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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing By the publisher of GlobalCapital

PROJECT FINANCE

Sponsor Approaches Transmission Financing

Hunt Consolidated has cleared two regulatory hurdles in the development of its $800 million transmission line. Page 5.

MERGERS & ACQUISITIONS

Calpine Launches $550M Term Loan B

The Houston-based independent power producer is financing its acquisition of the Granite Ridge gas-fired project in N.H. Page 6.

STRATEGIES

Oncor Reduces Size of Revolver

Oncor Electric Delivery Co. has extended the maturity of its revolver by a year, while reducing the size of the facility. Page 12.

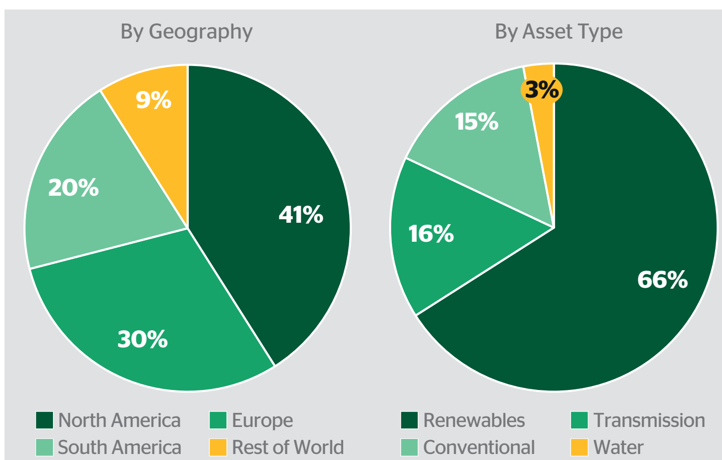
Abengoa Yield Seeks Second Sponsor, Plots Rebrand

Richard Metcalf

Abengoa Yield announced a series of measures to distance itself from its embattled Spanish parent company **Abengoa** in its third quarter earnings call on Nov. 6. The yield company is seeking an additional sponsor, hiring a new cfo and plans to change its corporate identity.

Abengoa Yield will hire an investment bank shortly as a financial advisor to assist it with the search for a new sponsor, said the company's ceo **Javier Garoz**, adding that both Abengoa and Abengoa Yield PAGE 8 »

Abengoa Yield Portfolio Breakdown



Source: AbengoaYield Q3 Investor Presentation

Capital Structure Emerges for Carlyle Rhode Island Acquisition

Richard Metcalf

The Carlyle Group aims to finance its acquisition of the Rhode Island State Energy Center with a $375 million of debt and $207 million of sponsor equity, according to a **Moody's Investors Service** report.

The debt part of the financing will consist of a $325 PAGE 6 »

LS Power to Refinance PJM Peaker Trio

Olivia Feld

LS Power is refinancing three gas-fired peakers in PJM that are part of a larger portfolio of assets that are for sale.

The three facilities being refinanced are the 540 MW University Park North project and the 300 MW University Park South project in University Park, Ill., and the 856 MW Riverside project in Zelda, Ky. All three peakers have short term hedges in place.

The independent power producer plans to close the financing before the end of the year, says a deal watcher.

Around seven banks are vying to arrange the deal, another deal watcher says. The expected size of the deal could not be learned.

The refinancing PAGE 5 »

BNP Launches Rockland Refinancing

Olivia Feld, Richard Metcalf

Rockland Capital launched a $263 million refinancing for the 125 MW Michigan Power project at a bank meeting with prospective lenders on Nov. 12.

BNP Paribas is arranging the $216 million seven-year senior secured term loan and $47 million five-year revolving PAGE 5 »

POWER UP: CHECK OUT A SELECTION OF THE WEEK'S POWER AND UTILITY NEWS ON TWITTER PAGE 7

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PROJECT FINANCE

Moxie Closes Financing for Freedom Project

The $900 million deal backing the **Moxie Energy** and **Caithness Energy** 1,050 MW Freedom gas-fired project in Luzerne County, Pa., closed on Nov. 10.

BNP Paribas, **Citigroup**, **GE Financial Services** and **MUFG** are coordinating lead arrangers on the debt component of the deal, which has no designated left lead. The $600 million construction plus 5-year loan was priced at 325 basis points over Libor.

Citigroup also advised Caithness Energy on a preferred equity deal which raised $300 million from three undisclosed lenders, a deal watcher tells *PFR*.

The project has a "unique" ten-year gas hedge agreement with an undisclosed party, longer than the normal tenor of a hedge, say deal watchers. The project is slated to take 30 to 32 months to construct.

The deal comes soon after Dallas-based **Panda Power Funds** closed financing for its latest project in PJM, the 1 GW Hummel CCGT project in Snyder County, Pa. The pricing on the term loan B tranche backing the project priced wider than initial price thoughts, with financiers blaming poor market conditions (PFR, 10/26).

Caithness Energy closed its last project finance deal in August. **Investec** was sole lead arranger for a $200 million term loan and an $8 million letter of credit backing the 350 MW Long Island Energy Center combined-cycle gas-fired project in Brookhaven, N.Y (PFR, 8/11). The New York-based sponsor is developing the nearby 750 MW Long Island II Energy Center in Yaphank, N.Y. Construction is scheduled to begin in 2015 and to be completed in 2018. Caithness' plans for financing the project are not yet known.

Vienna, Va.,-based Moxie Energy sealed its last deal in December 2013, when with Panda Power Funds it jointly closed a $585 million package backing the 825 MW Patriot gas-fired project in Lycoming County, Pa. The financing, which included a $385 million B loan and a one year $200 million delayed draw tranche, was priced at around 575 bps over Libor, tighter than the 600 bps to 625 bps price talk (PFR, 12/18/13). Moxie later sold its controlling interest in the project to Panda Power Funds.

Representatives for Moxie Energy in Vienna, Va., GE Financial Services in Stamford, Conn., and Caithness Energy, MUFG Union Bank, BNP Paribas and Citigroup in New York either declined to comment or did not respond to inquiries. ■

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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	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 MW Gas)	Londonderry, N.H.		Calpine has launched a $550M senior secured loan to back its acquisition of Granite Ridge (see story, page 6).
● EDF EN Canada	Rivière-du-Moulin (350 MW Wind)	Fjord-du-Saguenay, Québec, Canada		Manulife, Industrial Alliance Insurance and Financial Services and Desjardins are purchasing EDF EN Canada's stake in the project (see story, page 6).
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 (PFR, 11/9).
● Entergy Corp.	Rhode Island State Energy Center (583 MW Gas)	Johnston, R.I.		The Carlyle Group is raising $375 million of debt and contributing $207 million of sponsor equity to acquire the project (see story, page 1).
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).
● Greenleaf Power	Eel River Project (28 MW Biomass)	Humboldt County, California		Humboldt Redwood Co. has purchased the facility to generate steam and electricity to power its sawmill operations (see story, page 7).
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	The auction for the assets is in an "extended second round" according to a deal watcher (see story, page 1).
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 (PFR, 11/9).
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).

● **New or updated listing**

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

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
	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).
	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).
	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 (PFR, 10/9).
●	Hunt Consolidated	Southline Transmission	New Mexico, Arizona	TBA	TBA	TBA	TBA	Hunt has cleared two major regulory hurdles toward financing its $800M project (see story, page 5).
	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	
●	LS Power	University Park North (540 MW Gas)	University Park, Ill.	TBA	TBA	TBA	TBA	LS Power is refinancing three gas-fired peakers that are part of larger portfolio of assets up for sale (see story, page 1).
		University Park South (300 MW Gas)	University Park, Ill.	TBA	TBA	TBA	TBA	
		Riverside (856 MW Gas)	Zelda, Ky.	TBA	TBA	TBA	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	C+5-yrs	Moxie Energy and Caithness Energy have closed loan priced at 325 bps over Libor (see story, page 2).
●	NextEra Energy	Carousel (150 MW Wind)	Kit Carson County, Colo.	JP Morgan, Wells Fargo	Tax Equity			JP Morgan and Wells Fargo are investing tax equity in the project (see story, page 6).
	NRG Energy	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	TBA	TBA	TBA	The sponsor is 'exploring financing options' for the $850M project (PFR, 11/9).
	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, 11/9).
				ICBC and Investec	Term Loan A	$250M	6.5-yr	Deal closed with term loan priced at 375 bps over Libor (PFR, 11/9).
	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 (PFR, 11/9).
●	Rockland Capital	Michigan Power (125 MW CCGT)	Ludington, Mich.	BNP Paribas	Term Loan	$216M	7-yr	BNP Paribas has launched the two tranche deal (see story, page 1).
					Credit Facility	$47M	5-yr	
	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	Latiga (62 MW Solar)	Utah	EFS Renewables	Tax Equity			sPower is seeking authorization for tax equity investments for a wind and solar project (PFR, 11/9).
		Sandstone (45 MW Solar)	Arizona	Wells Fargo	Tax Equity			

● **New or updated listing**

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PROJECT FINANCE

Hunt Edges toward Financing $800M Transmission Project

Hunt Consolidated has moving closer toward financing its $800 million transmission project in New Mexico and southern Arizona after receiving two key regulatory approvals.

The Southline Transmission project received final environmental impact statements from the **Bureau of Land Management New Mexico** and the **Western Area Power Administration** on Friday.

The proposed line will cross federal lands managed by BLM New Mexico and other government agencies. Western is evaluating to what extent it will participate in the ownership and financing of the project.

Dallas-based Hunt Consolidated is part of a larger privately held group of companies managed by the **Ray L. Hunt** family.

In September, the U.S. **Federal Energy Regulatory Commission** approved a proposed open solicitation process for the project which will be run by **SU FERC**, a wholly-owned subsidiary of Dallas-based **Sharyland Utilities**.

SU FERC is privately-owned and managed by **Hunter L. Hunt** and other members of the Ray L. Hunt family.

"Our focus is now on launching and completing the open solicitation process as defined in FERC's declaratory order. This solicitation will commence in late 2015 or early 2016. Financing activities will be initiated following the capacity open solicitation process," says a spokesperson for Hunt.

The project is being developed in two segments. The first proposed 225-mile first section will be a new double circuit 345-kilovolt line from a substation in Afton, N.M., to a substation in Apache, Ariz. The second 130-mile segment will upgrade an existing transmission line between the Apache substation and the Saguaro substation, northwest of Tucson, Ariz.

Construction is due to begin in 2016 and the project is slated to be operational in 2018. Hunt Consolidated has not engaged a financial advisor. San Francisco-based **Black Forest Partners** is managing the project.

BNP Launches Rockland Refi

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credit facility backing the gas-fired cogeneration facility in Ludington, Mich. The deal is yet to be priced, a deal watcher tells *PFR*.

Wolverine Power Holdings, a subsidiary of The Woodlands, Texas-based Rockland is in the process of acquiring the facility from **ArcLight Capital Partners**. Once the deal has closed, **Rockland Power Partners II** will own 76% of the membership interests in the project, according to documents filed with the U.S. **Federal Energy Regulatory Commission** on Oct. 19 (PFR, 10/22).

ArcLight refinanced the project earlier this year with an approximately $125 million term loan package. Rockland is able to increase the leverage on the facility because of additional commodity hedge agreements it has put in place, says a second deal watcher.

The acquisition is slated to close by the end of the year.

Consumers Energy Company has a long term power purchase agreement with Michigan Power. The **Occidental Chemical Corp.**'s Ludington plant has a contract to buy the project's steam and compressed air.

Moody's Investor Service has assigned the offering a Ba2 rating with a stable outlook.

Representatives for BNP Paribas in New York and Rockland in The Woodlands declined to comment.

NextEra Lines Up Tax Equity for Colo. Wind Project

NextEra Energy is seeking approval for a tax equity investment in its 150 MW Carousel wind project in Kit Carson County, Colo., according to a U.S. **Federal Energy Regulatory Commission** filing dated Nov. 3.

In the transaction described in the filing, **JPM Capital Corp**. will acquire 75% and **Wells Fargo Wind Holdings** will acquire 25% of the class B interests in the project. The deal is scheduled to close by the end of the year.

The wind farm was scheduled to begin selling generation to the **Tri-State Generation and Transmission Association** on or around Nov. 1 under a 25-year contract.

LS Power to Refinance Peaker Trio

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could make the larger portfolio of assets more attractive for potential buyers, given the "choppy" conditions in the term loan B market, says the first deal watcher.

If LS Power finances these three assets on a standalone basis, it will probably make the rest of the portfolio less expensive to refinance, he says. "Everyone's looking at what is happening with some other projects, and it's not a good idea to come out with a really big deal," he adds, alluding to term loan B offerings which have been recently pulled or repriced.

Citigroup and **Morgan Stanley** are advising the New York-based company on the sale of the portfolio of operating and shovel-ready assets, which total more than 4,300 MW. The auction is in an "extended second round," says the first deal watcher.

The full portfolio comprises:

- the 776 MW Doswell Energy Center in Ashland, Va.
- the 856 MW Riverside simple-cycle facility in Zelda, Ky.
- the 840 MW University Park simple-cycle plants in University Park, Ill.
- the 800 MW Hickory Run combined-cycle plant which is under development in Lawrence County, Pa.
- the 900 MW Berks Hollow project under development in Berks County, Pa., and
- the 225 MW Wallingford project in Wallingford, Conn., which is the only asset with an interconnection to ISO-New England rather than PJM.

Credit Suisse and **Goldman Sachs** arranged a term loan B backing the University Park and Riverside projects in 2013 (PFR, 7/10/12). The Riverside project was later individually financed in a club deal (PFR, 1/24/13).

Representatives for LS Power, Citibank and Morgan Stanley in New York either declined to comment or did not respond to inquiries.

MERGERS & ACQUISITIONS

Calpine Launches $550M Loan for Granite Ridge Acquisition

Calpine has launched a $550 million 7-year senior secured term loan B to back its acquisition of the 745 MW gas-fired Granite Ridge Energy Center in Londonderry, N.H.

Morgan Stanley is leading the deal and acting as a lead arranger alongside **Bank of America Merrill Lynch**, **Citigroup**, **Credit Suisse** and **Deutsche Bank**.

The deal is priced at 300 basis points over Libor with a 100 bps floor and an original issue discount of 98.5 to 99.

Commitments were due at noon on Thursday Nov. 11.

Moody's Investors Service has given the senior secured loan a Ba3 rating with a positive outlook, one notch higher than the company's unsecured credit rating.

Calpine's rating reflects the volatility of the merchant power sector and the borrower's high debt leverage, according to **Toby Shea** and **William Hess**, the Moody's analysts who wrote the report. Those risks are mitigated by the scale and geographic spread of the company's portfolio, the analysts add.

Calpine operates 82 facilities totaling 26.6 GW of capacity, with a large presence in the Northeast, Texas and California.

Calpine is acquiring Granite Ridge Energy Center from a consortium of financial investors led by **CarVal Investors** for $500 million. The deal is slated to close by the first quarter of next year (PFR, 10/13).

Proceeds of the term loan B which are not used to fund the acquisition will be used for general corporate purposes.

Earlier this year, the independent power producer extended its maturity profile when it closed a $1.6 billion seven-year first lien term loan B in June to replace debt maturing in 2018. Morgan Stanley, **Barclays**, **Goldman Sachs**, **Mitsubishi UFJ Financial Group** and **RBC Capital Markets** were the lead arrangers on the deal, which was priced at 275 bps over Libor with a 75 bps floor (PFR, 6/3).

Spokespeople for Calpine in Houston and Morgan Stanley in New York did not immediately respond to requests for comment. ■

Consortium to Acquire Stake in EDF Wind Project

EDF EN Canada is selling a stake in its 350 MW Rivière-du-Moulin wind project in Québec to **DIM WIND**, a consortium comprised of **Manulife**, **Industrial Alliance Insurance and Financial Services**, and **Desjardins**.

Besides taking a 42.5% interest in the project, DIM WIND will provide long-term project debt. Details of the debt, such as its tenor, could not immediately be learned.

EDF EN Canada, a subsidiary of **Électricité de France**'s renewables development arm **EDF Energies Nouvelles**, will retain the remaining 57.5% stake and will continue providing management services.

The 150 MW first phase of the project came online on Nov. 27, 2014, and the second 200 MW stage of the 350 MW project is expected to be completed in December 2015.

Located in the regional municipal county of Fjord-du-Saguenay, the project will be the largest wind facility in Canada with a single power purchase agreement, according to EDF. The generation is sold to public utility **Hydro-Québec** under a 20-year PPA.

"We are delighted to welcome the consortium as a co-owner of our largest wind project in North America," said **Raphael Declercq**, EDF EN Canada's v.p. of portfolio strategy, in a statement. "The long-term investment view shared by Desjardins, Manulife and Industrial Alliance aligns very well with EDF EN Canada's strategy and Rivière-du-Moulin is a perfect fit."

EDF EN Canada has 1,300 MW of wind and solar power facilities currently running or under construction and is projected to have 1,599 MW of wind and solar projects in Canada by the end of 2017. Upon its completion, Rivière-du-Moulin will be EDF EN's largest onshore wind facility in the world.

A spokesperson for Industrial Alliance declined to comment on the deal. A spokesperson for Manulife did not immediately respond to inquiries. ■

Capital Structure Emerges for Carlyle Rhode Island Acquisition

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million 7-year senior secured term loan B and a $50 million 5-year revolving credit facility.

Morgan Stanley is leading the debt financing as administrative and joint lead arranger. **GE Capital** is also a joint lead arranger. Commitments are due Nov. 23.

Carlyle has agreed to acquire the 583 MW gas-fired project in Johnston, R.I., from **Entergy Corp**. for $490 million (PFR, 10/12).Moody's has given the loans a Ba3 rating, describing the initial 61% debt to capital ratio as "modest".

"The Ba3 rating reflects manageable leverage and RISEC's position as a very efficient generator in its operating region," says **Charles Berckmann**, the Moody's analyst who wrote the report, adding that the facility "will only increase in importance in several years owing to the recently announced retirement of the 685 MW Pilgrim nuclear facility, despite RISEC's 100% merchant operating profile."

The loan is structured with a perfected first priority lien on the project assets and accounts, a cash flow waterfall of accounts and a 1.1 times financial covenant, according to the report.

Entergy is paying for a major overhaul of one gas turbine and steam turbine at the facility, which entered service in 2002. **Siemens** is carrying out the work, with Entergy and the facility's operator, **NextEra Operating Services**, providing oversight.

Entergy Wholesale Commodities acquired Rhode Island State Energy Center from **NextEra Energy** in 2011 for $346 million (PFR, 12/21/11).

Officials at Morgan Stanley in New York and Carlyle in Washington were not available to comment. ■

MERGERS & ACQUISITIONS

Greenleaf Sells Biomass Project to Forestry Company

Greenleaf Power has sold a biomass project in Scotia, Calif., to a forestry company.

Sacramento, Calif.-based Greenleaf completed the sale of the 28 MW Eel River project in Humboldt County, Calif. to **Humboldt Redwood Co.**, on Oct. 30.

The facility, which is currently idle, will generate steam and electricity to power Humboldt's sawmill operations, says **Bob Mertz**, ceo of Humboldt, in a statement. The company will sell any excess power.

Pacific Gas & Electric has a power purchase agreement with the project, according to a filling with the U.S. **Federal Energy Regulatory Commission**.

Greenleaf Power is backed by private equity firm **Denham Capital**.

Russell Huffman, v.p. of California Operations at Greenleaf, declined to comment. The purchase price could not be learnt. ■

Black Hills Plans Colo. Asset Sale

Black Hills Corp. has begun a strategic review with the aim of selling a minority interest in its gas-fired assets at Pueblo Airport, Colorado, according to a Nov. 3 filing with the U.S. **Securities and Exchange Commission**.

The 200 MW Pueblo Airport Generating Station, owned through Black Hills' subsidiary, **Colorado IPP**, has a power purchase agreement with **Colorado Electric** which expires in 2031. The facility came online in Jan. 2012.

Proceeds from the sale will be used in part to fund Black Hills' $1.89 billion acquisition of **SourceGas Holdings**, a natural gas utility serving the western U.S. The SourceGas acquisition is expected to be finalized in the first half of 2016.

Rapid City, S.D.-based Black Hills' ceo **David Emery** said he was "optimistic that a premium valuation can be achieved for shareholders."

Black Hills serves more than 792,000 natural gas and electric utility customers throughout the Midwestern and Western U.S. ■

ECP III to Acquire Mojave Wind Assets

A **NextEra Energy** subsidiary intends to sell its 54% stake in the 75 MW Mojave 3, 4 & 5 Wind Energy Center in Kern County, Calif., to **TG Tehachapi Holdings**, which is owned by funds managed by **Energy Capital Partners III**, according to a recent filing with the U.S. **Federal Energy Regulatory Commission**.

As part of the deal, Tehachapi will also acquire NextEra's 54% indirect ownership of the **Mojave Sagebrush Partnership**, which owns an interest in the Sagebrush transmission line.

The 46-mile 230 kV transmission line delivers generation from Mojave 3, 4 & 5 and several other projects in the Tehachapi region, known collectively as the Sagebrush projects, to **Southern California Edison Co.**'s Vincent substation.

The Sagebrush projects have the right to use transmission capacity totaling 420 MW under a co-ownership agreement. Capacity is allocated to each project in proportion to its size.

The value of Mojave Sagebrush Partnership's interest in the transmission line is less than $10 million, according to the filing requesting authorization for the sale. The purchase price for Mojave 3, 4 & 5 has not been disclosed.

The acquisitions are scheduled to close by the end of December 2015.

The remaining 46% interest in the wind projects and the Mojave Sagebrush Partnership is owned by a subsidiary of Tokyo-based **Eurus Energy Holdings Corp**. Representatives for NextEra did not respond to inquiries and ECP III declined to comment. ■

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STRATEGIES

Abengoa Yield Seeks Second Sponsor, Plots Rebrand

« FROM PAGE 1 have approached the market and found interest for a potential transaction.

Garoz suggested that Abengoa and its yield company could have different potential partners in mind. "Abengoa might be pursuing a financial investor, not necessarily a sponsor for us, while we are pursuing a deal with an industrial investor or a pure sponsor who might also be an investor in the company," he said.

Abengoa, which has already reduced its stake in Abengoa Yield to 49.05% in July 2015, intends to monetize some or all of its remaining economic rights or sell some or all of its remaining interest, while keeping its existing right of first offer agreement in place.

Garoz declined to name any of the potential sponsors Abengoa Yield had been talking to, but stressed that the yield company was focusing on growing in the U.S. and would like a strong sponsor in renewables and other technology segments with low operational risk.

Renewables account for 66% of Abengoa Yield's existing portfolio, with the rest made up of transmission assets (16%), conventional generation (15%) and water infrastructure (3%). Geographically, the majority of its assets are in North America and Europe, which account for 41% and 30% respectively, while a fifth of the portfolio is located in South America and the remaining 9% is spread globally.

CFO WANTED

In an effort to further distance itself from Abengoa, Abengoa Yield is also searching for a cfo who is unaffiliated with the parent company to replace **Eduardo Soler**, who surprised market participants by resigning from the company in September (PFR, 9/8). Soler had previously served as the director of Abengoa's concessions business.

"We've been approaching many candidates over the past weeks and have been negotiating with some of them," said Garoz in response to a question from **Matt Niblack**, a portfolio manager at **HITE Hedge**. "We're still looking for the right candidate and we hope that in the following weeks we will be able to close a deal," he added.

Meanwhile, Abengoa Yield has already begun the process of separating all of its back office functions from those of its sponsor and relocating to different offices. A new brand and corporate identity will be revealed in the following weeks, Garoz said.

FAST MOVING SITUATION

Shares in Seville-headquartered Abengoa dived to just over $4 a share over the summer, their lowest price since the company debuted on **Nasdaq** in October 2013.

On Aug. 7, **Moody Investors Service** put Abengoa's B2 rating on review for downgrade, citing high financial leverage ratios, higher than expected capital expenditure and a weakened liquidity position. The company is rated B+ by **Standard & Poor's** and B by **Fitch Ratings**.

In an effort to bolster its balance sheet, Abengoa plans to raise €650 million with a rights issue and sell €500 million of assets in addition to some or all of its stake in Abengoa Yield. On Nov. 8 it revealed that it had secured a €250 million investment from Spanish steel firm **Gonvarri Steel Services**, which would become its main shareholder.

"It has been a very fast moving situation," says one deal watcher in London. "They made a big bet in emerging markets and they are now stuck in markets like Brazil, where it's very difficult to get local financing." ■

Oncor Extends Revolver

Oncor Electric Delivery Co. has extended the maturity of its senior secured revolving credit facility by one year and reduced its maximum size.

The Dallas-headquartered regulated transmission and distribution company will have access to $2 billion under the revised terms of the loan, compared to $2.4 billion previously, according to a report by **Standard & Poor's**. The facility matures in October 2017.

Oncor has a second one-year extension option under the terms of its revolving credit facility, which it could exercise next year.

JP Morgan is the administrative agent, fronting bank and swingline lender on the facility. **Barclays**, **Mizuho**, **Bank of America** and **Citibank** are also fronting banks.

S&P has given the facility, which is secured by a first priority lien on Oncor's transmission and distribution assets, an A rating with a developing outlook, reflecting the possibility that the rating could go up or down, depending on the outcome of its owner **Energy Future Holdings**' Chapter 11 reorganization.

As part of its bid to emerge from bankruptcy, EFH plans to sell Oncor to a consortium of EFH's creditors and new investors led by **Hunt Consolidated**. The consortium plans to convert Oncor into a real estate investment trust (PFR, 8/10).

While Oncor's business risk profile is "excellent" and it is protected by ring-fencing measures, its owner's bankruptcy could have unforeseen consequences, writes **Dimitri Nikas**, analyst at S&P.

"We would lower the ratings on Oncor if the company is purchased and controlled by a lower-rated entity and the structural and regulatory protections currently in place are substantially weakened," he adds. "Lower ratings are also possible if Oncor's operations of financial condition are impaired by EFH's restructuring."

On the other hand, if Oncor is acquired by a higher-rated owner or maintains its business and financial risk profile while remaining delinked from its lower-rated parent, an upgrade would be a possibility, according to the report.

As of Sept. 30, Oncor had drawn $708 million under the facility with an interest rate of 1.31% and had letters of credit totaling $7 million.

Oncor has a corporate credit rating of BBB+ from S&P, while **Moody's Investors Service** and **Fitch Ratings** rate the company Baa1 and BBB respectively. ■