and the signing of contracts is penciled in for February 5, 2021.

Project owners can bid wind, solar, biomass, and small hydro projects that are either operational or under development for the Colombian peso-denominated contracts. Offers presented must be in Colombian pesos, the company said during the launch on November 4.

Renovatio expects to procure 20 GWh per month from 12 to 14 projects with a capacity of about 10 MW each but could buy more or less generation depending on the offers.

In terms of prices, the firm is looking at how the PPAs were priced during Colombia's first renewable auction in October (PFR, 10/24). The weighted average clearing price in the auction was Ps95.65/kWh ($27/MWh).

Renovatio, which is itself a generator and energy marketer, will then sell the energy it has procured to regulated clients – customers that consume less than 50,000 KWh/month.

Projects will have to start operating between January 2022 and December 2025.

Colombia's **Bancoldex** and Brazil's **Banco Itaú** are working with Renovatio on the auction.

The country's wind and solar sector is still very young and the energy matrix is highly dependent on hydro. But since the disaster that paralyzed the 2.4 GW Ituango hydro project, the government has pushed forward the development of solar and wind assets (PFR, 8/11).

Renovatio's auction is the fourth to be promoted in the region in the past 12 months. **Bravos Energia** launched a private power auction in Mexico in late 2019 but this was recently put on hold indefinitely (PFR, 10/30). Dutch firm **Vitol** held a second private power auction in Mexico in early 2020 (PFR, 1/29), while **Grupo Ebco**'s **Zona Energia** is still working on its own procurement process in Chile (PFR, 3/23). ■

**FAST FACT**

**20 GWh**

The capacity Renovatio expects to procure per month from 12 to 14 projects with a capacity of about 10 MW each.

## Peru launches bidding for Ecuador electric connection

Peru's procurement agency **ProInversión** has launched the bidding documents for the 500 kV Piura – Nova Frontera transmission line.

The project, which will support the international interconnection between Peru and Ecuador, will require investments totaling $163.5 million.

The public private partnership concession for the design, financing, construction, operation and maintenance of the transmission line on the Peruvian side will have a 30-year tenor. It also includes the expansion of the substation Piura Nueva.

Peru expects to award the contract in the second quarter of 2021. Interested companies will have until April 9, 2021 to file a request to pre-qualify for the competition. Offers are due June 16 and will be opened on July 23, 2021. ■

# Brazil unveils power plan

Brazil is preparing to hold power generation and transmission line auctions between now and the end of 2022 that will require investments totaling R$88 billion ($16.6 billion), according to power regulator **Aneel**'s director-general **Andre Pepitone**.

The government has already scheduled one transmission auction for December 2020 and annual procurements are set to follow in the coming two years.

In the December auction, Aneel will award 1,958 km of transmission lines split into 11 lots and 6,420 MVA of transformer capacity, which will require investments of more than R$7.4 billion.

"The transmission line auction in 2020 is the power sector's contribution to the economic recovery agenda in Brazil in the context of the pandemic," said Pepitone.

The transmission line procurement was one of the few that were retained amid a scale-back that involved the cancellation of auctions for new power projects. Auctions for capacity from existing plants is going ahead (PFR, 10/27).

Brazil's **Ministry of Mines and Energy** (MME) will officially launch a longer-term 10-year energy plan in December. According to minister **Bento Albuquerque**, the expectation is that the country will increase its network of transmission lines by 30% and transformer capacity by 40% in the next decade.

"This represents an investment of R$100 billion in 10 years," said the minister.

For centralized power generation, the expectation is that investments will surpass R$300 billion in the next decade. ■

**Expected investments in various energy sectors between 2020 and 2029**

| Type | Investment |
|---|---|
| Wind | R$120 billion |
| Hydro | R$18.3 billion |
| Small hydro | R$13.8 billion |
| Solar | R$33.7 billion |
| Fuel power plant retrofits | R$10.3 billion |
| Nuclear | R$60.1 billion |
| LNG | R$15.3 billion |
| Natural gas | R$360 million |
| Coal | R$2.4 billion |
| Biomass/biogas | R$11.5 billion |

*Source: Ministry of Mines and Energy*

PEOPLE & FIRMS

# Brostrøm to lead global renewables for Shell

**Thomas Brostrøm**, the former chief executive of **Ørsted**'s North American offshore wind division, is preparing to take the helm of Shell's global renewable generation team next year.

Brostrøm had been with Ørsted, formerly **DONG Energy**, for more than 11 years, most recently in Boston.

He will be relocating to London in summer 2021 to take up his new position at Shell on August 1.

"I cannot wait to meet my new colleagues at Shell and continue the journey of transitioning this massive and world leading energy company towards a low carbon future," he wrote on LinkedIn.

Brostrøm joined Ørsted in 2009 – when it was still known as DONG – from the Copenhagen corporate finance branch of **Straumur Investment Bank**. He initially handled wind project business development and M&A and worked his way up to head of project development in the UK and then director of markets and pipeline.

He moved to Boston to oversee the company's North American operations in 2015, overseeing the acquisition and integration of local wind developer **Deepwater Wind**.

In October 2020, Ørsted announced that Brostrøm would be replaced as CEO of Ørsted's North American offshore wind business by **David Hardy**, who joined the company in March. It was known at the time that Brostrøm was returning to Europe, but not in what capacity.

"Having been part of the early days of offshore wind to see just how far this industry has come is unbelievable," he wrote on Linkedin. "It has been rewarding to be part of one of the most rapid and successful transformations of a company the last 10 years. The last 5-6 years have been an amazing experience establishing Ørsted in the US market and I am proud of all the great things we have achieved, and I will miss the great people, colleagues, and friends. Stay Ørsome!" ■

## Latham promotes two in US

**Latham & Watkins** has elevated one US-based project finance attorney to partner and another to counsel in its latest round of promotions.

The new partner is **Kelly Cataldo**, who has been with the firm for four years and works out of the New York office. She has worked on a wide range of project finance and M&A transactions for renewable energy assets in North and South America for clients including **GE Energy Financial Services**, **PNC Energy Capital**, **LS Power** and **MetLife**. She was previously an associate at **Chadbourne & Parke** for six years.

The new counsel, **Seth Richardson**, has been with Latham for seven years and advises on procurement and financing contracts for a wide range of infrastructure projects, including wind, solar and gas-fired plants. His practice also encompasses the industrial, leisure and healthcare industries. He was an associate at **Winston & Strawn** for almost five years before joining Latham in San Diego.

Globally, Latham has promoted 33 associates to the partnership and another 33 to the role of counsel. The promotions will take effect on January 1, 2021. ■

### ONE YEAR AGO

**Latham & Watkins** advised **Ares Management Corp** on its sale of stakes in three Texas wind repowering projects to **UBS Asset Management**.

# Penna returns to Latham

Project finance lawyer **David Penna** has rejoined **Latham & Watkins** as a partner after a year with the **US International Development Finance Corporation** (DFC).

Penna, who is back with Latham as of November 2, has been with the firm for most of his professional career, having joined from **Yale Law School** in 2001.

He left in November 2019 to become the DFC's senior vice president in the office of strategic initiatives, providing policy advice relating to international development and national security.

Back at Latham, he will work on project finance deals, focusing on power and infrastructure assets. He will be representing both sponsors and lenders, and will be part of the Latin America group.

"My talented colleagues continue to deliver phenomenal results for clients, and I look forward to utilizing the valuable experience I gained at DFC to bring a new perspective and skill set to the team," said Penna in a statement.

While Penna was at the DFC, the development finance lender was active in Latin America. Most recently, in June, the institution participated in the financing of **IEnova**'s solar portfolio in Mexico (PFR, 7/21). And in late December 2019, the institution financed a portion of the debt for an LNG-to-power project in El Salvador (PFR, 12/23). ■

## McDermott attorney makes partner

**John Bridge** has been promoted to partner in **McDermott Will & Emery**'s energy practice.

Bridge focuses on debt project financings, representing lenders, sponsors and investors in solar, wind and fuel-cell deals.

Over the summer, he acted as lead counsel to **CIT Bank** on its financing of **Kayne Anderson Capital Advisors**' 112 MW Harts Mill project in North Carolina (PFR,7/7, 10/16). The transaction marked Kayne's debut solar investment as a sponsor.

CIT led on the $118.5 million debt package, with **Churchill Stateside Group** providing a $57 million tax equity commitment. Kayne is working with **Birch Creek Development** and **Pine Gate Renewables** to bring the project online.

Bridge started his career as an energy regulatory lawyer at **Southern California Edison**, before moving to **Hogan Lovells** and then taking up lender-side deal work at **Winston & Strawn**. He joined McDermott last year. ■

PEOPLE & FIRMS

# FirstEnergy fires CEO as bribery case gathers steam

Utility holding company **FirstEnergy Corp** has fired its CEO and two other senior officials amid a high-profile bribery investigation in Ohio, shortly after guilty pleas were entered in federal court by two people who are not FirstEnergy employees.

The company terminated CEO **Charles Jones** as well as senior vice president of product development, marketing and branding **Dennis Chack** and senior vice president of external affairs **Mike Dowling** on October 29.

The dismissals are the result of an internal review into the bribery allegations, which determined that Jones, Chack and Dowling "violated certain FirstEnergy policies and its code of conduct," according to a statement from the company.

**Steven Strah**, who was already the company's president, has taken over as acting CEO. Strah was previously the company's CFO but took the title of president from Jones earlier this year as part of the company's succession planning strategy (PFR, 5/19).

The bribery allegations revolve around Ohio House Speaker **Larry Householder**, whose non-profit **Generation Now Ohio** is accused of receiving $60 million in unregulated and unreported donations from FirstEnergy's subsidiary **FirstEnergy Solutions** (which has since been spun off as **Energy Harbor**) to support House Bill 6 (HB6) – a nuclear and coal bail-out bill that also weakened Ohio's renewable energy goals.

Developers of gas-fired and wind projects were united in their fury and dismay when the bill was passed in 2019, and market watchers expect there to be strong calls for the bill to be repealed in the wake of the scandal.

The two people who have so far pleaded guilty in the federal criminal case are **Jeffrey Longstreth**, a campaign and political strategist for Householder, and **Juan Cespedes**, an energy industry lobbyist, according to the US Attorney's Office for the Southern District of Ohio. Householder is one of the three other defendants.

HB6 had a major impact on the prospects for power and renewable energy development in Ohio. **LS Power** said it would have to abandon plans for an expansion of its Troy gas-fired project in Luckey if the bill passed, while **sPower** gave up on a 200 MW wind farm in Seneca County in the aftermath, saying "wind energy development has become increasingly difficult in the state" (PFR, 7/24/19, 1/22/20). ■

# East West adds senior banker in Texas

**East West Bank** has hired a seasoned power and utilities investment banker in Dallas to act as a senior originator for its project finance business.

The banker, **Peter Marquis**, started at East West on November 2. He will work closely with **Chris Simeone**'s project finance team in New York.

A veteran of **Morgan Stanley**, **Lazard**, **GE Energy Financial Services** and **SunTrust Robinson Humphrey**, Marquis has been an investment banker and principal investor for about 27 years.

Most recently, he was a managing director at **Carolina Financial Group** in Atlanta. The North Carolina-based firm focuses on private debt and equity and venture capital.

Marquis was a member of Morgan Stanley's power and utilities group from 1999 to 2002, when he switched to Lazard to focus on strategic mandates (PFR, 4/22/02). He then worked at **GE EFS** for several years before joining boutique investment bank **FBR Capital Markets** (PFR, 9/23/05, 1/29/10). Between then and 2017, when he joined Carofin, he was also a managing director in **SunTrust Robinson Humphrey**'s power and utilities group in Atlanta.

Marquis spent seven years in the **US Navy** before going into banking at **Smith Barney** in New York in 1993. ■

NEWS IN BRIEF

MERGERS & ACQUISITIONS

### BERKSHIRE PARTLY CLOSES MIDSTREAM GAS M&A

**Berkshire Hathaway Energy** has closed the first part of its acquisition of **Dominion Energy**'s midstream natural gas assets. BHE paid about $2.7 billion in cash for the assets it has so far acquired, implying an enterprise value of $8 billion.

### PNM TO EXIT FOUR CORNERS AHEAD OF SCHEDULE

New Mexico utility **PNM** has reached a deal to sell its stakes in the 1,540 MW Four Corners coal-fired plant to the **Navajo Transitional Energy Corp** in 2024, seven years earlier than previously expected. The interests represent 200 MW of capacity.

### BROOKFIELD CLOSES TRANCHE 2 OF TRANSALTA DEAL

**Brookfield Renewable Partners** has closed the C$400 million second part of a deal to invest C$750 million in **TransAlta Corp** securities that are convertible into hydro project equity. The securities act like debt until the end of 2024.

PROJECT FINANCE

### DB ENERGY INKS REVOLVER FOR COGEN PURCHASE

**DB Energy Assets**, a joint venture between developer **DCO Energy** and **Basalt Infrastructure Partners**, has signed a $50 million credit facility with **Santander Bank** to support its acquisition of the 104 MW Energy Center Dover from **Clearway Energy**.

### TRI GLOBAL LANDS ROYALTIES DEAL WITH GREAT BAY

**Great Bay Renewables** has closed an additional $25 million royalty investment in **Tri Global Energy**'s wind and solar development portfolio, after recently receiving backing from **Apollo Infrastructure Funds**.

LATIN AMERICA

### IDB INVEST TO FINANCE FSRU IN EL SALVADOR

**IDB Invest** is preparing a loan to finance the purchase of an LNG tanker and its conversion into a floating storage and regasification unit in El Salvador as part of the 378 MW Energia del Pacifico LNG-to-power project being developed in the Port of Acajutla.

*Extended version of all these stories are available to subscribers at www.powerfinancerisk.com*