

Power Finance & Risk

The weekly issue from **Power Intelligence**

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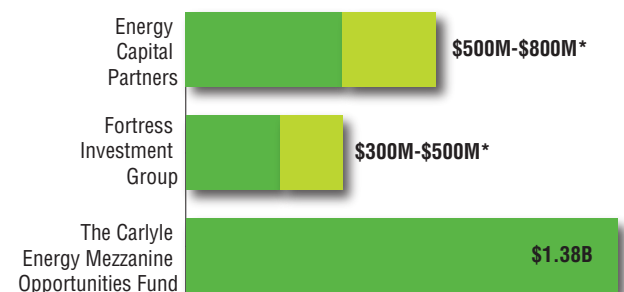
Carlyle Mezz Fund Tops Fundraising Goal

The **Carlyle Energy Mezzanine Opportunities Fund** has raised \$1.38 billion for energy credit investments since its inception just over one year ago, against an initial target of \$750 million. “People like energy right now,” says **David Albert**, managing director.

The fund is focused on project and company investments requiring \$20-150 million per transaction. It has made six investments across generation projects and upstream and downstream energy companies, leaving in excess of \$1 billion left to invest. “In the energy sector, mezzanine debt runs the gamut from first lien debt even to common equity. It is private capital that can’t be sourced publically or commercially,” Albert adds.

Carlyle’s fundraising is in sync with a thirst for yield that has
(continued on page 8)

Capital Raised For Recent Mezzanine Funds



*Indicates the targeted range; fundraising continues

Source: Power Intelligence

THE BUZZ

Investor appetite for high yield paper has been soaring over the last few months and power companies—**Northern Star Generation**, **Astoria Generating**, **Energy Investors Funds**—have rushed to lock-in attractive rates. Now, that appetite is beginning to look sated and pricing is, well, getting soft. Both EIF and **Highstar Capital**, prowling for acquisition financing, inked loans this week that saw pricing flexed, perhaps a signal of a slowing of the stampede to the institutional market (see stories, pages 4 & 5).

Invenergy and **Marubeni Corp.** turned instead to the project finance markets for a refinancing on the 370 MW Hardee gas-fired plant in Florida, looking to lean on the Japanese conglomerate’s relationship with Japanese banks. The duo snagged rock bottom pricing on the \$180 million loan: LIBOR plus 180 basis points. This in a
(continued on page 2)

First Wind Scopes Bids For Hawaii, Wash. Farms

First Wind is evaluating offers from entities interested in buying or taking stakes in assets in Washington and Hawaii.

The company put out feelers earlier this year to gauge interest in Hawaii and Washington assets. It was looking to see how much they could fetch and didn’t have a clear intent to sell, bankers say. The process resulted in a number of offers.

Marathon Capital is working with First Wind on evaluating the offers. Wind farms have not been sold in Hawaii so no comparative bid exists, bankers say, adding that makes estimating the price difficult. Details of the offers such as ownership structures and prices could not be determined.

First Wind has considered several options for raising capital, including sale leasebacks, an outright sale of assets or joint venture, says a renewables banker who has spoken with the
(continued on page 8)

Brookfield Floats Western Wind Takeover

Western Wind Energy Corp. received a C\$172.5 million (\$173.5 million) per share offer from Brookfield Renewable Energy Partners.
See story, page 6

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.
Exclusively online at powerintelligence.com

Generation Sale ■ DATABASE

Get the rundown on 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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market said to be hovering around L+250 bps. It's noteworthy to mention that sponsors with strong bank relationships can usually pull out favorable pricing even when credit committees have different priorities. The market has watched **LS Power** and **NextEra Energy Resources** turn to friends on the Street in the past to eke out pricing that mostly eludes other developers.

Branching away from its utility footprints in the Northeast, **National Grid USA** has taken an equity stake in four **Clean Line Energy** transmission projects in the central part of the country that gives the investor the option to buy the projects. Clean Line is developing the projects to ship renewable power to load centers (see story, page 6).

Spinning wind farms remain an acquisition target for entities that want contracted, operating assets. **BlackRock NTR Renewable Power Fund** is targeting majority stakes in two wind farms in the Midwest, owned by **EDF Renewable Energy** and **juwi North America Wind**. The transactions will be the maiden wind acquisitions for the fund established in mid-2011, that just reached a first close. **Algonquin Power & Utilities Corp.**, too, is hoping to close a wind farm acquisition by year end (see stories, page 7).

Bank of Tokyo-Mitsubishi emerged as one of the primary banks to pick up slack left in the project finance market when European lenders were sidelined by debt woes in their home countries. The bank has been on the hunt to bulk up its staff as it looks to sustain its role as a heavy hitter in the PF market, financiers say. In the last months it has added two people to its roster and just signed on **Jeffrey Knowles**, former global head of loan syndication at **Natixis**, and **Anja Sharma**, former director of bank loan sales at **Knight Capital Group**, in November (see story, page 4).

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.

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Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

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Institutional Investor, LLC

Issn# 1529-6652

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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/Comments
Algonquin Power & Utilities	Various (46.8 MW Hydro)	Various	TBA	It's quietly shopping the portfolio (PI, 11/26).
ArcLight, Olympus Power, John Hancock, Atlantic Power Corp.	Delta Person (140 MW Peaker)	Albuquerque, N.M.	Fieldstone Private Capital Group	Shortlist to emerge by October (PI, 9/10).
Atlantic Power Corp.	Path 15 (84-mile Transmission line)	California	Rothschild	The company is quietly shopping it; initial bids due soon (PI, 11/12).
Calpine	Broad River (847 MW Gas)	Gaffney, S.C.	None	Energy Capital Partners is buying the facility for \$427 million (PI, 11/12).
Dominion	Brayton (1,536 MW Coal, Oil, Gas) Kincaid (1,158 MW Coal) 50% Stake (1,424 MW Elwood Peaker)	Somerset, Mass. Kincaid, Ill. Chicago, Ill.	Citigroup, Morgan Stanley	Teasers are expected soon (PI, 9/17).
EDF Renewable Energy	Spearville 3 (100.8 MW Wind)	Ford County, Kan.		BlackRock NTR fund is buying a majority stake (see story, page 5).
Edison Mission Energy	Homer City (1,884 MW Coal)	Indiana, Pa.	Barclays	GE Capital Corp. is taking over its sale leaseback agreement in bankruptcy court (PI, 10/22).
Energy Investors Funds	Stake (550 MW Astoria Energy II)	Queens, N.Y.	Barclays	EIF recently mandated Barclays to sell its stake--the largest of the co-owners (PI, 10/22).
Energy Investors Funds	Rathdrum (275 MW Gas) Plains End I & 2 (228.6 MW Gas) Stakes (245 MW Cottage Grove Gas) Stakes (249 MW Whitewater Gas)	Rathdrum, Idaho Arvada, Colo. Cottage Grove, Minn. Whitewater, Wis.	Scotiabank	Initial bids due by Sept. 12 (PI, 9/10).
Enova Power Group	Plainfield (37.5 MW Biomass project)	Plainfield, Conn.	UBS	Teasers have gone out recently for the project that will be online next September (PI, 11/12).
Exelon	Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal)	Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md.	Citigroup, Goldman Sachs	Riverstone upsized its term loan B to \$175M (PI, 11/26).
Goldwind USA	Shady Oaks (109 MW Wind Farm)	Compton, Ill.	TBA	Algonquin is in negotiations to buy the farm (see story, page 7).
Harbert Power	Hanford (95 MW Gas) Henrietta (97 MW Gas) Tracy (314 MW Gas)	Kings County, Calif. Kings County, Calif. Stockton, Calif.	Morgan Stanley, Merit Capital Advisors	Highstar lands a \$200M financing package (see story, page 5).
juwi North America Wind	Zephyr (30.5 MW Wind)	Nobles County, Minn.		BlackRock NTR fund is buying a majority stake (see story, page 5).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	CIBC	The sale has entered the second round (PI, 9/3).
Iberdrola Renewables	Various (Wind, Solar)	Various	JPMorgan, Blackstone	The Spain-based parent is driving the sale of 700 MW of spinning wind plus wind, solar development assets (PI, 7/16).
Iberdrola Renewables	Klamath (636 MW Cogen)	Klamath Falls, Ore.	Royal Bank of Canada	First round bids are in (PI, 6/4).
Inland Energy, City of Palmdale, Calif.	Hybrid (570 MW Gas, Solar Project)	Palmdale, Calif.	None	Bids are due Dec. 3 (PI, 10/29).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	Wayzata has agreed to buy it (PI, 10/15).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas)	Brooklyn, N.Y.	Credit Suisse	High competition for the facility as management presentations get underway (PI, 7/27).
PPL Corp.	Various (604 MW Hydro) Colstrip (529 MW Coal) Corette (153 MW Coal)	Various, Montana Colstrip, Mont Billings, Mont.	UBS	The utility holding company is selling its unregulated Montana operations (PI, 11/12).
Rockland Capital, John Hancock Life Insurance and Atlantic Power Corp.	Gregory Power Partners (400 MW CCGT Cogen)	Gregory, Texas	TBA	Teasers are out (PI, 10/29).
Sempra U.S. Gas & Power	Mesquite Power (1,250 MW Gas)	Arlington, Ariz.	TBA	Sold half of Mesquite to Salt River Project (PI, 11/12).
	Mexicali (625 MW Gas) Copper Mountain 1 (58 MW Solar) Copper Mountain 2 (150 MW Solar project) Mesquite 1 (150 MW Solar)	Mexicali, Baja California, Mexico Boulder City, Nev. Boulder City, Nev. Arlington, Ariz.		The Sempra Energy unit is talking with prospective advisors (PI, 10/22).
SunPower	AVSP 1 (325 MW Solar PV) AVSP 2 (276 MW Solar PV)	Rosamond, Calif.	Morgan Stanley	Teasers were recently released (PI, 9/17).
Tenaska Solar Ventures	Imperial Solar Energy	Imperial County, Calif	Royal Bank of Canada	Tenaska is looking to bring in a minority owner that has tax appetite (PI, 6/4)
Western Wind Energy Corp.	Windstar (120 MW Wind) Windridge (4.5 MW Wind) Mesa (30 MW Wind) Kingman (10.5 MW Wind, Solar PV) Yabucoa (30 MW Solar PV)	California California Arizona Puerto Rico	Rothschild, PI Financial	Brookfield has made a per share offer for the assets outside of the auction (see story, page 6).

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@iintelligence.com.

PROJECT FINANCE

EIF B Loan Prices Wide

Energy Investors Funds has priced a \$246 million refinancing of a trio of coal-fired plants wide of initial price talk. The term loan B was pitched at LIBOR plus 375-400, but priced at L + 500 bps as investor appetite waned on the influx of high-yield paper, says a banker.

The seven-year loan had its LIBOR floor increased 25 bps from 1% to 1.25%. It has a no-call provision for 18 months. **Standard & Poor's** rates the loan BB+ and **Moody's Investors Service** rates it Ba2. **Morgan Stanley** arranged the package.

The high-yield market has softened in the last couple of weeks following a period of heavy demand and attractive pricing for borrowers, deal watchers say. The influx of paper has tempered

FAST FACT

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pricing across the market not just power, notes one banker.

Highstar Capital saw pricing step up on its \$173.5 million B loan that closed at L + 475 bps from guidance of 425-450 bps (see story, page 5).

Proceeds will be used at EIF subsidiary **Windsor Financing** to repay outstanding debt on bond issuances due in 2016 and 2017 backed by three coal-fired plants in North Carolina and Virginia (*PI*, 10/30). The plants include the 110 MW Spruance I and the 110 MW Spruance II in Richmond, Va. and the 110 MW Edgecombe in Rocky Mount, N.C. They sell power to **PJM** via the **Virginia Electric & Power Co.** with power purchase agreements until 2015 for the Virginia plants and 2017 for the North Carolina plant.

A Morgan Stanley spokeswoman did not immediately respond to an inquiry, while an EIF spokesman declined comment.

BTMU Beefs Up PF Team

The **Bank of Tokyo-Mitsubishi** has expanded its project finance outfit with two hires.

The Japanese bank has hired **Jeffrey Knowles**, former global head of loan syndication at **Natixis**, and **Anja Sharma**, former director of bank loan sales at **Knight Capital Group**, to its syndication team.

BTMU has had a large role in the market this year and is looking to add staff, financiers say. The bank is a lead on the deal to finance **BP Energy** and **Sempra U.S. Gas & Power's** 419 MW Flat Ridge 2 wind project and was among the group leading the

\$3.4 billion term loan A for **Cheniere Energy's** Sabine Pass gas liquefaction project in Sabine Pass, La.

Earlier this year, the bank hired **Yen Hua**, former syndications v.p. at **Royal Bank Of Scotland** (*PI*, 10/31) and landed **Ralph Scholtz** as head of its project finance activity in Latin America.

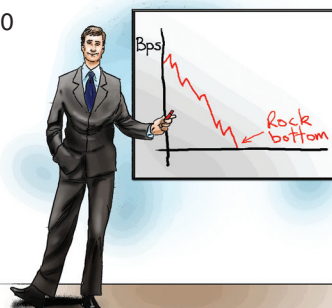
Knowles' title and to whom he reports could not be learned. A BTMU spokeswoman did not immediately reply to an inquiry. Sharma was not reached; an employee answering her line confirmed she left Knight, a financial services company, about three weeks ago. Knowles could not be reached.

Invenergy, Marubeni Score 180Bps On Refi

Invenergy and **Marubeni Corp.** snagged rock bottom rates in their refinancing of the jointly-owned 370 MW natural gas-fired Hardee Power Plant in Bowling Green, Fla. The 15-year, \$180 million loan came in at LIBOR plus 180 basis points.

The pricing is roughly 70 bps under today's market, says a financier. The tenor, too, came in more sponsor friendly than other deals in the market. "Right now, if you want 15-years, you issue bonds," the financier says.

The deal will allow Invenergy to retire shorter term financings associated with the plant and push additional capital toward project development, says a spokeswoman in Chicago, who could not immediately comment on deal terms. **Xavier Tournier**, a v.p. at Marubeni, declined to comment.



The deal was led and arranged by **Mizuho Corporate Bank**; **Sumitomo Mitsui Trust Bank** participated. The terms may make it difficult for the two banks to sell off pieces, says a syndicator. Representatives from both banks did not respond to inquiries by press time.

Hardee was Invenergy's maiden generation acquisition in 2003 for \$100 million plus the assumption of debt, with an estimated value of \$185 million (*PI*, 8/25/03). Marubeni bought a 49% stake in the plant in May, 2009, when it bought into **Invenergy Financial** (*PI*, 5/5/09). As part of the deal, Invenergy and Marubeni jointly own two other natural-gas fired energy facilities: the 314 MW Spindle Hill peaking plant in Colorado; and the 357 MW Cannon Falls peaking plant in Minnesota. In addition, they jointly own the 78 MW Raleigh wind project in Ontario, Canada.

Highstar Nets GWF Financing

Highstar Capital has wrapped a \$200 million financing to back its acquisition of **Harbert Power's** independent power producer **GWF Energy** in California.

The six-year holding company package is comprised of a \$173.5 million term loan and \$29.4 million in credit facilities and revolvers. Pricing came in at LIBOR plus 475 basis points with a 125 bps floor. It has an original issue discount of 97.5. Funds allocated and were trading as of yesterday, says a deal watcher.

The shop is targeting a close in mid-December around when the acquisition of the 506 MW fleet is expected to be finalized ([PI, 10/15](#)). **Barclays** advised on the acquisition and arranged the debt.

The loan launched at L + 425-450 bps with an OID at 99, but markets softened in the interim so the deal priced wide of the range, notes the deal watcher, adding that pricing still beats what the company had modeled for the deal's debt.

FAST FACT

▶ Pricing still beats what the company had modeled for the deal's debt.

GWF owns the 95 MW Hanford peaker and the 97 MW Henrietta in Kings County, Calif., as well as the 314 MW Tracy combined cycle facility in Stockton, Calif. Highstar also owns the 579 MW Griffith and 572 MW Arlington Valley in Arizona under **Star West Generation**.

Officials at Barclays and Highstar either declined to comment or did not respond to inquiries. A Barclays spokesman could not immediately comment.

New Lone Star Shop Targets Gas Financing

Coronado Power Ventures, a new Plano, Texas-based developer, will soon fire up a search for \$650 million backing a natural gas-fired power plant in Edinburg County, Texas. The company will aim to finance the 700 MW facility under a subsidiary called **Edinburg Power**.

The developer filed as an LLC on Feb. 24 this year in Texas. It lists **Kathleen Smith** and **John Upchurch** as working with the company. Neither could be contacted by press time. The company filed documents in April this year on behalf of **La Paloma Energy Center** at the U.S. **Environmental Protection Agency** for a similar gas-fired facility.

Gary Neus, a financing consultant assisting Coronado and formerly in power development at the **Getty-Texaco** group of companies, says the search for financing is in its infancy. "We

just have to wait for a couple of permits to be issued and then we can really start looking," he says. The company received approval for the project from the Edinburg City Council last week, which included a 10-year tax incentive package.

Neus says the company will use a combination of debt and equity to fund the project. "We may look to do a bond deal. We may take a deal from a hedge fund. We will have to wait and see. We're not sure about the U.S. banks and their lending at the moment. If the European banks come back then we would definitely like to talk to them," he adds. Neus also says that he expects some stability to return to the market following the reelection of **Barack Obama**.

The Coronado project has not yet secured a power purchase agreement.

MERGERS & ACQUISITIONS

BlackRock NTR Fund Nears 1st Wind Plays

BlackRock NTR Renewable Power Fund is close to making its maiden investments in wind assets in the U.S. The renewable infrastructure fund joint venture between **BlackRock Alternative Investments** and **NTR** hit its first close in the second quarter and has raised about \$200.9 million to date, according to a Nov. 27 filing with the U.S. **Securities and Exchange Commission**.

The fund is circling taking stakes in an **EDF Renewable Energy** wind farm in Kansas as well as a **juwi Wind North America** wind farm in Minnesota. In both transactions it will hold the majority equity stake in an asset that also has tax equity investors. Each is slated to close by year-end.

The fund is also poised to take an 80% stake in EDF's 100.8 MW Spearville 3 wind farm in Ford County, Kan., according to a recent filing with the U.S. **Federal Energy Regulatory Commission**. A **Bank of America** affiliate has agreed to take on a tax equity

position ([PI, 11/20](#)). The farm has a 20-year power purchase agreement with **Kansas City Power & Light**.

It will take a similar stake in juwi's 30.5 MW Zephyr wind farm in Nobles County, Minn. The rest will be held by the developer and tax equity investor **Firststar Capital Corp.**, a unit of **US Bancorp**, says a deal watcher. The Zephyr project has a 20-year PPA with **Northern States Power**.

Renewable Power Fund has been actively scouting for wind and solar assets to add to its portfolio since its formation in June 2011, say renewables bankers who have had conversations with the team.

A BlackRock spokesman did not immediately respond to an e-mail inquiry and an NTR spokesman in Dublin was not available for comment at press time. Spokeswomen for EDF Renewable Energy and juwi did not immediately respond to inquiries.

Nat Grid Readies \$40M Transmission Play

National Grid will make a \$40 million equity investment in **Clean Line Energy Partners** to help build out four transmission line projects that will transfer power from renewable projects across the country.

John Cochrane, executive v.p. at National Grid, says around 10% of investments over the next eight years are expected to be outside its existing regulated activities and traditional Northeast base. "From a strategic perspective, this is the first time in a while that we have invested outside of our footprint," says Cochrane. "This deal just ticked all the boxes. We like the **Federal Energy Regulatory Commission** regulations and we liked the Clean Line team."

National Grid has a pre-emptive right to invest up to 100% in

FAST FACT

▶ The four projects will connect over 14 GW of wind generation to cities without easy access to renewable power.

the projects if it wants and has a call option to buy out existing investors.

Michael Skelly, president and founder of Clean Line, says there is a need to upgrade and replace lines to carry renewable energy. "It is a business that requires a lot of capital for a number of years," he adds. Skelly made particular mention of ERCOT requiring around \$7 billion for transmission projects by 2015. "There is a lot of interest in transmission at the moment, especially from infrastructure funds, pension funds and private equity groups," he adds.

The four HVDC transmission projects covered by the National Grid investment will connect over 14,000 MW of wind generation to cities without easy access to renewable electricity. Pending some regulatory checks, this initial transaction should go through early in the New Year.

Brookfield Moves To Takeover Western Wind

Western Wind Energy Corp. has received a C\$2.50 (\$2.51) per share offer from **Brookfield Renewable Energy Partners**, its largest shareholder with a 16% stake.

The roughly C\$172.5 million (\$173.5 million) offer is separate from an ongoing sales process at Western Wind because the two parties came to an impasse over a standstill agreement and Brookfield is not participating in the auction. Standstill agreements commonly limit the number of shares an investor can buy although it can also establish an exclusive negotiation period. Details regarding the standstill clause could not be learned.

Jeff Ciachurski, ceo of Western Wind in Vancouver, B.C., declined to comment while a Brookfield spokesman could not immediately comment on the standstill clause.

Brookfield's offer will remain open until Jan. 28; it requires the assent of half of Western Wind's shareholders. More details regarding the offer will be made in public in a regulatory filing in Canada although the documents were not posted online by press time.

Western Wind has fended off a board takeover move by hedge fund shareholder **Savitr Capital** ([PI, 9/26](#)). Prospective buyers are in the second round of due diligence. Western Wind's sales process run by **Rothschild** and **PI Financial**. Brookfield is working with law firm **Torys**.

Western Wind has indicated to analysts that initial bids in the sale process have come in above \$2.50. However, the money is sometimes scaled back in binding offers. The amount of first round bids could not be learned.

Brookfield made the bid after talking with other shareholders, said its spokesman. It has not had direct discussions with the Western Wind board yet over the offer. The offer is structured

to allow Western Wind to finish its sales process to find a buyer. Brookfield bought out existing shareholder investment manager **GCIC's** roughly 16% stake for \$2.25/share ([PI, 9/19](#)).

Western Wind owns three operating wind farms in California: the 120 MW Windstar, 4.5 MW Windridge and the 30 MW Mesa. It also owns the 10.5 MW Kingman solar and wind facility in Arizona. The farms in Tehachapi, Calif., are adjacent to existing Brookfield assets.

Western Wind financed last year its \$120 million, 30 MW solar project in Yabucoa, Puerto Rico, that is under construction ([PI, 2/8/11](#)). Yabucoa has a 20-year power purchase agreement with the **Puerto Rico Electric Power Authority**. It has other development projects including three wind projects in California and Arizona.



Algonquin Scoops Goldwind Wind Farm

Algonquin Power & Utilities Corp. has agreed to buy a wind farm in Illinois from wind turbine manufacturer **Goldwind USA**.

The acquisition of the \$200 million, 109.5 MW Shady Oaks farm near Compton is expected to be closed by year-end although there is a possibility it will carry over into the early days of January, according to a Nov. 23 filing with the U.S. **Federal Energy Regulatory Commission**. The project has a 20-year power purchase agreement with **Commonwealth Edison Co.**

Goldwind USA is a subsidiary of **Xinjiang Goldwind Science and Technology** that has used project development as a way

to get into the U.S. wind market ([PI, 2/26/10](#)). It bought a 20 MW project in Montana in January.

Algonquin, based in Oakville, Ontario, has been looking to augment its holdings in the U.S. through larger renewables and utility acquisitions ([PI, 11/26](#)). Earlier this year, it bought stakes in a four wind farm portfolio in Texas, Illinois, Pennsylvania and Iowa from wind turbine manufacturer **Gamesa** for \$269 million.

Neither the purchase price nor whether advisors were used could be determined. An Algonquin spokeswoman did not immediately respond to an inquiry. A Goldwind spokesman declined to comment.

STRATEGIES

Innergex To Issue \$50M+ In Shares

Innergex Renewable Energy will issue up to C\$57.5 million (\$57.92 million) of cumulative redeemable fixed-rate preferred series C shares. The independent renewable power producer will use the funds to repay a portion of its revolving term credit facility and for general corporate purposes.

The C\$25.00 (\$25.18) shares will be available on the Canadian stock exchange and the offering is expected to close on Dec. 11. A spokeswoman in Longueuil, Quebec, did not respond to inquiries by press time.

The Quebec-based company will issue the shares on a bought deal basis to a syndicate of underwriters co-led by **TD Securities**, **National Bank Financial** and **BMO Capital Markets**. Innergex will

FAST FACT

▶ The fixed dividend will yield 5.75% annually and will not be redeemable before Jan. 15, 2018.

issue an initial C\$50 million in shares and the underwriters will have the option to purchase additional shares, increasing the value of the deal to C\$57.5 million. Representatives from these institutions chose not to comment on the deal.

The fixed dividend will yield 5.75% annually and will not be redeemable before Jan. 15, 2018. The shares will rank *pari passu* with all other series of preferred shares and in priority to common shares as to the payment of dividends and the distribution of assets on dissolution, liquidation, or wind-up. On and after Jan. 15, 2018, Innergex has the option to redeem all or from time to time any of the then outstanding shares upon payment in cash for each share at fixed rates.

Innergex most recently completed the C\$68.6 million (\$69.7 million) purchase of a pair of Hydro facilities in British Columbia from **Capital Power** ([PI, 10/17](#)).

NEWS IN BRIEF

News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but **PFR** does not guarantee its completeness or accuracy.



- SunEdison has signed three power purchase agreements for three solar projects in California totaling 86.5 MW.

Riverside Public Utilities, **Southern California Edison** and **San Diego Gas & Electric** each contracted with a project (*Bloomberg*, 11/29).

- **Public Service Company of New Mexico** has issued a request for proposals for renewable generation to help meet a state mandate. The utility is looking for wind, solar, hydro, geothermal or biomass projects that will be online no later than 2015 (*Power Engineering*, 11/29).

- SunPower has sold the 5 MW Kalaeloa solar facility in West Oahu, Hawaii, to a consortium that includes **D.E. Shaw Renewable**

Investments and **Bright Plain Renewable Energy**. The facility has a 20-year power purchase agreement with **Hawaiian Electric Industries** (*Nasdaq*, 11/29).

- **Basin Electric Power Cooperative** is looking to develop a 90 MW phase two to its Lonesome Creek gas-fired facility that is currently under construction near Watford City, N.D. The first \$64.5 million, 45 MW phase is expected to go online this summer (*The Bismarck Tribune*, 11/28).

- **Dominion Virginia Power** has received approval from the **Virginia State Corporation Commission** for a 3 MW solar demonstration project. The utility received approval to spend \$80 million instead of its requested \$111 million (*Virginia Business*, 11/28).

Carlyle Mezz (Continued from page 1)

pushed sponsors to tap B loans and mezzanine debt ([PI, 10/23](#)). Earlier in the year, it took a portion of the mezzanine debt in **Panda Power Funds** Temple merchant facility ([PI, 7/23](#)). Albert says the group is “focused on merchant generation.”

Within the last 18 months, a number of major asset managers have started up or signaled plans for similar funds: **Ares Management** ([PI, 7/8/11](#)), **U.S. Renewables Group** ([PI, 9/2/11](#)), and **Fortress Investment Group** ([PI, 9/7](#)). Others working in the space include **Babson Capital Management** and **Energy Capital Partners**.

The cost of mezzanine debt has typically been in the 10-15% range. This type of debt, which is made available where traditional lenders won't go, has some momentum, according to a deal-watcher at a major European bank.

Departing traditional lenders are also helping to fuel the importance of mezzanine debt funds, adds the deal watcher. It means larger deals than ever before as they fill that void, with amounts over \$100 million becoming as common as the traditional sub-\$100 million deals. Carlyle lent roughly \$170 million from its fund to an **Enova Energy Group** biomass facility in Connecticut after **Société Générale** exited the deal ([PI, 10/26/11](#)).

“We've seen larger deals and an increased opportunity set,” says Albert. He adds that the fund's ability to do its due diligence quickly means it can also deploy capital in a timely fashion, when there is a pressing need. Albert also says there is a lot of capital demand at the moment and the fund is working on a number of deals, particularly tax sensitive deals, which have to close by year-end. He declined to give details.

—**Nicholas Stone**

First Wind (Continued from page 1)

company. It is leaning toward sale leasebacks, which bring in cash up front, but have limited upside, and a sale. A joint venture brings with it tax equity questions and is seen as less likely, the banker says.

Proceeds would fund the development pipeline. The company joined with **Emera** on **Northeast Wind**, a joint venture in New England, in the months following its cancelled initial public offering as a way to raise capital ([PI, 3/25](#)). Private equity backers **Madison Dearborn** and **D.E. Shaw** are reluctant to put in more capital, although they are not looking to exit, bankers say.

The Hawaii assets are attractive because they are situated on islands away from the continental grid and have nicely priced power purchase agreements, deal watchers say. First Wind owns the 69 MW Kawaiola farm on Oahu, the 51 MW Kaheawa farm in Maui and the 30 MW Kahuku farm on Oahu. All have long-term PPAs. It also owns the 105 MW Palouse project in Whitman County, Wash., that will be online by year-end.

The distance from the mainland is also a factor in weighing ownership risks because if any problems occur with the towers or blades the parts have to either be shipped or flown to the island, says another banker. There was an explosion in August at the 15

ALTERNATING CURRENT



With Thanksgiving gone, we now turn our attention to the often painful task of buying presents for erstwhile friends and long-lost relatives. Fear not: **Consumers Energy** has something for you.

You can purchase from the **CMS Energy** subsidiary that services customers in Michigan a Gift of Energy certificate. Those receiving the certificates simply mail them in with their monthly bill payment and the amount will be deducted from the bill total. The certificates are available in varying amounts. From \$10 for that annoying uncle that always ruins Christmas lunch, to \$20 and \$25, all the way up to \$50 for that special someone.

“There are few gifts more helpful than the gift of a warm home,” said **Doug Detterman**, manager of customer care for Consumers in a statement. And as the frigid Michigan winter sets in, he has a point. Certificates cannot be redeemed for cash.

For a more green-friendly Christmas present, you can now buy the gift of carbon offset from **Energy Circle**. When you buy a Gift of Green, one native tree is planted in an ecosystem restoration project in the Kootenai National Forest in Montana. In acknowledgement of the purchase, the recipient of the present will receive a plantable ornament made of a cilantro seed paper, plus a card describing the environmental benefits of the tree.

MW battery storage unit at the Kahuku wind farm that took the farm offline. It's not expected to be operational until at least mid-2013.

An additional concern is the **Clipper Windpower** turbines used in Kahuku. **United Technologies Corp.** sold Clipper earlier this year to a private equity fund, **Platinum Equity**, that wants to negate the warranty agreements, potentially causing concern for new owners and existing lenders. First Wind has taken Los Angeles-based Platinum Equity to court over the proposal. Both the Kahuku and Kaheawa farms use Clipper Liberty turbines. A First Wind spokesman in Boston declined to comment on the litigation.

First Wind has lined up **Cook Inlet Region, Inc.** to make a tax equity investment in Palouse, which is contracted to **Avista Corp.** ([PI, 10/22](#)).

A First Wind spokesman did not respond an inquiry regarding a potential sale of the Hawaii and Washington farms while officials at Madison Dearborn and D.E. Shaw did not respond to messages.

—**Holly Fletcher**

QUOTE OF THE WEEK

“In the energy sector, mezzanine debt runs the gamut from first lien debt even to common equity. It is private capital that can't be sourced publically or commercially.” —**David Albert**, managing director of the **Carlyle Energy Mezzanine Opportunities Fund**, on the flexible role mezzanine debt funds are playing in financing power (see story, page 1).