

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

Exelon Scopes Unregulated Refi

Exelon Corp. is mulling how to refinance portions of its roughly 7 GW unregulated gas-fired and 1.6 GW hydro fleet next year.

The company will consider a variety of options, including project bonds, private placements, bank debt and term loan Bs. It will arrange the type of capital that best fits the characteristics of the individual portfolios. It is not adhering to a fixed timeline.

"We are evaluating which assets in our portfolio could be attractively financed in the project finance market at a competitive rate and in a manner that improves our credit metrics," the company said in a statement to *PI*. Exelon is rated Ba2 by **Moody's Investors Service** and BBB by **Standard & Poor's**.

The company is focused on its thermal assets in Texas and Massachusetts as well as a hydro portfolio in Maryland because

that's where investor appetite is expected to be strongest.

Exelon's Texas fleet is comprised of six gas-fired facilities totaling 3.9 GW. Its Massachusetts portfolio includes the 2.9 GW Boston Generating fleet in the greater Boston area. Exelon owns about 1.6 GW of hydro assets in Maryland and has stakes totaling nearly 300 MW in hydro assets in Pennsylvania and California.

Exelon refinanced a 667 MW wind portfolio with \$635 million in bonds this fall. It was well received by institutional investors, deal watchers say. The wind portfolio holding company, **Continental Wind, LLC**, could see an "incremental financing" put in place as well, according to an Exelon executive on a third quarter earnings call. The 20-year Continental Wind bonds are backed by a 13-farm

(continued on page 12)

THE BUZZ

Bio Is Back

Biomass is back on the radar, with news that **Veolia Environnement** and **Electricité de France**-backed **Dalkia Canada** and **Fengate Capital Management** are talking with banks about lining up roughly C\$175 million (\$168 million) for their 40 MW Merritt facility in British Columbia (see story, page 5). The deal will likely recreate the debt package the duo secured backing the Fort St. James facility, which was led by **Bank of Tokyo Mitsubishi-UFJ**.

In Latin America, **SunEdison** managed to close a deal backing a merchant solar facility in Chile's rapidly developing and solar friendly Atacama Desert (see story, page 5). In more renewables news, three staffers from **Rabobank's** renewable energy team have joined private

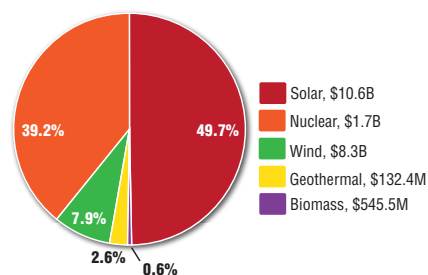
(continued on page 2)

DOE Widens Loan Guarantee Scope To Oil, Gas-Fired Gen

The U.S. **Department of Energy** is expanding its 1703 loan guarantee program to back natural gas-fired and oil-fired projects, with \$8 billion of guarantees to deploy in the latest phase of the program.

"There is an opportunity there, particularly with the shale plays. There is a limited amount of debt available and we can act

DOE Loan Programs Office Generation Portfolio*



Source: U.S. Department of Energy

*Includes loans and guarantees

(continued on page 12)

Bottoms Up For Cogen

Talk cogeneration and combined heat and power with people from across EPC, banking, developer and policy circles in NYC on Dec. 3.

For more information, see page 6

Industry Current

This week's authors wrap up their discussion on solar thermal projects with storage capabilities.

See story, page 7

Generation Sale DATABASE

Check out the latest asset trades in *PI's* weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

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THE BUZZ

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equity shop **Pegasus Capital Advisors** in New York starting this month, as the firm looks to broaden its clean energy focus (see story, page 5).

On the gas front, the U.S. **Department of Energy** will shortly hand down the solicitation requirements for its new section 1703 loan guarantee program, which could provide a critical source of capital for newer fossil technologies (see story, page 1). This iteration of the program will include natural gas-fired and oil-fired generation facilities for the first time. Meanwhile, **Cheniere Energy** hit the bond market for the third time this year with a \$1 billion offering to lessen the burden of its bank debt on its Sabine Pass liquefied natural gas export facility (see story, page 10).

GE Energy Financial Services and **Highstar Capital** reverse flexed the pricing on the \$825 million refinancing of the Linden cogeneration facility in New Jersey in what is probably the last B loan deal in this calendar year. The loan was allocated Wednesday and is expected to close and fund on Dec. 17, says a deal watcher.

A portion of the funds from the recent B loan for **Northeast Wind Partners** have been put to use by **Emera** as it finances the acquisition of three gas-fired plants from **Capital Power** (see story, page 10). Emera is planning to issue longer termed debt in the first half of next year but used the refi proceeds along with a new credit facility to close the \$541 million deal.

Several investors awaiting the next step in the auction of **Ontario Teachers Pension Plan Board's** stake in **Northern Star Generation** are wishing that the other half of the independent power producer, owned by **UBS International Infrastructure Fund**, would come on the block (see story, page 7). One banker says that many prospective owners would prefer to come into as the sole owner rather than "step into someone else's marriage."

TELL US WHAT YOU THINK!

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

Feel free to contact **Sara Rosner**, managing editor, at (212) 224-3165 or srosner@iintelligence.com.

Power Intelligence

EDITORIAL

Peter Thompson
Executive Editor (Chicago)
(773) 439-1090

Sara Rosner
Managing Editor
(212) 224-3165

Nicholas Stone
Senior Reporter
(212) 224-3260

Holly Fletcher
Senior Reporter
(212) 224-3293

Stuart Wise
Data Associate

Andrea Innis
Data Associate

Kieron Black
Sketch Artist

PRODUCTION

Dany Peña
Director

Deborah Zaken
Manager

Melissa Figueroa,
James Bambara
Associates

Jenny Lo
Web Production &
Design Director

ADVERTISING

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

PUBLISHING

Emmanuelle Rathouis
Marketing Director

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

Nina Bonny
Customer Service Manager
(212) 224-3433

SUBSCRIPTIONS/
ELECTRONIC LICENSES

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Ken Lerner
Account Executive
(212) 224-3043

REPRINTS

Dewey Palmieri
Reprint & Permission
Manager (New York)
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

Richard Ensor
Chairman

John Orchard
Managing Director,
Capital Markets Group

Customer Service

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

Institutional Investor Hotline

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

Editorial Offices 225 Park Avenue South, New York, NY 10003

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Institutional Investor
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GENERATION AUCTION & SALE CALENDAR

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

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	
BP Wind Energy	Various (3.7 GW Wind project portfolio)	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).
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.		
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).
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	GE EFS, Highstar reverse flexed a B loan (see story, page 9).
	Jimmie Creek (Stake, 62 MW Hydro)	B.C.	TBA	Co-owner Alterra is buying GE EFS out (see story, page 7).
Global Infrastructure Partners	Channelview (856 MW Cogen)	Channelview, Texas	Credit Suisse	First round bids are in (PI, 8/26).
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.		
Horn Wind	Shannon (200 MW Wind)	Clay County, Texas	TBA	Alterra Power has agreed to buy it (see story, page 7).
JPMorgan Capital Corp.	Tax equity stakes (Various, Wind)	Various		Infigen is buying into the tax equity positions in some of its farms (PI, 11/18).
K Road Power	Various (Solar Development Pipeline)	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 (PI, 11/18).
Longview Power	Longview (695 MW Supercritical Coal)	Maidsville, 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	CIMs expected in the next two weeks (see story, page 7).
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 (PI, 11/18).
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).
	Big Sandy (300 MW Gas)	Wayne County, W. Va.		
	High Desert (830 MW Gas)	Victorville, Calif.		
Wayzata Investment Partners	Castleton (72 MW Cogen)	New York	Scotiabank	Teasers are out (PI, 8/19).

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 hlfletcher@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 (Trains)	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).
	Sabine Pass Trains 1,2,3 & 4 (Trains)	Sabine Pass, La.	TBA	TBA	\$1B	TBA	Sponsor issues \$1B in bonds to lessen bank debt exposure (see story, page XXX).
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).
Dalkia/Fengate	Fort St. James (40 MW Biomass)	Fort St. James, B.C.	BTMU	TBA	\$168M	TBA	Sponsor wraps a five bank deal (see story, page XXX).
	Merrit (40 MW Biomass)	Merrit, B.C.	BTMU	TBA	\$168M	TBA	Sponsor aims to wrap the financing early next year (see story, page XXX).
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).
EmberClear Corp.	Good Spring (300 MW Gas)	Schuylkill County, Pa.	CCA Capital	TBA	\$400M	TBA	Sponsor taps Boston-based CCA Capital to manage both the debt and equity sale (PI, 12/24).
FGE Power	FGE Texas (726 MW Gas)	Westbrook, Texas	TBA	TBA	TBA	TBA	The first-time developer is looking for both debt and equity partners (PI, 3/18).
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).
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 Export Facility	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-fired)	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 (PI, 11/18).
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 (PI, 11/18).
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).
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).
SunEdison	San Andres (50 MW Solar)	Atacama Desert, Chile	OPIC	TBA	\$126M	TBA	Sponsor wraps an agency deal for this merchant solar facility (see story, page XXX).
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).

New or updated listing

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PROJECT FINANCE

SunEdison Lands Chilean Merchant Solar Funds

SunEdison has closed a \$126 million non-recourse debt financing backing the 50 MW San Andres solar facility in the Atacama Desert, Chile. The project will sell all of its output on the spot market of the **Central Interconnected System** of Chile.

The **Overseas Private Investment Corporation** provided \$62.9 million of debt, the **International Finance Corporation** provided \$37.5 million and **Rabobank** provided a Chilean peso VAT facility for the equivalent of \$25.6 million. Details such as pricing and tenor could not be learned by press time.

A strong and growing mining sector as well as a shortage

of generation is fostering demand for new builds in the region. Agency debt remains pivotal in getting deals done, note observers, particularly merchant facilities like San Andres.

Selray Energias, Solarpack, SunEdison and the team of **Total** and **Etrion Corp.** have all developed solar facilities in the Atacama desert that have secured financings this year ([PI, 7/24, 8/5, 9/16 & 9/26](#)).

Calls placed to SunEdison officials in Belmont, Calif., and to lender officials were not returned by press time. The facility is slated for commercial operation during the first quarter of next year.

Dalkia, Fengate Hunt More Biomass Debt

Veolia Environnement and **Electricité de France**-backed **Dalkia Canada** and **Fengate Capital Management** have started talking with banks about securing roughly C\$175 million (\$168 million) backing their 40 MW Merritt biomass facility in Merritt, British Columbia.

The deal will likely mirror the C\$175 million (\$168 million) debt package the duo secured backing the 40 MW Fort St. James facility last week. **Bank of Tokyo-Mitsubishi UFJ** led that deal, **National Bank of Canada** was administrative agent, with **CIBC**, **Natixis** and **Rabobank** also all taking tickets. Details such as pricing and tenor could not be learned by press time. Bank officials did not respond to inquiries.

Concerns over fuel supply, which have loomed large over biomass deals in North America, have been addressed by the sponsors, according to observers. Merritt will use 307,000 metric tons of biomass each year. The biomass used will comprise

waste from the British Columbia forestry industry, such as sawmill and logging waste, and trees killed by the mountain pine beetle epidemic, which has ravaged the province's forests over the past decade. Dalkia will manage the biomass supply.

Financial close for Merritt is expected early next year. The total project cost is slated to be C\$235 million (\$225 million), which represents a debt-to-equity ratio of 75%, as was the case with Fort St. James. Dalkia will operate Merritt under a long-term operations and maintenance agreement. Construction on that facility is expected to begin in spring of next year. Both facilities have a 30-year power purchase agreement with **BC Hydro**.

Veolia is a Paris-based French transnational utility company, which most recently sold **Ridgeline Energy Holdings** to **Atlantic Power Corp.** ([PI, 11/21](#)).

Dalkia and Fengate officials in Toronto did not respond to inquiries by press time.

PEOPLE & FIRMS

Rabo Renewable Energy Staffers Heads To Pegasus

Three staffers from **Rabobank's** renewable energy team have joined private equity shop **Pegasus Capital Advisors** in New York. They began working at Pegasus this month.

The troika comprises **Ron Klein**, managing director of the renewable energy and infrastructure finance group, **Marco Krapels**, executive v.p., and **Edward Levin**, executive director. Pegasus is aiming to broaden its clean energy focus, according to observers.

Energy companies in Pegasus' portfolio includes **Pure Biofuels del Peru**, a Peru-based company specializing in liquid fuels storage. Governor **Arnold Schwarzenegger** of California appointed Pegasus to serve as the financial advisor to the **R20 Regions of Climate Action**, a group created to facilitate, develop and implement environmentally friendly projects. Details on Klein, Krapels and Levin's responsibilities and titles

at Pegasus and Rabo's plans for replacing them could not be learned by press time.

Klein was a founding member of Rabo's renewable energy group, after holding positions at various financial institutions including **Mellon Bank**, **TIAA-CREF** and **Fuji Bank**. Levin has held posts at **Morgan Stanley**, following a career in law with **Clifford Chance** and at the **International Finance Corp.**

Craig Cogut founded Pegasus in 1995. The shop partners with management teams of growth companies, with a focus on companies that benefit from the business implications of global resource scarcity, according to its website. Pegasus currently manages approximately \$2.2 billion in assets and has a staff of more than 60.

Calls placed to Pegasus and Rabo officials in New York were not returned by press time.

power finance & risk

TWEETup

Tuesday, Dec. 3, 2013 from 6:30 PM-8 PM
Brother Jimmy's BBQ
116 E 16th St, New York, NY 10003

The event has no speaker, no fees and no program. It's an opportunity to network and expand your LinkedIn connections. Drinks are pay as you go. Please RSVP via @Power_Intel

#CogenDrinks is an informal gathering of professionals who hail from a variety of cogeneration perspectives

Contact

Marc Solomon (@marc_solomon), principal at Policy Capital Advisors 646.206.7395 or
Holly Fletcher (@hollyfletcher), senior reporter at Power Intelligence, at 212.224.3293.

MERGERS & ACQUISITIONS

Northern Star Suitors Hanker For Full Sale

Several prospective bidders awaiting confidential information memos for **Ontario Teachers' Pension Plan Board's** stake in **Northern Star Generation** would like to own the whole portfolio if it was up for sale, say deal watchers.

UBS International Infrastructure Fund is co-owner alongside OTPPB and there were initial concerns that it would act on its right of first refusal toward the end of the auction similar to **Harbert Management Corp.** stepping in for **Energy Investors Funds'** stake in Astoria II ([PI, 7/15](#)). UBS, however, is not interested in being the sole owner and is not planning a bid, say bankers and investors.

Investors and bankers who have spoken with potential bidders say some buyers see room for management efficiencies and growth strategies as an out-an-out owner rather than stepping in for a 50% slug. "We would prefer if [UBS was] a seller," says one buyer.

Citigroup released teasers for the 50% stake in the IPP a few

weeks ago; CIMs are expected within about two weeks, says one deal watcher.

Houston-based Northern Star Generation owns or has stakes in eight facilities totaling about 1.4 GW comprised of natural gas, coal, waste coal, and fuel oil. Its ownership stakes total 1,180 MW. It landed a new 15-year power purchase agreement with **Progress Energy**

Florida in 2012 for its largest facility, the 680 MW Vandolah gas-fired facility in Hardee County, Fla. Northern Star bought the assets from **El Paso Corp.**

The IPP inked a \$146 million term loan B in December refinancing the balance on a loan from 2007, with some proceeds earmarked for a dividend recapitalization ([PI, 12/11](#)). The pricing on the seven-year loan

came in at LIBOR plus 350 basis points.

A spokesman for Citi declined to comment while a UBS spokeswoman did not immediately respond to an inquiry about whether the infrastructure fund would consider selling.



Alterra Preps For Hydro, Wind Financing

Alterra Power is planning to finance a \$240 million hydro project in British Columbia and a roughly \$400 million merchant Texas wind project in 2014 after it closes the acquisition of each.

Vancouver-based Alterra expects to close the acquisition of **GE Energy Financial Services'** 49% stake in the 62 MW Jimmie Creek run-of-the-river project by year-end. It will begin looking for debt in 2014 and anticipates that life insurance companies will be the financiers to take advantage of the project's 40-year power purchase agreement with **BC Hydro**, says a spokesman. **Manulife Financial** arranged debt in 2012 for the nearby Toba Montrose project.

Separately, the company is in the process of acquiring the 200 MW Shannon wind project in Clay County, Texas, from local developer **Horn Wind**. The shop will look for a power hedge from a financial institution instead of a PPA, an Alterra spokesman says. The project is expected to start construction next year and be online around the middle of 2015.

Alterra hired **Jon Schintler**, a director of finance at **Invenergy**, to be director of project finance and M&A this spring ([PI, 5/8](#)).

Alterra is the name of the company that was formed when geothermal developer **Magma Energy Corp.** bought **Plutonic Power** in 2011 ([PI, 3/15/11](#)). Shannon is the company's first wind project in the U.S. It current owns the 23 MW Soda Lake

geothermal facility in Nevada and is developing two more geothermal projects.

The purchase price for both the Jimmie Creek stake and the wind project could not be learned.

GE EFS To Sell Colo. Tax Equity Slug To Wells

GE Energy Financial Services is selling a portion of its tax equity commitment to a wind farm owned by **Alliance Power** to **Wells Fargo**.

Wells Fargo Wind Holdings will own 47% of the tax equity in the 91 MW Colorado Highlands farm alongside GE EFS with 52% and Alliance with 1%, according to a recent filing with the U.S. **Federal Energy Regulatory Commission**.

While GE EFS is reducing its tax equity stake in Colorado Highlands, it is on track to buy 97% of the equity from Alliance, according to the FERC filing. Alliance will retain 3%.

Colorado Highlands is a 91 MW project in Logan County, Colo., that is contracted to **Tri-State Generation and Transmission Association** for 20 years. Alliance and GE EFS brought the first 67 MW phase of Colorado Highlands online in 2012 and began work on the 24 MW expansion this year. Construction on the expansion began in July.

An Alliance official was not immediately available for comment while a GE EFS spokesman declined to comment.

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STRATEGIES

Recommitments Due On Linden Reverse Flex

GE Energy Financial Services and **Highstar Capital** have reverse flexed the \$925 million refinancing package for the Linden cogeneration facility in New Jersey to LIBOR plus 275 basis points. Recommitments on the new pricing were due to arrangers **Barclays** and **Citigroup** by Tuesday.

Commitments on the initial package, which had the seven year loan coming in at L+325-350, were due Monday. The loan is expected to be inked with a 1% LIBOR floor and a 99 original issue discount. There's a 101 soft call for 12 months. The package includes a \$100 million senior secured revolving credit

facility. The package has a Ba1 rating from **Moody's Investors Service** and BB+ from **Standard & Poor's**.

The refinancing is in tandem with Highstar buying a 50% stake in the facility from GE EFS. Linden has a power purchase agreement through April, 30, 2017, with **Consolidated Edison Company of New York** for 645 MW. The remainder is merchant.

Citigroup is also advising Highstar on the acquisition.

Spokesmen for the banks either declined to comment or could not be immediately reached.

Ariz. Utility Decision Highlights Solar Credit Enhancement

A decision expected Thursday on net metering from state utility regulators at the **Arizona Corporation Commission** highlights residential solar securitizations' ability to mitigate default losses on a solar lease or power purchase agreements, according to analysts. The state commission had not made a decision by press time.

Arizona Public Service, the state's largest utility, has been lobbying state officials to regulate the rate home solar customers are paid to sell back excess power, a practice known as net metering.

In the event of homeowner default, 100% of the power generated could constitute as excess, and the securitization servicer could sell all of it back to the solar company to pay down a pool's default losses, according to **Anthony Nolan**, a partner at **K&L Gates**. Net metering affects the cash flow on securitized assets following homeowner default. This in turn helps determine the credit enhancement needed to rate a tranche of a securitization at any given credit rating, he said.

One of the proposals backed by the Arizona power utility would cut into the retail rate solar companies pay for excess power produced, effectively making customers' solar bills more expensive, according to an analyst at **Deutsche Bank**. "If Arizona Public Service is successful, there could be read-throughs for other utilities in the country," the analyst added.

Standard & Poor's rated the industry's first solar securitization from **SolarCity** 'BBB+'. The agency in a presale report identified net metering policies as a risk, saying that along with uncertainty over future tax credits and state rebates, net metering exposes the

solar industry to regulatory risk.

SolarCity priced the industry's first solar securitization of \$54.43 million priced to yield 4.8% on Wednesday night. Of the 5,033 solar assets backing the collateral income stream, 71% were residential

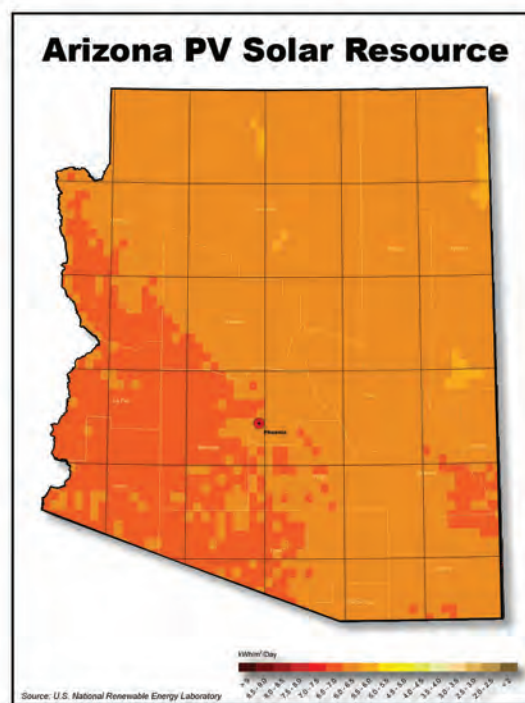
and 90% were located in three markets: Arizona, California and Colorado.

Any rate change proposal would likely be grandfathered in for existing residential solar users, but that will only protect existing residential solar users to "a certain extent," according to S&P Senior Director **Weili Chen** and Director **Xilun Chen** in the presale report. California recently passed net metering legislation. The law created a timeline for the **California Public Utilities Commission** to reformulate net metering rates by 2015, with an implementation deadline of 2017, the ABS analysts said.

The Arizona utility lobbied regulators for months to consider the higher fixed charge proposal, which is less severe than an earlier buy-all, sell-all recommendation. That approach would ban net metering completely, said the Deutsche Bank analyst. Either of the two proposals would be negative, the analyst

said.

Net metering rules are set by utilities, not by state law. The takeaway is that there could be many battles over the potentially thousands of net metering agreements across the country, according to Nolan. K&L Gates has been tapped to run a 50-state analysis on net metering laws nationwide by the **National Renewable Energy Laboratory**, which runs the trade group **Solar Access To Public Capital**.

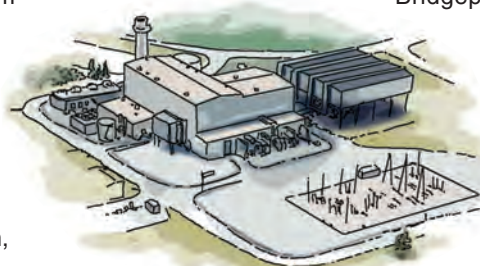


Emera Uses Wind JV Refi To Seal Gas-Fired Portfolio

Emera has used a portion of the proceeds from the recent refinancing of **Northeast Wind Partners** to finance its acquisition of three gas-fired plants in New England from **Capital Power**.

The \$320 million B loan closed last week repaid a \$150 million loan from Emera to its wind joint venture with **First Wind**. The proceeds combined with a newly arranged \$350 million credit facility to fund the \$541 million gas-fired acquisition, which closed this week.

Emera, based in Halifax, Nova Scotia, is planning to line up longer term project level debt for the plants in the first half of 2014. It's buying the 265 MW Tiverton



Tiverton

and 265 MW Rumford CCGTs in Tiverton, R.I., and Rumford, Maine, respectively, as well as the 520 MW Bridgeport CCGT in Bridgeport, Conn. ([PI, 8/28](#)).

The Northeast Wind Partners, sponsored largely by First Wind, refinancing was priced at LIBOR plus 400 basis points last week ([PI, 11/13](#)).

Emera's \$150 million credit agreement with the JV was inked in June 2012 and carried 8% interest. The note was to mature in June 2017 or when Emera exits the JV. The loan had \$157 million outstanding at the end of June 2013 ([PI, 10/15](#)).

A spokeswoman for the company did not respond to an inquiry about timing or which market the company would turn to for capital.

Cheniere Taps Bonds To Cut Back Loans

Cheniere Energy has issued \$1 billion of senior secured notes to reduce bank debt backing the first four liquefaction trains at its liquefied natural gas export project in Cameron Parish, La. The notes priced at 6.25%, with a tenor of 8.25-years. The deal priced on Monday and is slated to close Nov. 25.

Banca IMI, Credit Agricole, Credit Suisse, HSBC, ING, JPMorgan, Lloyds Securities, Bank of Tokyo Mitsubishi-UFJ, Morgan Stanley, Royal Bank of Canada, Scotiabank, SG Americas Securities, Sumitomo Mitsui Banking Corp. and Standard Chartered were the joint lead managers of the books. **Bank of America, CIBC, Deutsche Bank, Goldman Sachs and Banco Santander** were joint lead managers, while Deutsche Bank was also co-manager. The notes priced at a 358 basis points over Treasuries.

The majority of the net proceeds will be used to shave off \$900 million in commitments on a ratable basis from the company's four credit facilities totaling \$5.9 billion. The new notes will rank *pari passu* with all existing and future senior indebtedness of project company **Sabine Pass Liquefaction**, including borrowings under the 2013 liquefaction credit facilities and its outstanding senior secured notes due 2021 and 2023. The remainder of the proceeds will pay for increased interest during construction, and transaction costs. Total effective debt at Sabine Pass Liquefaction after the

bond issuance is estimated at around \$9 billion, up from \$8.9 billion in May 2013.

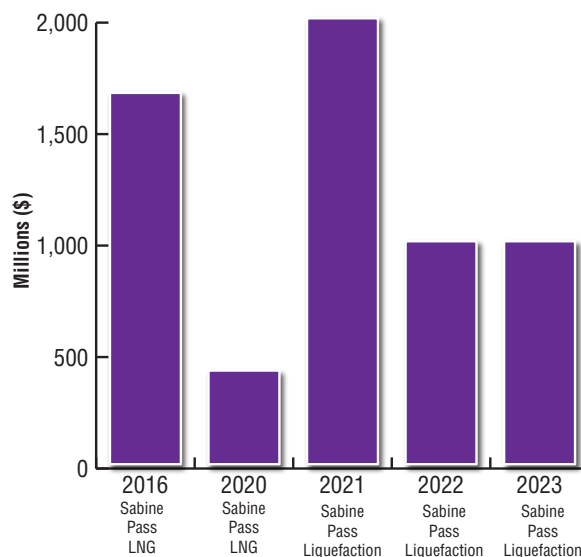
This is the third time this year that the Houston-based company has hit the bond market as it looks to reduce its bank loan exposure and fund construction ([PI, 4/16 & 1/31](#)). Due to the large amount of

capital required for construction of the approximately \$12 billion project, spreading debt between the bond and bank markets is necessary, note observers.

Moody's Investors Service assigned Ba3 to Sabine the notes, while **Standard & Poor's** assigned a BB+. As of September 2013, the total project progress stands at 44.5%, according to Moody's, slightly above the 43.8%. Cheniere has also reduced its available contingency to \$718 million from \$889 million due to higher interest rate assumptions and various construction related costs.

Cheniere Energy is planning to complete an initial public offering at affiliate **Cheniere Energy Partners LP Holdings**. The company is shooting to raise around \$690 million

Cheniere Energy's Senior Notes Outstanding



Source: Cheniere Energy

via the offering on the **New York Stock Exchange**. **Goldman Sachs and Morgan Stanley** are underwriting the transaction.

Sabine Pass Liquefaction output is contracted with **BG Group, Gas Natural SA, Korea Gas Corporation, and GAIL** under 20 year off-take contracts.

Cheniere officials in Houston did not respond to inquiries by press time.

Call For Sponsors:

The Liquefied Natural Gas Export Facility Report

The Liquefied Natural Gas Export Facility Report brings you the latest developments in the financings of LNG export facilities in the U.S. Roughly \$50 billion of investment will be needed to build out proposed export projects in the country. The sheer size of each of these facilities, as well as the host of experienced, well-banked sponsors and Asian offtakers has made the LNG export sector a compelling space for project financiers, energy companies, advisors, large corporate law firms and equipment suppliers. The report will focus on trends in structuring deals backing these multi-billion dollar facilities in the bank and debt capital markets. Topics will include the lender's perspective on geographical and commodity risks associated with projects, investor and lender appetite and response, as well as potential for new or innovative structures. The report will aim to identify key drivers for investors, lenders and sponsors, imminent transactions and also examine lessons learned from **Cheniere Energy's** Sabine Pass deal.

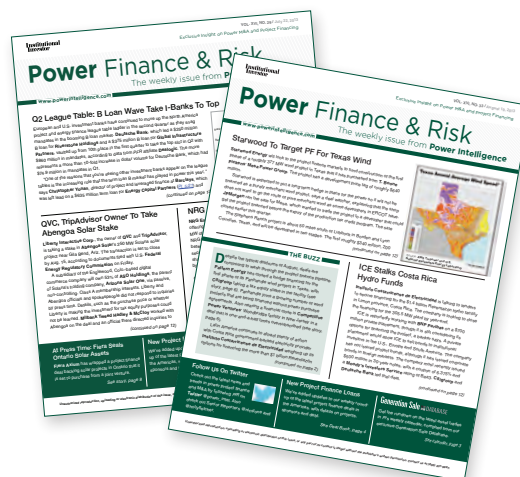
Draft Contents & Topics

- Feature on the financing of LNG export facilities written by PFR staff examining trends, challenges and potential innovations in these deals.
- Roundtable with senior project financiers, sponsor executives and CEOs, investors and regulators.
- Challenges in financing these facilities from the sponsor perspective with a focus on how lenders respond to different components of the project and risk and how the sponsor manage financings where there are upwards of 50 lenders.
- Challenges in financing these facilities from the lender perspective with a focus on how they deal with exposure to these assets, given commitment sizes and geographical concentration.
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- Illuminating graphics visually depicting domestic and international trends in LNG production, pricing and consumption.
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Exelon Scopes *(Continued from page 1)*

portfolio across six states. The portfolio carries a roughly 55:45 debt to equity ratio with the bond issuance and a \$142 million of senior secured credit facilities that mature in 2020.

Exelon is rated Ba2 by **Moody's Investors Service** and BBB by **Standard & Poor's**.
—**Holly Fletcher**

DOE Widens *(Continued from page 1)*

as a capacity filler just like an export credit agency would," said **Douglas Shultz**, director of loan guarantee origination for the DOE's loan programs office, at **Standard & Poor's** project finance and infrastructure hot topics conference at the McGraw-Hill building in New York this week. "There are a lot of interesting things coming down the line."

The DOE is slated to hand down its final solicitation guidelines for the [revised section 1703](#) loan program by year-end, according to a spokesman in Washington, D.C. The solicitation will support new or significantly improved advanced fossil fuel energy projects and facilities — such as carbon capture, low-carbon power systems, and efficiency improvements — that reduce emissions of carbon dioxide, methane and other greenhouse gas pollution.

Projects deploying these technologies are typically unable to obtain commercial financing due to high technology risks. A DOE commitment will likely foster lending that banks would not have considered otherwise, notes a project financier. "If the capital is there, people will spend the time to understand these deals," he says, of novel projects that qualify for the program.

The DOE loans will also be able to take on construction risk.

The agency is keen to work with lenders and develop partnerships in the space. "We can also pull in other lenders," said Schultz. Details such as pricing, tenors and the sweet spot for loan sizes could not be learned by press time. The DOE will release the timeline following the finalization of the solicitation.

"We have been given the green light to re-open the origination pipeline," said Schulz. A pair of nuclear power reactors in Georgia was the last project to receive a conditional loan approval under the 1703 program, in the amount of \$8.33 billion in 2010. The program was re-launched by incoming Energy Secretary **Ernest Moniz** in order to maintain the role of fossil technology in the energy and generation mix, while also pushing for cleaner alternatives.

The 1703 loan guarantee program was first made available to fossil fuel projects in 2008 and 2009, but no projects were funded. That solicitation was limited to coal, clean-coal and nuclear facilities, and none of the applicants were deemed appropriate by the DOE. The new iteration will include upstream and downstream natural gas-fired projects — including extraction and distribution — as well as oil-burning generation projects that employ new technology and are deemed environmentally friendly.

—**Nicholas Stone**

QUOTE OF THE WEEK

"There is an opportunity there, particularly with the shale plays.

There is a limited amount of debt available and we can act as a capacity filler just like an export credit agency would." —

Douglas Shultz, director of loan guarantee origination for the U.S. **Department Of Energy's** loan programs office, of the revamped section 1703 loan guarantee program (see story, page 1).

POWER TWEETS

The #Power Tweets feature tracks trends in power project finance and M&A in the Americas on **Twitter**. For more news and coverage, follow @power_intel on Twitter, as well as Managing Editor @SARosner and Senior Reporters @HollyFletcher and @NicStone.

@brianreports: #Emera returns to the fore of #power/#renewables, with completion of M&A deal.

@Power_Intel: Policy, regulation attract #cogen development. Hear more at #CogenDrinks

@thejohnmarciano: A Storm's A Comin': APS wins Distributed Energy Fee.

@PwrEngineering: Connecting #Hinkley Point #nuclear plant to the grid could cost \$1.6bn

@Marissa_DwABS: SolarCity plans larger deal, smaller yield for sophomore solar ABS in 2014.

@JeffLFox: It's a simple story, as we deploy more wind energy we get better at it & costs come down. #WindWorks

@CarlSiegrist: Hawaii electric cooperative adding #solar energy storage from @XTremePower to 12MW PV array.

@PwrEngineering: .@ENERGY announces \$19 million in funding to drive down #solar costs.

@SunPower: Apple's unprecedented commitment to powering data centers w/clean energy. #solar

@nrgenergy: CEO David Crane says AZ net metering fight illustrates need for innovation