

# Power Finance & Risk

The weekly issue from **Power Intelligence**

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## ECP Fires Up Fundraising Effort

**Energy Capital Partners** is hitting the pavement to find investors for its third fund, Energy Capital Partners III.

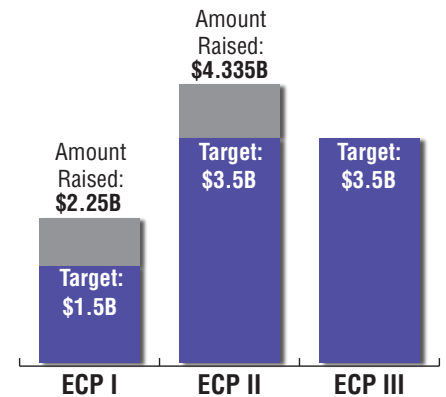
The private equity shop has officially kicked off the fundraising period and has lined up a \$50 million investment from **San Francisco Employees' Retirement System**, an investor in both ECP's previous funds.

The target is reportedly \$3.5 billion, the same target for Energy Capital Partners II, which closed out at \$4.335 billion in 2010. Industry observers expect the shop will be able to top the amount raised in the second fund, which had 132 investors, according to a filing with the U.S. **Securities and Exchange Commission**.

The third fund has not yet made a public filing with the SEC. An ECP spokesman did not respond to an inquiry.

ECP has been harvesting a handful of the 13 investments made from the second fund,  
(continued on page 8)

### Energy Capital Partners' Funds



Source: Power Intelligence

## Pattern Hunts More Texas Wind Funds

**Pattern Energy** is gearing up to launch a financing backing the second phase of its potentially 1,000 MW Panhandle wind project in Texas. **BayernLB**, **Crédit Agricole** and **NordLB** are leading the deal, which will reportedly be around \$500 million.

**Frederic Petit**, managing director at Crédit Agricole, **Andrew Vernon**, v.p. of structured finance at NordLB, and **James King**, v.p. at BayernLB are leading their respective banks' efforts on the deal.

The trio also led the deal backing the first phase of Panhandle and they are looking to bring in a new coterie of lenders to the transaction backing the second phase, according to observers. "The sponsor is looking to line up some new banks for the new deal," says a deal watcher, adding that Pattern is looking to spread out its commitments to different lenders.

The developer and the leads aim to do a "copy, paste" of the  
(continued on page 8)

## ArcLight Affiliate To Launch \$500M+ Deal For Pipeline

**ArcLight Capital Partners** affiliate **NET Midstream** is looking to launch a syndication of roughly \$500 million in debt backing its NET Mexico gas pipeline in Texas. **Bank of Tokyo Mitsubishi-UFJ** is leading the deal that is set to launch at the end of this month.

"The deal will probably need at least eight banks to take a piece of the debt," says a financier. Natural gas pipeline company NET Midstream is owned 50% by its founders and 50% by an affiliate of ArcLight. A timeline for the deal and targeted pricing or tenor for could not be learned by press time.

The deal is attractive to lenders because it could provide a point of entry into project finance transactions for the Los Ramones projects planned by Mexican state-backed **Pemex**. The 124-mile NET Mexico pipeline will connect U.S. shale

(continued on page 8)

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Check out the latest news and trends in power project finance and M&A by following **PFR** on **Twitter** @power\_intel. Also check out Senior Reporters @nicstone and @hollyfletcher.



### New Project Finance Loans

We've added updates to our weekly round-up of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

### Generation Sale ■ DATABASE

Get the rundown on the latest asset trades in *Pf*'s weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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## THE BUZZ

After a busy year of B loan activity the power market could be drawing to a close this year. Several financiers expect the pipeline to go quiet once **GE Energy Financial Services** and **Highstar Capital** dry the ink on the Linden refinancing. **First Wind** has sealed its refinancing of the **Northeast Wind Partners** joint venture with a \$320 million term loan B (see story, page 7).

The solar market is abuzz over **SolarCity's** \$54.4 million securitization backed by 5,033 photovoltaic systems and their host customer payments as well as performance based incentive payments under the California Solar initiative program. The 144A deal came in at 4.80% with a maturity date of Dec. 21, 2026.

The maiden solar securitization has piqued the attention of a variety of players ranging from bankers to investors to developers. The frenzy doesn't mean that ABS investors are lining up for a piece: **Janus Capital Group** is passing on the deal (see story, page 7).

A pair of half billion dollar deals emerged this week, with news that **ArcLight Capital Partners** affiliate **NET Midstream** and **Pattern Energy** are out seeking around \$500 million each in debt. For **NET Midstream**, the capital will back a pipeline linking shale gas reserves in Texas to Mexico after they won a tender with that country's state-owned **Pemex** (see story, page 1). With a couple more phases of the pipeline to be constructed south of the border, financiers are keen to get involved with this first phase. **Pattern** is also firing up a debt package backing the second phase of its **Panhandle** project (see story, page 1). Whereas the pipeline deal will be keenly eyed by lenders looking for a chance at multiple deals, **Pattern** is said to be eyeing a new coterie of lenders for its financing to spread out its commitments, note observers. Solar distributed generation company **SunRun** is also looking for more capital as it continues to grow (see story, page 5).

Away from deals, **Tenaska Capital Management** has appointed **Dan Lonergan** as ceo (see story, page 7). **Lonergan** replaces **Paul Smith**, who will focus on other strategic initiatives at the shop. And a lack of power purchase agreements in the market should make **Long Island Power Authority's** request for proposals for around 2,000 MW of renewable and peaking generation a hotly contested item, with bids due in the new year (see story, page 7).

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## GENERATION AUCTION &amp; SALE CALENDAR

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

Seller	Assets	Location	Advisor	Status/Comment
Advanced Power Systems	Cricket Valley (1 GW CCGT)	Dutchess County, N.Y.	TBA	Looking for equity (PI, 7/15).
ArcLight Capital Partners	Juniper Generation (Cogen portfolio)	Various, California	McManus & Miles	First round bids due July 11 for Juniper and SEGS assets (PI, 6/17).
	50% Stake (SEGS VIII 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
	50% Stake (SEGS IX 80 MW Solar Thermal)	Harper Lake, Calif.	McManus & Miles	
ArcLight Capital Partners	Black Bear Hydro Partners (44.5 MW)	Maine	Barclays	Brookfield is buying it (PI, 11/11).
	Woodbridge (Stake, 725 MW Gas)	Woodbridge, N.J.	None	John Hancock is taking about 11% of ArcLight's stake (PI, 11).
BP Wind Energy	Various (3.7 GW Wind)	Various	TBA	Relaunched the sale of its development assets (PI, 10/7).
Corona Power	Stake (Sunbury, 900 MW Repowering)	Shamokin Dam, Pa.	Perella Weinberg	An equity investor to precede financing of the coal-to-gas-fired project (PI, 6/24).
Direct Energy	Portfolio (1.3 GW Gas)	Texas	Barclays	Portfolio went on the market recently (PI, 10/14).
Edison Mission Energy	Various (7.5 GW Coal, Wind, Gas)	Various	JPMorgan, Perella Weinberg	NRG has emerged as stalking horse (PI, 10/28).
Energy Capital Partners	Empire Generating (635 MW Gas)	New York	Deutsche Bank	Teasers went out recently (PI, 6/10).
	Odessa (1 GW CCGT)	Odessa, Texas	Goldman Sachs	Koch Energy Services is buying the plant (PI, 10/21).
Entegra Power Group	Union Power Station (2.2 GW Gas)	El Dorado, Ark.	Bank of America	Tucson Electric Power wants a stake in Gila (PI, 10/7).
	Stake (50% 2.2 GW Gila River Gas)	Gila Bend Ariz.		
Exelon	Malacha (15 MW Stake, Hydro)	California	None	Brookfield is buying it (PI, 11/11).
FGE Power	FGE Texas (726 MW CCGT)	Westbrook, Texas	Houlihan Lokey	Equity offers to come in by Labor Day; finalizing final permits (PI, 7/8).
FirstEnergy	Various (1,181 MW Hydro)	Ohio, Virginia, Pennsylvania	Goldman Sachs	LS Power is buying a portion (PI, 9/9).
GE Energy Financial Services	Stake (800 MW CPV Sentinel Gas)	Riverside, Calif.	GE EFS	Details emerge on investors behind Voltage Finance (PI, 10/14).
	Linden (Stake, 942 MW Cogen)	Linden, N.J.	TBA	Highstar is buying half of the facility (PI, 11/11).
Global Infrastructure Partners	Channelview (856 MW Cogen)	Channelview, Texas	Credit Suisse	First round bids are in (PI, 8/26).
Green Energy Partners	Stake (750 MW Gas)	Loudoun County, Va.	TBA	Panda Power Funds has bought a majority stake (PI, 9/30).
Hess Corp.	Stake (512 MW Gas)	Bayonne, N.J.	Goldman Sachs	Sale is said to be launching (PI, 9/9).
	Stake (655 MW Gas)	Newark, N.J.		
▶ JPMorgan Capital Corp.	Tax equity stakes (Various, Wind)	Various		Infigen is buying into the tax equity positions in some of its farms (see story, page 6).
K Road Power	Various (Solar)	Various	TBA	Looking to wind down the solar development (PI, 10/21).
LS Power	Columbia (20 MW Solar)	Pittsburg, Calif.	Marathon Capital	Process is in the second round of due diligence (PI, 7/1).
	Doswell (708 MW CCGT)	Ashland, Va.	Citigroup, Credit Suisse and Morgan Stanley	Process has slowed and LS is tipped to be mulling a B loan (PI, 11/4).
▶	Cherokee (98 MW CCGT)	Gaffney, S.C.	Suntrust Humphrey Robinson	Teasers are on the street (see story, page 6).
Longview Power	Longview (695 MW Supercritical Coal)	Maidensville, W.Va.	Lazard	Filed for Ch. 11 in Delaware (PI, 9/9).
Mexico Power Group	Stakes (250 MW Wind)	Various, Mexico	Marathon Capital	The shop is looking for late stage equity in the run up to construction financing (PI, 6/24).
NextEra Energy Resources	Wyman (796 MW Oil)	Maine	Marathon Capital	Indicative bids due by end of June (PI, 6/17).
	Wyoming Wind (144 MW Wind)	Uinta County, Wyo.	None	TransAlta Renewables is buying it (PI, 10/28).
Ontario Teachers Pension Plan Board	Stake (Northern Star Generation)	Various	Citigroup	OTTPB has tapped Citi to sell its 50% stake (PI, 9/30).
RES Americas	Longhorn (200 MW Wind)	Floyd County, Texas	TBA	EDF Renewables is buying the project (PI, 11/11).
▶ Recurrent Energy	Portfolio (87.5 MW Solar)	Various	TBA	Google, KKR are buying them (see story, page 6).
Sempra Energy	Energias Sierra Juarez (156 MW Wind)	La Rumorosa, Mexico	TBA	Will start a process to find a JV partner replacing BP Wind (PI, 7/8).
Southern Power	Oleander (800 MW Peaker)	Cocoa, Fla.	TBA	In the second round with potential buyers (PI, 10/14).
Southwest Generation	Valencia (145 MW Gas)	Belen, N.M.	None	PNM Resources is considering buying up to 50% of the plant (PI, 10/7).
Tenaska	Stake (Imperial Solar Energy Center South 130 MW Solar)	El Centro, Calif.	Royal Bank of Canada	Prudential is taking a minority stake (PI, 11/4).
Tenaska Capital Management	Wolf Hills (250 MW Gas)	Bristol, Va.	Bank of America, Barclays	Teasers have gone out recently (PI, 9/30).

## ▶ New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail [hffletcher@powerintelligence.com](mailto:hffletcher@powerintelligence.com).

## PROJECT FINANCE DEAL BOOK

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

## Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AME/Austalis Power	Octopus LNG (LNG Re-gas)	Concepcion Bay, Chile	BNP, Credit Ag	TBA	TBA	TBA	The developers are set to mandate the French banks this week to lead the deal (PI, 9/30).
Cameron LNG	LNG Export Facility	Hackberry, La.	TBA	TBA	~\$4B	TBA	Sponsor sells three equity stakes to offtakers (PI, 5/27).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound, Mass.	BTMU	TBA	TBA	TBA	The sponsor was able to secure a tightly priced mezzanine tranche from PensionDanmark (PI, 7/15).
Cheniere Energy	Sabine Pass Trains 3 & 4 (LNG)	Sabine Pass, La.	TBA	TBA	\$4.4B	TBA	Sponsor ups the original bank loan to \$4.4 billion and taps Korean entities for a further \$1.5 billion (PI, 6/3).
Corona Power	Sunbury Generation Facility (900 MW Gas)	Shamokin Dam, Pa.	TBA	Term Loan A & B	TBA	TBA	The financing will be dictated by the equity investor the company is looking to secure (PI, 6/24).
Duke Energy	Los Vientos III & IV (Wind)	Starr County, Texas	TBA	TBA	~\$600M	TBA	The sponsor is slated to look for bank debt (PI, 10/7).
EDP Renewables North America	Headwaters (200 MW Wind)	Randolph County, Ind	TBA	Tax Equity	\$350-400	TBA	The sponsor is looking to secure both equity and tax equity investment (PI, 6/24).
First Wind	Oakfield (147 MW Wind)	Aroostook County, Maine	TBA	TBA	\$300M	TBA	The sponsor is looking to line up the debt, with tax equity (PI, 10/21).
	Route 66 (200 MW Wind)	Amarillo, Texas	TBA	TBA	TBA	TBA	The sponsor will likely follow its traditional route of securing debt and tax equity (PI, 10/28).
Freeport LNG	Freeport (LNG Export Terminal)	Freeport, Texas	Credit Suisse	TBA	~\$4B	TBA	The deal is slated to launch in mid-November (PI, 10/21).
Gauss Energia	Various (3 x 30MW Solar)	Mexico	TBA	TBA	TBA	TBA	The sponsor is looking to finance another three projects after the successful closing of the Aura Solar facility (PI, 7/1)
GDF Suez/Marubeni	GNL del Plata (LNG Re-gas)	Montevideo, Uruguay	BBVA	TBA	TBA	TBA	GDF brings in Marubeni and taps BBVA to lead the financing (PI, 8/12).
ICE	Reventazón (305.5 MW Hydro)	Limon Province, Costa Rica	TBA	TBA	TBA	TBA	Sponsor is eyeing a private placement alongside an IDB loan (PI, 8/19).
Innergex	Three projects (153 MW Hydro)	B.C., Canada	TBA	TBA	\$590M	40-yr	Innergex wrapped on one of its hydro facilities, the 17.5 MW Northwest State River (PI, 6/3).
Invenergy	Nelson (584 MW Gas)	Rock Falls, Ill.	GE EFS	TBA	TBA	TBA	Sponsor is looking for a bank loan backing the merchant facility (PI, 9/2).
ISA	Cardones to Polpaico (Transmission)	Chile	BBVA	TBA	TBA	TBA	The sponsor has tapped BBVA as advisor for the facility (PI, 8/19).
Lake Charles Exports	Lake Charles (LNG)	Lake Charles, La.	TBA	TBA	TBA	TBA	Sponsor begins preliminary financing search for the potentially \$11B project (PI, 8/26).
Moxie Energy	Patriot (800 MW Gas)	Lycoming County, Pa.	TBA	TBA	TBA	TBA	Timeline emerges on Moxie's next gas-fired facility (PI, 10/28).
NET Midstream	NET Mexico Gas Pipeline	Texas	BTMU	TBA	~\$500M	TBA	The ArcLight affiliate will launch a syndication this month (see story, page 1).
Pattern Energy	Panhandle II (TBA Wind)	Carson County, Texas	Credit Ag, NordLB, BayernLB	Construction	~\$500M	C	The deal will likely be a copy, paste of the Panhandle I deal, say observers (see story, page 1).
Radback Energy	Oakley (586 MW Gas)	Contra Costa County, Calif.	BTMU	Term	\$990M	4-yr	Deal is temporarily put on hold following an appellate court decision (PI, 11/11).
Recurrent Energy	Portfolio (Solar)	California	TBA	TBA	~\$350M	TBA	Sponsor is looking for financing for a series of developments in California (PI, 11/11).
Sempra U.S. Gas & Power	Copper Mountain III (250 MW Solar)	Boulder City, Nev.	BTMU, SMBC	TBA	~\$400M	TBA	The sponsor has tapped BTMU and SMBC as leads on the deal (PI, 10/21).
Tenaska	Imperial Solar Energy Center West (150 MW CPV)	Imperial County, Calif.	TBA	TBA	TBA	TBA	The company has started talking to banks as it looks to line up debt for the facility (PI, 9/23).
True Green Capital	Northeast Solar Portfolio (39 MW Solar)	Northeast U.S.	Investec	Construction/Term/Bridge	\$64M	TBA	Sponsor mandates Investec to arrange a construction/term loan, bridge loan and LC (PI, 9/2).

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## PROJECT FINANCE

## SunRun Looks To Ares For Debt

Distributed solar company **SunRun** will tap **Ares Capital Management** to provide \$70 million in debt to finance new projects.

"Ares did a similar deal with SunRun in July, and they are looking for a similar type of capital again," says a deal watcher, who adds that the debt has all in pricing of around 9%. "They are happy with what they got and I am sure this will be pretty consistent with what they did the first time."

The San Francisco-based distributed generation company will likely use portfolios of thousands of operating installations as collateral for the deal, says a deal watcher. The debt will be placed at a holding company level. The company is also looking to line up some working capital from **Bank of America**, according to a deal watcher. Details, such as the structure and tenor of the deal, could not be learned.

"The business model is more along the lines of securitization than traditional project finance," says one financier of distributed generation projects. These companies return to debt markets quite

regularly as they look to expand their portfolios, adds the financier.

**Blackstone**-backed residential solar provider **Vivint Solar** has secured roughly \$740 million in project financing as it looks to grow its business ([PI, 10/22](#)). SunRun has been backed primarily by venture capital firms, including **Foundation Capital**, **Accel Partners** and **Sequoia Capital**, and it recently brought in **Goldman Sachs** to run a strategic evaluation as to how it might develop more long-term and available sources of financing ([PI, 7/24](#)).

**JPMorgan Capital Corp.** made its maiden entry into the rooftop solar market, joining other entities contributing to a \$630 million debt and tax equity package for SunRun in July ([PI, 7/3](#)). SunRun spends about \$2 million per day on installing modules on rooftops, according to a spokesman. The sponsor has now secured in excess of \$2 billion in project financings.

**Brian O'Connor**, managing director at Ares, declined comment. SunRun officials in San Francisco could not be reached by press time.

## BofA Sub. To Take NextEra Tax Equity

**Bank of America** subsidiary **BAL Investment & Advisory** is aiming to take tax equity stakes in two **NextEra Energy Resources** wind farms. The investments would be part of a back-levered debt financing that the sponsor is looking to line up by year-end.

There is room for additional tax equity investors in the 74.8 MW Steele Flats project in Jefferson and Gage Counties, Neb., and the 100.3 MW Tuscola Wind II project in Tuscola County, Mich. Bank of America is scouting for "potentially one or more unidentified investors related to the facility and the value of production tax credits," according to a filing with the U.S. **Federal Energy Regulatory Commission**.

If no other investors are found, BALIA and, or, an affiliate or

subsidiary will acquire 100% of the Class B membership interests.

The parties are looking to gain FERC approval by Dec. 9, in order to complete the back-leveraged financing prior to year-end. Details of the back leverage deal could not be learned by press time.

Construction has begun on both facilities, which are slated to come online this year. Steele Flats has a long-term power purchase agreement with the **Nebraska Public Power District**, while Tuscola II has a long-term PPA with **DTE Energy**. The length of the PPAs could not be learned by press time.

The tax equity and back leverage transactions are slated to close by the year-end. Calls placed to Bank of America and NextEra officials were not returned by press time.

## MERGERS &amp; ACQUISITIONS

## Google, KKR Circle Recurrent Portfolio

**Recurrent Energy** has agreed to sell a portfolio of solar projects in California and Arizona to affiliates of Google and KKR.

KKR, via its subsidiary **SunTap Energy**, will own the equity in the six projects and Google will be the tax equity investor, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

The portfolio includes 20 MW Rosamond One, 20 MW Rosamond Two, 17.5 MW Victor Phelan, 5 MW Rio Grande, 10 MW Columbia



Recurrent Energy

3 and 15 MW Gillespie. All the projects are expected to be online this year.

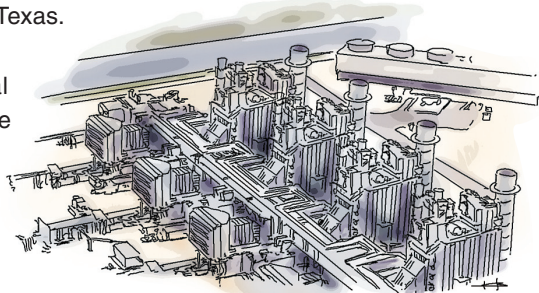
Rosamond One and Two in Kern County, Calif., will be online in December and have power purchase agreements with the **City of Santa Clara**, Calif., for 25 years and **Southern California Edison** for 20 years, respectively. The holding company in which KKR and Google will own Rosamond One and Two is called **Gamma Genco CV II, LLC**.

The duo bought stakes in an 88 MW portfolio from Recurrent in 2011 ([PI, 12/22/11](#)).

## GIP Mulls Final Channelview Bids

**Global Infrastructure Partners** has received final bids for its Channelview cogeneration facility near Houston, Texas.

The shop is mulling the final offers which are comprised mostly of independent power producers, according to one banker.



Channelview

Final bids came in around Nov. 1 to adviser **Credit Suisse**.

The plant could fetch in the neighborhood of \$500-550 million, given the roughly \$650 per kW price point that **Koch Energy Services**, a subsidiary of **Koch Industries**, is said to be paying for **Energy Capital Partners'** 1 GW Odessa gas-fired facility in Odessa, Texas, which went on the market around the same time as Channelview.

The juicy price tag—about \$650 million for Odessa—is

attractive for sellers but have turned off some buyers, including **Exelon**, with an eye for ERCOT assets. Exelon CEO **Chris Crane** said in the third quarter earnings call that “the most recent assets that have traded have been slightly above a value that we would put on them.”

If a deal emerges, then financiers don't expect the buyer to arrange an acquisition financing package because the facility was refinanced earlier this year with a \$375 million term loan B that will travel with the facility ([PI, 5/8](#)). The facility sells steam to **Equistar Chemicals** and has hedges in place for 56% of the power until 2017.

## LS Floats S.C. CCGT Sale

**LS Power** is trying to sell its Cherokee gas-fired facility in South Carolina. The 98 MW Cherokee plant is being sold in an auction run by **SunTrust Robinson Humphrey**, observers say.

The combined cycle facility in Gaffney has a power purchase agreement through 2020 with **Duke Energy Carolinas**, says a deal watcher. It was bought by LS Power as part of a 2.1 GW acquisition from **NextEra Energy Resources** in 2011 ([PI, 9/2/11](#)). Cherokee is owned by LS subsidiary **LSP Madison**.

## Infigen To Buy JPM Tax Stakes

**Infigen Energy** has agreed to form a joint venture with **JPMorgan Capital Corp.** on tax equity stakes in a portfolio of nine of its wind farms. An earlier JPMCC deal with **Threshold Power** fell through.

Infigen is paying \$95 million for a stakes in the Class A, or tax equity portion, of the farms totaling 804 MW, according to the company. The tax equity stakes were originally slated to be sold off to Threshold Power but Threshold was unable to fund the \$120 million acquisition with either an initial public offering on the Toronto Stock Exchange or private financing ([PI, 9/19](#)).

The structure with Infigen is expected to resemble a deal earlier this year in which JPMCC partnered with **Macquarie Corporate and Asset Funding** on a portfolio of wind farms. Under that partnership, JPMCC is contributing the tax benefits to an upper tier partnership where the cash largely goes to the investor and the tax benefits to JPMorgan ([PI, 4/16](#)). Infigen and JPMCC have

not yet filed details with the U.S. **Federal Energy Regulatory Commission** as of press time.

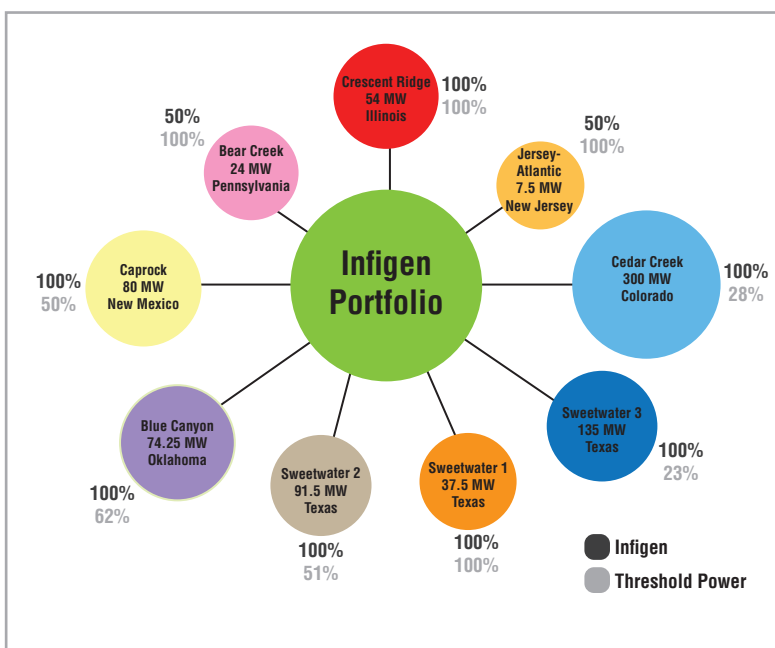
The tax equity cash flows are seen as a step toward the company refinancing its U.S. and Australian assets separately to

“release capital constraints,” according to **Miles George**, Infigen managing director, in a video statement. Infigen owns 1,089.4 MW of wind assets in the U.S.

The acquisition is being financed with \$37 million in cash and a 10.5-year, \$58 million credit facility from **Union Bank**. The loan is backed by cash flows from the farms and not equity in the facilities.

Over the last 18 months, the stakes in the nine farm portfolio have been promised to at least three buyers, including Infigen, and JPMCC has become eager to close a

deal, says an observer. There are others tax equity investors in the portfolio, including affiliates of **KeyBank**, **Union Bank** and **Wells Fargo**.



## STRATEGIES

## Janus Passes On SolarCity ABS

**Janus Capital Group** will not be buying **SolarCity's** landmark \$54.43 million solar securitization, according to **John Kerschner**, global head of securitized products at money manager giant **Janus Capital Group**.

The structure would suit some investors, but it limits broader market participation, he told *PI* sister publication *Securitization Intelligence* Tuesday.

"This deal is exceptionally small. It is structured more for life companies [investors] due to the longer weighted-average life and probable lack of liquidity. We will not be involved," said Kerschner, who oversees the \$28 billion fixed income division of Janus' total \$160 billion assets under management.

Pricing guidance on the \$54.43 million of 7.05-year notes is in the mid- to high-200 basis point range over interpolated swaps, according to price guidance viewed by *SI*. Final pricing is expected this week.

The deal does, however, appear set to open up the sector to securitization. "With solar ABS, companies such as SolarCity and **SunPower** can potentially raise financing at 6-6.5% (somewhat similar to the range where BBB rated CLOs are currently trading)," according to **Deutsche Bank** research analysts **Vishal Shah**. ABS has the potential to provide 40% of overall solar project financing needs.

**Credit Suisse** is underwriter on the transaction.

SolarCity and Credit Suisse did not return calls for comment.

## LIPA Calls For Renewables, Peakers

The **Long Island Power Authority** has issued a request for proposals for just under 2,000 MW of renewable and peak generation capacity. Proposals are due March 31, 2014.

The [generation, storage and demand response RFP](#) will seek as much as 1,630 MW of new peaking, demand response or distributed generation capacity to replace aging facilities with newer, lower emission projects. LIPA is also seeking up to 150 MW of energy storage resources that would assist black start operations by serving as a load resource and also complement planned increases in renewable resources. The winning projects must be online by 2019, but can be online earlier. Winning bids will garner a 20-year power purchase agreement with LIPA.

The [on-island renewable RFP](#) will seek up to 280 MW of generation. LIPA is technology agnostic, but the facility must be renewable per the criteria established by New York State renewable portfolio standards with proven and commercially available technology. Offshore wind is among the potential resources, according to company documents, which would allow Providence, R.I.-based **Deepwater Wind** to bid a 280 MW facility it is developing off the coast of Montauk, N.Y. The facilities must have a minimum capacity of 2 MW and a maximum of 280 MW, with the exception of fuel-based renewable such as biomass, which are limited to a maximum capacity of 40 MW. Winning bids will earn

20-year PPAs with LIPA.

These facilities are intended to replace approximately 1,000 MW of 1960s and 1970s vintage peaking units currently under contract to LIPA. The long-term plan adopted by the LIPA trustees is expected to increase renewable energy projects and energy efficiency to a total of more than 1,000 MW by 2022.

LIPA's most recent RFP was a 2010 call for 1,000 MW of generation ([PI, 8/27/2010](#)). Details of the winners of that tender could not be learned by press time. **Brookfield Energy Marketing** and **PPL Energy Plus** won 10-year contracts through a 2007 LIPA RFP. Details such as the location and sizes of Brookfield and PPL's projects could not be learned.

The processes are being run in-house.

## First Wind To Seal B Loan

First Wind is expected to wrap its \$320 million term loan B for **Northeast Wind Partners**, its joint venture with **Emera**, this week.

The seven-year B loan came in at LIBOR plus 400 basis points, the tight end of its 400-425 bps range. It carries a 99 original issue discount and a 100 bps floor. **Morgan Stanley** and **Goldman Sachs** are lead arrangers with **BNP Paribas**, **CIT Group**, **ICBC**, **KeyBank** and **Union Bank** as co-leads.

Until now **Inverenergy** has been the only player to land a B loan backed by wind assets in the past few years, with its oversubscribed \$200 million deal in 2011 that came in at L+ 750 bps ([PI, 10/31/2011](#)). The lead arrangers on First Wind's summer deal went through the education process with investors, which made the revival a smoother process, says a deal watcher.

First Wind shelved a \$325 million B loan in August after it was unable to land its targeted pricing of Libor plus 425-450 ([PI, 8/21](#)).

Spokesmen for First Wind, Goldman and Morgan Stanley either declined to comment or were not immediately available.

## PEOPLE &amp; FIRMS

## Tenaska Taps Lonergan For CEO

**Dan Lonergan**, formerly a senior managing director at **Tenaska Capital Management**, has been promoted to CEO. He will replace **Paul Smith**, who is relinquishing the post to focus on "strategic initiatives" at the company, according to a statement. Lonergan will officially assume the post on Dec. 1.

Smith will continue to serve as a senior managing director of TCM, chairman of the TCM Investment Committee, vice chairman of **Tenaska Energy** and as a member of the Tenaska Board of Stakeholders.

Lonergan joined Tenaska in 1997 as a v.p. in the finance division. Smith and Lonergan were both founding members of TCM in 2002. Prior to joining Tenaska, Lonergan was a v.p. of finance at **MidAmerican Energy**.



## ECP Fires *(Continued from page 1)*

including the 823 MW Red Oak gas-fired plant in Sayreville, N.J., that sold to **Carlyle Infrastructure Power Partners II**, and the 1 GW Odessa combined cycle in Texas, which is on tap to be sold to **Koch Energy Services** for about \$650 per kW ([PI, 9/10](#) & [10/11](#)).

The new fund is expected to go after similar investments in different parts of the energy spectrum, ranging from midstream to generation and power services companies. ECP bought **EnergySolutions**, global provider of nuclear services to government and commercial customers, in early 2013, in a deal that raised some eyebrows because it signaled that the shop was open to expanding its investment scope.

The Short Hills, N.J.-based shop closed its debut fund at \$2.25 billion in 2006. It had a target of \$1.5 billion. —**Holly Fletcher**

## Pattern Hunts *(Continued from page 1)*

financing structure it recently closed backing the first phase of Panhandle. Pricing on the first construction loan deal for the first phase came in at LIBOR plus 200 basis points, before kicking up to LIBOR plus 225 bps ([PI, 3/20](#)). Details on financing for the second phase, such as pricing, tenor and the exact amount of debt sought could not be learned.

**GE Energy Financial Services** and **Citigroup** both took tax equity stakes in the first Panhandle facility. BayernLB, Cr dit Agricole, NordLB, **Landesbank Baden-Wuerttemberg**, **RBC**, **RBS** and **Societe Generale** all took pieces of the debt ([PI, 8/15](#)). Panhandle Wind will sell power to **Citigroup Energy** under a long-term hedge offtake agreement. Whether GE or Citi would commit tax equity to the second phase could not be learned by press time.

—**Nicholas Stone**

## ArcLight Affiliate *(Continued from page 1)*

reserves to Mexico via Pemex's Los Ramones pipeline system. Pemex recently mandated joint ventures affiliated with **Sempra Energy** and **GDF Suez** to construct the Los Ramones II pipeline in Mexico ([PI, 11/6](#)). NET Mexico will be anchored by a long-term firm gas transportation agreement, for up to 2.1 Bcf/d, with **MGI Supply**, an indirect wholly owned subsidiary of Pemex.

NET Midstream has also been working with **Citigroup** since the summer, looking at the possibility of selling all or parts of the company to raise capital to finish the pipeline project. Citi officials did not respond to calls by press time and the status of the sale could not be learned.

The 42-inch diameter natural gas NET Mexico pipeline with associated compression will transport gas from the Agua Dulce Hub in Nueces County, Texas to a point near Rio Grande City, Texas at the Mexican border, where it will connect with Pemex' Los Ramones pipeline system. The U.S. **Federal Energy Regulatory Commission** issued with a Presidential permit to **NET Mexico Pipeline Partners** this week. The permit allows the project to

## ALTERNATING CURRENT

### Teenagers Turn On The Lights

Most people spend their school years struggling to keep up with assignments and cursing the day that Pythagoras was born. So stories like this can often make readers feel incredibly inadequate: a team of 9th grade girls is developing a system of interconnected desks that turns the nervous foot-tapping energy of school kids into electricity to power study lights, laptops and fans.

The Green Renewable Current Desk System features six desks set up in a grid, with a pedal under each desk. As students tap the pedal, a flywheel is turned and it generates electricity.

The team from the **Providence Day School** in Charlotte, N.C., were awarded up to \$10,000 in grant funding from the **Legemson-MIT InvenTeams Program** to help develop the desks, but they might need some additional project financing. And they could probably get some pretty attractive spreads on the deal.

The students have tapped an engineer from **Doosan Infracore** and another from **North Carolina State University** as EPC contractors, big names in the desk-to-power business. And despite being relative newcomers to the market, these teenagers are inventing stuff and helping people around the world, as they have identified schools in South Africa and Tanzania as recipients of the invention. That makes them worthy recipients of some financing in our books.

All of that could help lenders get comfortable with the project, despite concerns about flagging fuel supplies when school gets really boring in the mid-afternoon and all the children fall asleep and have nightmares about hypotenuses.



proceed as well as grants authorization for certain border crossing facilities. The pipeline is slated to be in service in December 2014.

NET Midstream has developed, acquired, constructed and operated natural gas midstream assets since 1999. NET Midstream's assets include **Eagle Ford Midstream**, which serves producers and gas processors in the Eagle Ford Shale, **Monument Pipeline**, which serves local gas distribution customers and producers in the Houston area, **South Shore Pipeline**, which serves the gas requirements of the City of Corpus Christi and Mission Valley and **LaSalle Pipelines**, which serve power generators in South Texas.

—**Nicholas Stone**

## ONE YEAR AGO

A lack of uniform standards for commercial solar installations was proving to be the main obstacle to structuring the market's maiden securitization of solar panel revenues, according to **Paul Detering**, ceo of **Tioga Energy**. [**SolarCity** wrapped the first solar securitization earlier this month, announcing a private placement of \$54.425 million in solar asset-backed notes with a rating of BBB+ from **Standard & Poor's** ([PI, 11/4](#)).]