

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

● MERGERS & ACQUISITIONS

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● PEOPLE & FIRMS

Goldman Gets “Creative” with D.G. Portfolio Stake

Goldman Sachs has bought a stake in a portfolio of distributed solar and battery storage projects.

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IGS Seals Resi Solar Financing

IGS Solar and **Ares Management** have secured their first residential solar portfolio debt financing.

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Banker Exits CBA Amid Cuts, Lands at NAB

A New York-based infrastructure and utilities banker has left **Commonwealth Bank of Australia**, which is downsizing.

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Solar Platform Sale Steams Ahead

Taryana Odayar

The sale process for a North American solar developer has entered into a second round of bidding as the company looks to close a deal by the end of the year.

The company on the block is **Coronal Energy**, which owns a 20-project portfolio of operating and contracted projects totaling 345 MW.

Auctioneers **Bank of America Merrill Lynch** and **Scotia Capital** opened up the bidding in June, inviting investors to consider acquiring the company in its entirety or in separate parts, according to a teaser seen by *PFR* (PFR, 7/19).

Panasonic is one of the company's largest owners, having increased its stake in September 2016.

The projects in Coronal's 250 MW operating portfolio have power purchase agreements with a remaining weighted average life of 21 years, while its 1.3 GW development pipeline includes at least 95 MW that is already contracted.

Mike Dunne and **David Ochoa** are leading the sales process for BAML, while **Jared Steinfeld** and **Seth Keller** are leading for Scotia.

Officials at Coronal, BAML and Scotia either declined to comment or did not respond to inquiries by press time. ■

● PEOPLE & FIRMS

HPS Sews Up Purchase of Spruce Finance

Taryana Odayar

Residential solar loan and lease provider **Spruce Finance** has been bought by **HPS Investment Partners**, the private debt fund manager that split from **JP Morgan**

Asset Management in 2016.

The transaction took place through **Spruce Holdings**, a new corporate entity owned by HPS. Spruce will be headquartered in Houston but maintain its executive and M&A offices in [PAGE 8 >>](#)

Lead Arranger Appointed on Battery Portfolio Refi

Shravan Bhat

Advanced Microgrid Solutions and **Macquarie Capital** have chosen a bank to lead the refinancing of their landmark Electrodes behind-the-meter storage portfolio in California.

CIT Bank is reprising its role as arranger on the \$103 million deal, which will back 35 MW

of operational assets. The lead arranger will look to bring in three other lenders within the next month.

CIT provided the debt for the first 10 MW tranche of batteries to be installed as part of the project, a deal that was shortlisted for *PFR*'s North America Renewables Project Finance Deal of 2017 (PFR, 2/23). [PAGE 6 >>](#)

Financial Close in Sight for 1.6 GW Brazil CCGT

Juliana Ennes

A more-than-1.6 GW combined-cycle gas-fired project in Brazil, backed by **Prumo Logística**, **BP** and **Siemens**, is on the verge of sealing debt financing.

The sponsor group, whose largest member is **EIG**-owned Prumo, is raising the financing to develop, build, operate and maintain the 1,673 MW Porto do Açú III project at the Port of Açú in Rio de Janeiro state. The asset has a total cost estimate of R\$4.1 billion (\$1.1 billion).

The financing is expected to comprise loans from the **International Finance Corp.**, **IDB Invest** and **BNDES**.

The loan from BNDES will be covered by a guarantee provided by German development bank **KfW**, say deal watchers, citing the project's use of Siemens equipment as the reason.

The project company, **GNA II Geração de Energia CCGT**, is 67% owned by joint venture **Gas Natural Açú** and 33% by **Siemens Energy** and **Sie-** [PAGE 7 >>](#)



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● THE BUZZ

In Defense of Dominion’s Offshore “Science Project”

When Virginia’s **State Corporation Commission** grudgingly approved **Dominion Energy Virginia**’s offshore wind demonstration project two weeks ago, the commissioners were not the only ones unimpressed by its \$300 million price tag, but some deal watchers were more sympathetic.

While approving the project, the commission remarked that “certain factual findings must be subordinated to the clear legislative intent,” referring to the \$25 million/MW cost that will be passed on to Virginia rate-payers, on the one hand, and recent legislation, which the commissioners interpreted to mean that they had to find the project in the public interest, on the other.

“It’s the worst of both worlds,” said a New York-based infrastructure fund manager, referring to the high cost and small size of the project. “It’s got to be the most expensive generation asset per megawatt-hour ever.”

A head of project finance, also in New York, who has previously worked on offshore wind financing in Europe, branded the plan to install two turbines totaling 12 MW off the Virginia coast a “science project.”

But offshore wind developers were more forgiving, noting that a first-of-a-kind project will always come at a premium. In the case of Dominion’s offshore project, the high, fixed costs of transportation, transmission infrastructure and permitting expenses will drive up the bill.

Chris Moore and **Paul Zarnowiecki**, partners at **Orrick**, are among those who are more

understanding (the two attorneys will feature in *PFR*’s offshore wind special report to be published next month).

“You have to appreciate that Virginia has substantial shipping and port infrastructure, which could make it advantageous as a hub to service East Coast offshore wind projects,” says Zarnowiecki. “Bear in mind also that Virginia is home to many data centers and a growing number of technology and traditional companies with an increasing appetite for renewable power.”

“The industry is going to be focused on how this project is being built compared to Block Island,” adds Moore. “Big utilities are capable of making big moves.”

The 30 MW Block Island facility off the Rhode Island coast, the only operating offshore wind project in the U.S., is under new ownership since **Ørsted** bought its developer, **Deepwater Wind**, and rechristened it **Ørsted US Offshore Wind** (*PFR*, 10/8).

Ørsted is also the engineering procurement and construction contractor for Dominion’s offshore venture.

Macquarie Capital advised Deepwater on the sale to Ørsted, while **Greentech Capital Advisors** advised the developer’s board.

“The U.S. market has been led by entities that have strategically located seabed, are able to secure offtake agreements, understand the permitting game and are strong at stakeholder outreach,” says **Alexander Krolick**, managing director of Macquarie Capital’s energy and infrastructure group, who worked on the deal. ■

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

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

GENERATION AUCTION & SALE CALENDAR ●

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

Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
Abengoa	A3T (220 MW Gas)	Mexico	TBA	Private equity firms are sizing up the project, which part of Abengoa's insolvency divestments (PFR, 10/8).
Ahana Renewables	Portfolio (46.9 MW Solar)	California, New Jersey, Massachusetts	MVP	CleanCapital has bought the operational C&I portfolio using equity from BlackRock (PFR, 11/12).
Allete Clean Energy	Thunder Spirit (48 MW Wind)	North Dakota		Montana-Dakota Utilities had signed a 25-year PPA with the project earlier this year but chose to acquire it instead (PFR, 11/12).
AltaGas	Portfolio (277 MW Hydro)	Canadian	TBA	AltaGas is looking to raise around \$1 billion from the three-project divestiture (PFR, 11/5).
BayWa r.e.	Portfolio (450 MW Renewables)	U.S., Europe		The German developer expects to sell its portfolio by year-end (PFR, 11/19).
Blackstone	Lonestar Portfolio (1,110 MW Gas, Coal)	Texas	Citi	The sale of the portfolio, code named Project Matador, is said to be entering a second round (PFR, 10/15).
Clearway Renew	Patriot (226 MW Wind)	Nueces County, Texas		Avangrid Renewables is buying the project and taking a tax equity ticket (PFR, 11/19).
Coronal Energy	Portfolio (345 MW Solar)	U.S.	BAML, Scotia	The sale process for the 20-project platform has entered its second phase (see story, page 1).
Cypress Creek Renewables	Buckleberry (52 MW Solar)	Pitt County, N.C.		John Laing Group is buying the recently completed project, expected online by year-end (PFR, 11/19).
Dominion Energy	Bridgeport (14.93 MW Battery)	Bridgeport, Conn.		FuelCell Energy is paying \$36.6 million in cash but the sale depends securing acquisition finance by Dec. 1 (PFR, 11/12).
Duke Energy	Renewables Portfolio (2,907 MW Wind, Solar)	U.S.	Morgan Stanley	Duke is running a sale process to formalize inbound interest it has received (PFR, 10/1).
Engie North America	Portfolio (75 MW Solar)	U.S.	CohnReznick Capital	Goldman Sachs has bought a majority stake in the distributed solar and battery portfolio (see story, page 5).
Engie N.A., Harbert Management Corp., Mitsui & Co.	Astoria I, II (1,230 MW, Gas)	Queens, N.Y.	Morgan Stanley, PJ Solomon	As the sale of the assets nears a second round of bidding, deal watchers note varying levels of interest (PFR, 10/15).
EDP Renewables	Meadow Lake VI (200 MW Wind)	Benton County, Ind.	CIBC	Axium Infrastructure is buying an 80% stake in the duo, expected online in the next six months (PFR, 11/12).
	Prairie Queen (200 MW Wind)	Allen County, Kan.		
	Sharp Hills (250 MW Wind)	Special Areas 3 & 4, Alberta		
	Nation Rise (100 MW Wind)	North Stormont, Ontario		
Emera	Portfolio (520 MW Gas)	New England	JP Morgan	Emera is looking to sell the assets after acquiring them for \$541 million in 2013 (PFR, 11/19).
GE Energy Financial Services	Saguaro (105 MW Gas)	Nevada	TBA	MSD Capital, which already owned 50% of the co-gen facility, is buying the remaining interests (see story, page 5).
JERA, Toyota Tsusho	Goreway (875 MW Gas)	Ontario	TD Securities	The sale process for Canada's second largest CCGT launched two weeks ago (PFR, 11/19).
Mainstream Renewable Power	Andes Portfolio (1.3 MW Wind, Solar)	Chile	KPMG London	The Irish developer is seeking an equity partner to build and operate its \$1.65 billion renewable portfolio in Chile (PFR, 9/17).
North American Power Group	Rio Bravo Fresno (28 MW Biomass, 50%)	Fresno, Calif.		NAPG is in talks with potential buyers of its 50% stakes in the projects (PFR, 8/27).
	Rio Bravo Rocklin (28 MW Biomass, 50%)	Lincoln, Calif.		
Olympus Power	Top of Iowa (80 MW Wind)	Worth County, Iowa		Black Hills Electric Generation is buying the 17-year old project (PFR, 11/19).
Pattern Development, Capital Power	K2 (270 MW Wind, 66%)	Ontario		A consortium led by Axium Infrastructure, which already owns the remaining one third stake, is paying \$332 million (PFR, 11/12).
Recurrent Energy	Sunflower (100 MW Solar)	Mississippi		Entergy Mississippi has signed a build-transfer agreement to buy the project for \$138.4 million (PFR, 11/12).
Southern Current	Portfolio (80 MW Solar)	U.S.	TBA	Soltage has acquired the under-construction assets using third-party equity, debt and tax equity (PFR, 11/12).
Southern Power	Mankato (760 MW Gas)	Minnesota		The plant's offtaker, Xcel Energy, has agreed to pay \$650 million for the two units (PFR, 11/12).
sPower	Portfolio (1.3 GW Renewables, 24%)	U.S.	Barclays	Ullico has bought the stake in some 70 operating wind and solar projects (PFR, 11/12).
SteelRiver Infrastructure Fund	Trans Bay Cable (Transmission Line)	California	RBC (seller), Wells Fargo (buyer)	NextEra Energy is paying \$1 billion including the assumption of project debt (see story, page 5).
Sumitomo Corp. of Americas	Turquoise Nevada (50 MW)	Washoe County, Nev.	Whitehall	Whitehall is running the sale process for the project, which is due online by the end of 2020 (PFR, 10/29).
Heorot Power	Tanner Street Generation (82 MW Gas)	Mass.	Scotia	The sale of the project was launched in July under the code name Project Riverhawk (PFR, 10/15).

● New or updated listing

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

To report updates or provide additional information on the status of financings, please call Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@powerfinancerisk.com

PROJECT FINANCE

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

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Advanced Microgrid Solutions, Macquarie Capital	Electrodes (35 MW Battery Storage)	California	CIT	Debt	\$103M	TBA	CIT is looking to bring in 3 other lenders and reach financial close by December (see story, page 1).
Ares-EIF	Hill Top Energy Center (620 MW Gas)	Greene County, Pa.	Morgan Stanley	Private Placement	TBA	TBA	Ares has foregone a bank mini-perm for a bond to match the tenor of a gas netback under negotiations (PFR, 10/8).
Ares-EIF, I Squared Capital, CEF	Oregon I (869 MW Gas)	Lucas County, Ohio	Barclays, Credit Suisse	Debt	TBA	TBA	The two banks initially hired to sell the project will first refinance debt into the term loan B market (PFR, 11/19).
Avangrid Renewables, Copenhagen Infrastructure Partners	Vineyard (800 MW Offshore Wind)	Massachusetts	CCA Group (adviser), Santander (adviser)	Debt, Tax Equity	\$3.5B	TBA	The capital structure for the estimated \$3.5 billion, two-phase project remains to be finalized (PFR, 10/8).
Balico	Chickahominy (1,650 MW Gas)	Charles City County, Va.	TBA	Debt, Equity	TBA	TBA	A development team, formerly at Cogentrix, has hired a financial advisor to begin the equity raise (PFR, 8/20).
Burns & McDonnell, Robinson Power	Beech Hollow (1,075 MW Gas)	Robinson Township, Pa.	Guggenheim	Equity	TBA		The project was initially envisioned as a waste-coal facility more than 15 years ago (PFR, 11/19).
Clean Energy Future	Oregon II (955 MW Gas)	Lucas County, Ohio	Cantor Fitzgerald, BNP	Equity, Debt	\$900M		Siemens is providing the turbines and has already committed \$200 million of equity (PFR, 11/19).
Dominion Energy	Portfolio (574 MW Solar)	U.S.	Barclays	Private Placement	\$362M	TBA	The green bond will finance 20 operational solar projects (PFR, 11/12).
Enel Green Power North America	HillTopper (185 MW Wind)	Logan County, Ill.	Wells Fargo	Tax Equity	\$180M		Enel's long-time tax equity adviser CCA Group put the deal together (PFR, 11/12).
FGE Power	Goodnight (500 MW Wind)	Armstrong County, Texas	Karbone	Tax Equity	TBA		The sponsor has already secured a cash equity commitment for the project from Fortistar (PFR, 5/29).
Fotowatio Renewables Ventures	Potrero (270 MW Solar)	Jalisco, Mexico	IFC	Debt	\$65M	12-yr	The project is expected to cost \$250 million and come online in 2020 (PFR, 11/12).
Fortistar	Primary Energy (298 MW Waste Heat)	Indiana	Investec	Debt	\$240M	7-yr	The deal is expected to launch mid-November, replacing the \$215 million acquisition financing from 2014 (PFR, 11/5).
GE EFS	Shady Hills (573 MW Gas)	Pasco County, Fla.	TBA	TBA	TBA	TBA	GE EFS is aiming to have all the permits in place and reach financial close in December (PFR, 5/21).
IGS Solar	Portfolio (35 MW [DC] Solar)	Northeast U.S.	ING Capital	Debt	TBA	TBA	Marathon Capital advised on the deal, which will finance 4,000 residential systems under development (see story, page 6)
			U.S. Bank	Tax Equity	TBA		
Innergex Renewable Energy	Cartier (590 MW Wind)	Quebec	TBA	Debt	>C\$400M	TBA	A group of banks is putting together long-term project financing to pay off a one-year bridge facility (PFR, 11/19).
Longview Power	Longview (700 MW Coal)	Maidsville, W.Va.	Houlihan Lokey (adviser)				Longview Power has hired Houlihan Lokey for a potential refinancing (PFR, 4/9).
Middle River Power III	Portfolio (523 MW Gas)	San Joaquin Valley, Calif.	MUFG	Debt	\$246.5M	4-yr	The Avenue Capital Partners subsidiary has closed acquisition financing (PFR, 11/19).
Macquarie Infrastructure Partners, Siemens Financial Services, CEF	Lordstown (856 MW Gas)	Lordstown, Ohio	ICBC, Crédit Agricole	Debt	TBA	TBA	The sponsors hope to cut pricing and tweak the cash sweep structure (PFR, 11/19).
Naturgy	Sertao I (30 MW Solar)	Brazil	Kinea	Bond	R\$130M	14.25-yr	Kinea, a private equity firm from Itau Unibanco Group, acquired 50% of the notes (PFR, 11/19).
	Sobral I (30 MW Solar)			Bond	R\$135M	15.25-yr	
NTE Energy	Reidsville (500 MW Gas)	North Carolina	Whitehall	Debt, Equity	\$650M	TBA	The City of Camden, S.C., signed a 20-year PPA with Reidsville, becoming its twelfth customer (PFR, 10/1).
NTUA Generation	Kayenta II (27 MW Solar)	Navajo County, Ariz.	Karbone (adviser)	Tax Equity	\$13.3M		Prospective tax equity investors for the \$39 million project received teasers on Oct. 18 (PFR, 10/29).
Petroquímica Comodoro Rivadavia	Bicentenario (126 MW Wind)	Argentina	KfW, IDB Invest	Debt	\$108M	TBA	Danish export credit agency EFK is guaranteeing the KfW tranche provided Vestas supplies the turbines (PFR, 11/5).
Prumo Logística, BP, Siemens	Porto do Açu III (1,673 MW Gas)	Brazil	IFC, IDB Invest, BNDES	Debt	TBA	TBA	The asset is estimated to cost \$1.1 billion with financial close expected in the next few weeks (see story, page 1).
Soltage	Portfolio (100 MW Solar)	U.S.	Fifth Third Bank	Debt	TBA	7-yr	Soltage also used equity from Basalt Infrastructure Partners to acquire the portfolio from Southern Current (PFR, 11/12).
			U.S. Bank	Tax Equity	TBA		
Southern Power (Southern Co.)	Portfolio (1.6 GW Wind)	Texas, Oklahoma, Maine	BAML, JP Morgan, Wells Fargo	Tax Equity	>\$1B		CCA Group is structuring the tax equity raise (PFR, 11/12).
Talen Energy Supply	Portfolio (2.3 GW Gas)	Northampton County, Pa.	MUFG	Term Loan B	\$475M	7-yr	Two operating gas-fired projects in PJM are being levered up at 400 basis points over Libor (PFR, 11/19).
Tellurian	Driftwood (LNG)	Louisiana	Goldman Sachs, Société Générale	Equity	\$8B		The sponsor has slashed the equity commitment and intends to replace the difference with debt (PFR, 11/5).
				Debt	\$20B		

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MERGERS & ACQUISITIONS ●

Dell's MSD Takes Full Ownership of Nevada Cogen

MSD Capital, the private equity firm backed by **Michael Dell**, has bought the one-half stake in the 105 MW Saguaro dual-fuel cogeneration facility in Henderson, Nev., that it did not already own.

The former co-owner of the project, **NRG Energy**, sold its stake on Oct. 16, according to paperwork filed with the U.S. **Federal Energy Regulatory Commission**.

NRG had been exploring a sale of its interest as long ago as 2014, but instead chose to refinance at the time (PFR, 1/7/14).

GE Energy Financial Services was the lead arranger on the \$97.4 million facility that NRG put in place, with **CIT Bank** coming on board as a lender.

While CIT sold its piece of the loan more than a year ago, the status of GE EFS's portion of the debt could not be established.

GE EFS sold its project finance loan book to **Starwood Property Trust** in August (PFR, 8/8) but a person briefed on the matter said that GE EFS was no longer involved in the project at the time of the sale.

Spokespeople for MSD, Starwood and **GE Capital** in New York declined to comment and officials at NRG did not respond to an inquiry by press time.

The Saguaro plant has been online since 1991 and sells its electric generation to **NV Energy** under a contract that expires in 2022.

The project previously sold steam to **Olin**

Chlor Alkali Products but these sales stopped when Olin permanently shuttered its chloralkali facility in 2016.

The Saguaro facility also had a contract to

sell steam to **Ocean Spray Cranberries**, but this was due to expire in 2015. Whether the agreement had been extended could not immediately be verified. ■

Goldman Gets "Creative" with D.G. Portfolio Investment

Engie North America has sold a majority stake in a 75 MW portfolio of distributed solar and battery storage projects to **Goldman Sachs** in an unusually structured deal.

Located in California, Nevada, Minnesota, Illinois, Texas, New York, New Jersey and Massachusetts, the portfolio comprises a mixture of behind-the-meter projects that will serve commercial and municipal customers and small-scale front-of-the-meter projects, contracted under long-term power purchase agreements with rural electric cooperatives.

The structure, which takes the form of a partnership, "provides both the scale and benefits of what is typically provided by separate investments from tax equity, debt and sponsor equity investors," according to a statement from Engie, which adds that the capital will be deployed over a 12-month period.

"It was really competitive, really creative, and allowed for greater scalability because of the underwriting and throughput for this," said a person close to the deal, who said that this kind of structure had "never

existed before."

Engie will retain an ownership interest in the portfolio and construct, manage and operate the assets under the terms of the partnership.

Goldman made the investment through its alternative energy investing group, which is led by managing director **Pooja Goyal**.

"This partnership with ENGIE demonstrates the opportunities that can be created by taking an integrated approach to financing high-quality distributed solar projects at scale," she said, in a statement.

The bank is understood to be the beneficiary of the tax credits associated with the portfolio, but further details of the structure could not immediately be established.

CohnReznick Capital Markets advised Engie on the deal, while law firms **Sheppard Mullin** and **Hunton Andrews Kurth** acted for Engie and Goldman, respectively.

Officials at Goldman Sachs and CohnReznick in New York either declined to comment further on the transaction or did not immediately respond to inquiries by press time. ■

NextEra Inks Deal to Acquire Bay Area Transmission Line

NextEra Energy has signed a deal to acquire the Trans Bay Cable underwater transmission system in California from **SteelRiver Infrastructure Fund North America** and its partners.

Through its **NextEra Energy Transmission** subsidiary, the buyer is paying \$1 billion, including the assumption of project debt, for the asset.

SteelRiver reached primary financial close on the asset in 2007, when the fund manager

still went by the **Babcock & Brown** name, with a roughly \$555 million financing package from **BayernLB** (PFR, 1/11/08).

The project began operating in 2010, at which point the sponsors completed a seven-year bond refinancing led by **Barclays Capital** (PFR, 12/17/10).

There was some \$411 million outstanding under the bond as of December 2015, according to a report issued by **Moody's Investors Service** as it upgrad-

ed the debt from Baa2 to Baa1.

"The rating upgrade acknowledges that nearly \$372 million of outstanding Notes will require refinancing in 2017," wrote the rating agency's analysts at the time. Moody's withdrew its rating when the debt was repaid on maturity in June of last year.

MUFG and **RBC Capital Markets** were bookrunners on a 30-year private placement refinancing to replace the debt that was repaid, according to **Euro-**

money Institutional Investor data. The package comprised \$186 million of term notes and a \$60 million five-year revolving and letter of credit facility.

Trans Bay Cable is a high-voltage direct current underwater transmission link, which runs for 53 miles between Pittsburg and San Francisco. It provides roughly 40% of the electricity used in San Francisco and the surrounding areas on a daily basis. ■

● PROJECT FINANCE

IGS Seals Resi Solar Financing

Distributed solar developer **IGS Solar** and private equity firm **Ares Management** have secured their first residential solar portfolio debt financing, using a solar revenue put insurance product provided by **kWh Analytics**.

ING Capital is providing the debt for the 35 MW (DC) portfolio, which comprises 4,000 projects across the northeastern U.S., particularly New Jersey, which has a solar renewable energy certificate (SREC) market.

Marathon Capital arranged the back-levered debt for the portfolio and also brought in **U.S. Bank** as tax equity investor.

Ares, meanwhile, is supplying the bulk of the cash equity for the portfolio under a forward flow agreement signed on July 9 (PFR, 7/12).

The deal has been in the works since May and the tax equity check covers roughly a third of the capital stack, says a person familiar with the portfolio.

“The revenue put may not necessarily help the sponsor cut pricing on debt, but it’ll certainly tighten the debt service coverage ratio,” said the source, referring to the solar revenue

put from kWh. “That means better equity returns.”

The revenue put is believed to have reduced the debt service coverage ratio on the \$100 million portfolio from roughly 1.45 times to 1.25 times.

The solar revenue put guarantees up to 95% of a portfolio’s output (PFR, 8/29). It is structured as an insurance product, with kWh acting as a broker through its licensed subsidiary **Kudos Insurance Services** and investment-

grade insurance carriers underwriting the hedge.

The revenue put for the IGS Solar portfolio is underwritten by **Swiss Re**, the same firm that underwrote a hedge for a **GCL New Energy** solar portfolio earlier this year (PFR, 8/29).

Officials at IGS in Dublin, Ohio, and spokespeople for U.S. Bank in St. Louis, Mo., did not immediately respond to inquiries. Representatives of Marathon in Chicago declined to comment. ■

Lead Arranger Appointed on Battery Portfolio Refi

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The refinancing will replace that debt and is expected to close by early December.

While the refi was initially expected to have a 10-year tenor—matching the storage assets’ availability contracts with **Southern California**

Edison—the final maturity is still to be decided (PFR, 9/19). Initial price talk could not immediately be learned.

Representatives of Macquarie and CIT in New York declined to comment.

The sponsors aim to put \$150 million of debt in place by the first quarter of 2019,

when the full 50 MW/300 MWh portfolio should be deployed. Macquarie will then look to sell down equity in the \$200 million portfolio.

Tesla Energy is supplying Powerpack 2 lithium-ion battery systems for the portfolio. ■

Moody’s Takes Dim View of Debt-fueled Dividend at Hunterstown

Moody’s Investors Service has downgraded the term loan associated with the Hunterstown gas-fired project in Pennsylvania in response to a plan by its private equity owner to pay itself a dividend with the proceeds of an additional debt raise.

Platinum Equity bought the 810 MW combined-cycle project out of **GenOn Energy’s** Chapter 11 proceedings earlier this year for \$520 million, financing the acquisition with a \$400 million term loan B and a \$40 million revolving credit facility (PFR, 2/28).

Morgan Stanley was left lead on the term loan, which was priced inside initial price talk

at 425 basis points over Libor with a 1% Libor floor and a 99.5% initial issue discount (PFR, 4/19, 5/2).

Now, Platinum intends to borrow a further \$150 million against the plant to pay itself a special dividend, which Moody’s says will reduce the amount of sponsor equity on the project’s balance sheet to zero.

The rating agency has downgraded the debt one notch from Ba3 to B1 in response to the proposal, citing increased leverage and a weakening of the incentives for the sponsor to support the project financially.

“The one notch downgrade to B1 reflects the meaningful

increase in leverage on a sustained basis resulting in weakened financial metrics for a lon-

“The one notch downgrade to B1 reflects the meaningful increase in leverage... and higher refinancing risk.”

ger period and higher refinancing risk,” wrote **Scott Solomon** and **Michael J. Mulvaney**, the analysts covering the credit at Moody’s, in a report dated Nov. 15.

“Moreover, the payment of a large dividend eliminates the cash equity that Platinum has invested in [the project] which, in Moody’s opinion, lessens the economic incentive to support its investment if the project encounters financial difficulties,” the analysts added.

Platinum continues to support the project with a roughly \$70 million equity-backed letter of credit, however.

Whether Morgan Stanley is involved in the incremental debt raise could not immediately be established.

Officials at Platinum in Los Angeles and Morgan Stanley in New York did not respond to inquiries by press time. ■

PROJECT FINANCE ●

Financial Close in Sight for 1.6 GW Brazil CCGT

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mens Financial Services. Gas Natural Açú is in turn owned 70% by Prumo and 30% by **BP Global Investments.**

The debt has been structured and lenders and sponsor are taking the final steps of negotiating details, says a source close to the deal. Some contracts have already been signed and the financing should close in the next weeks, adds another source.

The sponsors expect to finance the project with up to 65% debt and 35% equity.

The project was one of the winners in the A-6 auction held by **Aneel** in 2017, in which 35-year power purchase agreements were offered. Construction is expected to begin in 2019 with the aim of beginning operations in 2023.

The loan from BNDES was negotiated shortly after the power auction, say deal watchers. The sponsors could opt to use the subsidized *Taxa de Juros de Longo*

Prazo as the benchmark for the loan pricing.

Legal advisers involved in the deal include **Pinheiro Neto, Milbank** and **Souza Melo Torres.**

Prumo has been in talks with the IFC regarding the project since the start of the year, when it requested nearly \$400 million in debt financ-

ing. There is also a possibility that the IFC will become a partner in the project through an equity commitment of up to \$38 million.

According to the IFC website, it has proposed a \$250 million A loan, an up-to-\$105.6 million loan under its managed co-lending portfolio programme, and an

up-to-\$38 million equity investment in the project.

The Porto do Açú III CCGT will be built within the Porto do Açú complex in the municipality of São João da Barra, in the state of Rio de Janeiro. The 35 square mile port complex is 98.8% owned by Prumo. ■

Colombia Rethinks Power Auction

Colombia's national mining and energy planning unit, **UPME**, has announced it will postpone the country's first auction for generation including large-scale renewable energy projects.

Concurrently, the governor of the Atlantico department in Colombia, **Eduardo Verano de la Rosa**, is pushing to expedite a process to award the troubled electricity distributor **Electricaribe** to a private partner.

The rules for the renewables auction were due to be published

on Nov. 1 but UPME instead announced that, due to requests from prospective participants, it would postpone the process.

The auction was originally scheduled for Jan. 2 and is now expected to be held at a later date in the first quarter of 2019.

While officially technology-neutral, the auction was expected to assign between 1 GW and 1.5 GW of renewable energy capacity. Winning projects were expected to sign 10-year power purchase agreements.

The auction is seen as essential in order to compensate for the delays in the repair of the Ituango hydropower plant, which was supposed to generate more than 15% of the total capacity in Colombia (PFR 8/6).

Meanwhile, a sale process for Electricaribe earlier this month received only one bid, from **Enel.**

Enel has until Nov. 16 to amend its offer before development bank **Financiera de Desarrollo Nacional** approves the bid and prequalifies Enel for the auction. ■

STRATEGIES ●

Yieldco Shelves H.Y. Offering Amid “Choppy” Markets

Atlantica Yield last week withdrew a \$300 million high yield bond offering it had been marketing in a sign that stock market volatility has infected the debt capital markets.

Bank of America Merrill Lynch was acting as left lead on the deal, with **Barclays, JP Morgan** and **RBC Capital Markets** participating as bookrunners. The senior unsecured bonds were expected to have an eight-year tenor.

Atlantica Yield had intended to use the proceeds to pay down \$225 million of outstanding senior unsecured paper paying 7% that is due to mature next year. **Fitch Ratings** rates the yieldco's senior unsecured debt BB+.

New York-based spokespeople for all four of the bookrunners declined to comment.

“It's not the only issue to have been pulled from the market due to the correction,” says **Shalini**

Mahajan, a managing director at Fitch. “It's more a sign of choppiness in credit markets than the Atlantica credit itself.”

“Their 7% notes are due next November, so they have time,” Mahajan adds.

Atlantica Yield, which used to be called **Abengoa Yield** before **Algonquin Power & Utilities** took over as its sponsor, owns 22 operating projects around the world, most of which are renewable energy facilities.

The company's cash flows skew toward Europe, which is projected to generate 45% of its cash distributions, compared with 35% from North America, 9% from South America and 11% from the rest of the world, according to a Fitch report produced for the pulled deal.

Revenues from renewable energy projects are expected to make up 73% of the yieldco's cash

flows, with a further 16% due to come from a single gas-fired cogeneration plant in Mexico, the 300 MW ACT facility, which has been online since 2013 and has a 20-year power purchase agreement with **Pemex.** The remaining 11% of the company's cash flows are expected to come from transmission lines and water infrastructure.

The company plans to add transmission assets in Peru and Chile and the \$150 million Pemex Transportation System gas pipeline project in Mexico to its portfolio, according to its third quarter earnings call. The PTS project is under construction.

Atlantica Yield had more success pushing out its debt maturities in May, when it refinanced a \$125 million revolving credit facility that was due in December with a \$215 million line of credit expiring in December 2021. ■

● PEOPLE & FIRMS

Banker Exits CBA Amid Cuts, Lands at NAB

A New York-based infrastructure and utilities coverage banker has left **Commonwealth Bank of Australia**, which is downsizing its global banking and markets division, to take up a new role at **National Australia Bank**.

The banker, **Steven Vella**, had been with CBA for more than 15 years and was a director for Americas infrastructure and utilities coverage in New York until last month.

His departure is said to be connected to an overhaul of CBA's institutional banking division under new ceo **Matt Comyn** that was reported in September (Bloomberg, 9/13). As many as 100 jobs are set to disappear across the bank's offices in Europe, North America and Australia in the latest

round of redundancies, *PFR* understands.

Vella declined to comment when reached by phone on Nov. 20 and representatives for CBA did not immediately respond to a request for comment.

At NAB, Vella has been appointed director in the resources and infrastructure team, where he is expected to work closely with the specialised and acquisition finance team led by **Nick Barlow** as well as other product groups.

The specialised and acquisition finance team is in the process of drafting in a replacement for **Nick Pucius**, who was director of Americas energy before he returned to Melbourne last month (*PFR*, 10/22). ■

HPS Sews Up Purchase of Spruce Finance

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San Francisco.

The acquisition was fully financed with equity, says a person close to the process, who adds that the acquisition is a "natural follow-on" from a \$25 million capital injection into the company the investor made last summer.

The company has previously drawn equity backing from **Google Ventures, Edison International, Dominion Resources, Duke Energy, ADIA** and **Claremont Creek Ventures**.

The financial terms of the transaction were not disclosed. Spokespeople for HPS in New York and Spruce in San Francisco either declined to comment or did not immediately respond to inquiries by press time.

Thompson & Knight acted as legal adviser to Spruce on the deal while **Schulte, Roth and Zabel** advised HPS.

SECURITIZER

Spruce was created in 2015 as a result of a merger between **Kilowatt Financial** and **Clean Power Finance**, both of which were backed by Silicon Valley venture capital firm **Kleiner Perkins Caufield & Byers**.

The company worked with **Citi** on its debut solar securitization in 2016 (*PFR*, 6/22/16) and last year *PFR* reported that the

loan originator was working with **Goldman Sachs** to explore "innovative financing structures" to raise capital for its residential and home efficiency assets (*PFR*, 4/12).

Shortly thereafter, Spruce announced that it had completed the sale of a \$250 million portfolio of loans to a "North American bank with an expertise in consumer loan assets" whose identity was not disclosed (*PFR*, 6/22).

Also last year, Goldman agreed to acquire \$300 million of residential solar loans from Spruce competitor **Mosaic** under a forward flow agreement (*PFR*, 9/8/17). The loans were later securitized in Mosaic Solar Loan Trust 2018-2-GS (*PFR*, 6/26).

NEW LEADERSHIP

Christian Fong, co-chairman of Spruce's board of directors since early 2017, has meanwhile taken over the management of the company as president and ceo. The previous ceo, **Steve Olszewski**, had been in the role since June 2017.

Fong is the co-founder of **Renewable Energy Trust Capital**, a principal investment firm specializing in middle market investments in North American renewables. At RET Capital, he led the acquisition and development of over \$1 billion worth of wind and solar projects. ■

● ALTERNATING CURRENT

Paraguay Lures Blockchain's "Golden Goose" with Cheap Hydro



Paraguay, home to Jesuit ruins, rainforests and the world's largest dam, will soon also be home to what is being touted as the world's largest cryptocurrency mining center and exchange, which will be powered by the massive, state-owned Itaipú hydroelectric project under a 15-year contract.

The dam, which cost \$17.4 billion to construct and has a total capacity of 14 GW across its 20 units, will supply five cryptocurrency mining centers to be built in Ciudad del Este under the terms of an agreement between South Korean blockchain venture the **Commons Foundation** and a company called **Sisay**.

Christened the "Golden Goose," the project has the blessing of the Paraguayan government, which is providing five plots of land for the mining centers and their ancillary infrastructure.

The Itaipú hydro facility itself is owned by the governments of Paraguay and Brazil, with the Paraguayan government selling most of its portion of generation to Brazil.

Cryptocurrency mining is the process by which blockchain transactions are verified, by pools of miners computing hashing algorithms—a very energy intensive process—in exchange for a small crypto reward.

The blockchain behind Bitcoin (BTC)—the most well-known of the tokens being mined—burnt through about 2.55 GW, almost the total consumption of Ireland, as of May, according to an article published in energy journal *Joule* by **Alex de Vries**, a **PwC** blockchain specialist in the Netherlands.

It is no wonder, then, that the surplus of cheap electricity generated by the Itaipú dam has made Paraguay a cryptocurrency miner's paradise and resulted in thousands of crypto mining rigs springing up across the country.

Participants in the Golden Goose project will receive 30% of the mining profits and 70% of the cryptocurrency exchange profits, all in the form of MicroBitcoin (MBC) tokens, which utilize Bitcoin's blockchain protocol.

The foundation plans to conduct pre-sales of MBC, BTC and Ethereum (ETH) tokens to bolster participation in the project, as well as an initial exchange offering.

The MBC tokens that the Golden Goose intends to utilize were trading at three hundredths of a cent at press time, and are currently ranked 1,755th out of the 2,080 cryptocurrencies listed by capitalization on **Coin Market Cap**.

It remains to be seen whether Blockchain's "Golden Goose" will lay any golden eggs. ■