

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

● MERGERS & ACQUISITIONS

● Q&A

● PEOPLE & FIRMS

Luminant Acquires 3 GW Gas-fired Duo

Energy Future Holdings subsidiary Luminant is buying two gas-fired projects in Texas from **NextEra Energy Resources**.

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Steven Nichols, Southern Co.

Southern Co.'s capital markets manager Steven Nichols talks to *PFR* about **Southern Power's** debut green bond.

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David Crane Steps Down from NRG

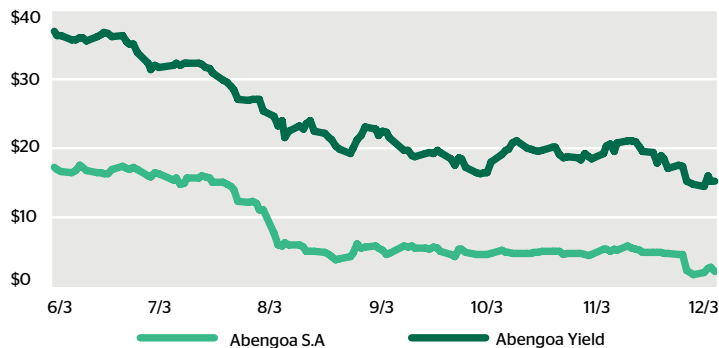
David Crane has resigned as ceo of **NRG Energy**. **Mauricio Gutierrez** replaces him.

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Abengoa Yield Plots Growth in Wake of Parent Woes

Olivia Feld

Abengoa S.A. and Abengoa Yield Closing Stock Price, 6/3/2015 to 12/3/2015



Source: Nasdaq

Abengoa Yield has hired a top tier investment bank to find a new sponsor that will allow the yield company to “grow further”, rather than buy out its embattled parent, says a company spokesperson.

The responsibility to find a buyer for **Abengoa's** 49.05% stake in the yield company

falls to the parent as the owner of the shares, a Seville-based spokesperson for Abengoa Yield tells *PFR* in an e-mailed statement.

Previously, the yieldco said it was planning to hire an investment bank to assist with a search for either a sponsor or an investor, on its third earnings call on Nov. 6 (*PFR*, 11/10).

The c-suite man- [PAGE 10 »](#)

Secondary Market for Wind Tax Equity Gains Momentum

Richard Metcalf

Three or four secondary tax equity deals, in which investors that hold tax equity in wind projects sell the cash portion of their position to third parties, are in the market and finding strong demand, say deal watchers.

The deals typically involve tax equity investments that are not

expected to meet their return targets within the 10-year period that the tax credits accrue following the construction of a wind project.

In such cases, the sellers are motivated by the desire to reach their return targets sooner, and also by regulatory pressures.

“We’ve had discussions with all of the top tax equity banks in the production [PAGE 8 »](#)

FERC Approves Talen Plan Despite Macquarie Protest

Richard Metcalf

The U.S. **Federal Energy Regulatory Commission** has approved a divestiture plan proposed by **Talen Energy**, which was challenged by **Macquarie Infrastructure Corp.**

The effect on competition of the proposed 1,315 MW sell-off would be comparable to two previously approved plans, according to FERC.

MIC's arguments [PAGE 7 »](#)

● AT PRESS TIME

Details Emerge on Tandem Deals for Mexico Wind Project

Olivia Feld

Mexico Power Group has sealed debt and equity financing for the 130 MW La Bufa wind farm in Zacatecas, Mexico. The sponsor closed both deals on Dec. 2.

Sumitomo Mitsui Banking Corporation, **Korea Development Bank** and **Nacional Financiera** provided \$212 million in an 18-year senior secured loan, say deal watchers. **Bancomext** provided subordi- [PAGE 2 »](#)



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● AT PRESS TIME



Volkswagen has an offtake agreement with the La Bufa project

Photo: Volkswagen

Details Emerge on Tandem Deals for Mexico Wind Project

« FROM PAGE 1 nated letter of credit and value added tax facilities.

First Reserve has taken an equity stake in the project, which is slated to be online in early 2017. **Marathon Capital** acted as financial advisor to MPG. The size of First Reserve's investment could not be learnt.

MPG hired Marathon in 2013 when it was looking for an equity investor for two of its projects (PFR, 6/18/13).

The La Bufa project is First Reserve's third wind facility in Mexico. "Given the nascent reforms in Mexico there's opportunity across

the energy value chain," says a deal watcher, who added that Greenwich, Conn.-based First Reserve will most likely continue to grow its presence in the region.

In 2011, the bank announced that it had formed a joint venture with Spain's **Renovalia Energy** to develop a portfolio of wind projects, including two projects in Wahaca, Mexico. **Cerberus** announced that it was acquiring Renovalia in October.

First Reserve has also taken equity in the **PEMEX** and **IEnova** Los Ramones II gas pipeline project in Mexico (PFR, 3/30).

The Korea Development Bank is growing its project finance footprint in the Americas, having recently made several hires to its New York-based group (PFR, 7/20).

Volkswagen de México has a 20-year power purchase agreement with the La Bufa project. Volkswagen has plants in Puebla and Silao, Guanajuato. MPG will construct the facility in partnership with **Cannon Power Group** and **Gamesa**, who are supplying the turbines.

Tijuana, Baja California-based MPG is headed by **Gerald Monkhouse** and **Brian O'Sullivan**, both formerly of Cannon Power Group.

Representatives of the MPG and Marathon Capital could not be reached. Spokespeople for First Reserve, SMBC and Korea Development Bank declined to comment. ■

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225 Park Avenue South, New York, NY 10003
Power Finance & Risk is a general circulation newsweekly.
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Institutional Investor, LLC ISSN# 1529-6652
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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	Advisor	Status/Comment
ArcLight, Maine Public Employees Retirement System, Treasurer of the State of North Carolina, the State of Texas	Woodbridge Energy Center (725 MW Gas)	Middlesex County, N.J.		Investors are selling their combined 38.8% stakes in Competitive Power Ventures' project back to CPV. John Hancock and Toyota remain minority owners (PFR 11/23).
Canadian Solar	Roserock Solar Project (158 MW Solar)	Pecos County, Texas	KeyBank, NordLB, Rabobank, Santander, CIT	Southern Company subsidiary Southern Power is purchasing a controlling interest in the project from Canadian Solar subsidiary Recurrent Energy (see story, page 5).
CarVal Investors, Merrill Lynch Credit Products, Vårde Partners, other financial investors	Granite Ridge (745 MW Gas)	Londonderry, N.H.		Calpine has launched a \$550M secured loan to back its acquisition of Granite Ridge (PRF, 11/16).
Community Energy	Amazon Solar Farm U.S. East (80 MW Solar)	Accomack, County		Dominion Energy has acquired the project, which will sell power to Amazon Web Services (PFR 11/23).
EDF EN Canada	Rivière-du-Moulin (350 MW Wind)	Fjord-du-Saguenay, Québec, Canada		Manulife, Industrial Alliance Insurance and Financial Services and Desjardins have purchased EDF EN Canada's stake in the project (PRF, 11/16).
EDF Renewable Energy	Spinning Spur 3 (194 MW Wind)	Oldham County, Texas		BlackRock acquired 50% of Spinning Spur 3, a 194 MW wind farm in Oldham County, Texas from EDF Renewable Energy (PFR 11/30).
Entergy Corp.	Rhode Island State Energy Center (583 MW Gas)	Johnston, R.I.		The Carlyle Group is raising \$375 million of debt and contributing \$207 million of sponsor equity to acquire the project (PRF, 11/16).
EverPower	New Creek Wind Project (103 MW Wind)	Grant County, W.Va.		Enbridge is acquiring the New Creek Wind Project from EverPower Wind Holdings for \$200 million (see story, page 6).
Fotovoltaica Los Prados	Los Prados (53 MW Solar)	Choluteca region, Honduras		Scatec and Norfund have acquired the project, which has an expected construction cost of \$100 million (PFR, 11/2).
Greenleaf Power	Eel River Project (28 MW Biomass)	Humboldt County, California		Humboldt Redwood Co. has purchased the facility to generate steam and electricity to power its sawmill operations (PFR, 11/16).
IFM Investors	Portfolio (1.08MW Gas, Oil, Hydro)	U.S.	Morgan Stanley	IFM has launched the sale of its Essential Power portfolio (PFR, 8/31)
LS Power	Portfolio (4,300 MW Gas)	U.S.	Citi, Morgan Stanley	The auction for the assets is in an "extended second round" according to a deal watcher (PRF, 11/16).
NextEra	Forney Energy Center (1.9 GW Gas)	Forney, Texas	Citi	Energy Future Holdings subsidiary Luminant is acquiring the two projects, collectively known as the La Frontera portfolio (see story, page 6).
	Lamar Energy Center (1.1 GW Gas)	Paris, Texas		
Northwest Power Services	Red River (52 MW Hydro)	Rapides Parish, La.		Private equity-owned FFP New Hydro has acquired the project (PFR, 11/9).
NRG Energy (525 MW Coal)	Seward Power Plant (525 MW Waste Coal)	New Florence, Penn.		NRG Energy is selling the 525 MW waste coal-fired Seward facility in Westmoreland, Penn. to Pittsburgh-based Robindale Energy (see story, page 5).
NRG Energy	Shelby County Generating Station (352 MW Gas)	Neoga, Ill.		A subsidiary of NRG Energy is selling the project to a fund managed by Rockland Capital (PFR 11/23).
Olympus Power	York Haven Hydro Station (20 MW Hydro)	York County, Pa.		I Squared Capital subsidiary Cube Hydro Partners has purchased the project (PFR 11/23).
Riverstone Holdings and U.S. Renewables Group	Bottle Rock (55 MW geothermal)	Lake County, Calif.		AltaRock Energy subsidiary Baseload Clean Energy Partners has purchased a 55 MW dry-steam facility in Lake County, Calif (PFR 11/30).
Talen Energy	Ironwood (778 MW, Gas)	Lebanon, Pa.	Credit Suisse, Kirkland & Ellis (legal)	TransCanada has agreed to acquire the project for \$654M following an auction (PFR, 10/12).
	Holtwood (252 MW, Hydro)	Holtwood, Pa.	RBC Capital Markets, Simpson Thacher & Bartlett (legal), Morrison & Foerster (legal, buyer)	Brookfield Renewable Energy and institutional partners have agreed to acquire the assets for \$860 million (PFR, 10/12).
	Lake Wallenpaupack (40 MW Hydro)	Hawley, Pa.		
	C.P. Crane (399 MW Coal)	Middle River, Md.		
Talen Energy	Sapphire Portfolio (655 MW Gas Oil)	New Jersey, Pennsylvania		FERC has approved a third divestiture plan proposed by Talen Energy. As a result, Talen is not under immediate regulatory pressure to sell the portfolio (see story, page 1).
TAQA (Abu Dhabi National Energy Co.)	Lakefield Wind Project (206 MW Wind 50%)	Jackson County, Minn.		Abu Dhabi National Energy Co. subsidiary TAQA Energy Solutions is selling 50% stake in the 206 MW Lakefield Wind Project to Nebras (PFR 11/30).
Renova	Portfolio (2.7 GW Wind)	Brazil		SunEdison has terminated agreements with Renova Energia to acquire a portfolio of assets and take a stake in the company (see story, page 5).

● 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 Editor Richard Metcalf at (212) 224 3259 or e-mail richard.metcalf@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)	Loan	Loan Amount	Tenor	Notes
Ares EIF	St Joseph Energy Center (700 MW Gas)	New Carlisle, Ind.	BNP Paribas	Term	\$400M	TBA	The deal has closed (PFR, 11/30).
Calpine	Mankato Power Plant (365 MW gas-fired)	Mankato, Minn.,	MUFG, Crédit Agricole, CoBank, Siemens Financial Services, CIC, SMBC and Associated Bank	Debt	\$460M	4-yr	The deal has closed (PFR, 11/30).
	Freeport Energy Center (250 MW gas-fired)	Freeport, Texas					
Competitive Power Ventures	Towantic (805 MW Gas)	Oxford, Conn.	GE EFS, ING, Natixis, MUFG, NordLB, Mizuho	Debt	TBA	TBA	The sponsor is in the market for debt and is in talks with the lenders listed here (PFR, 8/17).
Citizens Energy Corp, ClearGrid Energy	Portfolio (Capacity Unknown, Solar)	Massachusetts	TBA	Debt, Tax Equity	TBA	TBA	Sponsors will seek tax equity and debt financing for a number of community solar projects (PFR, 10/26).
EDF Renewable Energy	Slate Creek Wind Project (150 MW Wind)	Sumner County, Kan.	TBA	Tax Equity	TBA	TBA	A subsidiary of EDF RE is selling tax equity in the 150 MW Slate Creek Wind Project to MUFG Union Bank (PFR, 11/23).
Energy Transfer Partners	Trans-Pecos (143-mile Gas Pipeline)	Pecos County, Texas, to Presidio, Mexico	BBVA, Mizuho, MUFG, SMBC	TBA	\$646.9M	20-yr	ETP has closed \$116 billion in debt financing for two natural gas pipelines that will connect Texas' Waha hub to the Mexican border (PFR, 11/23).
Energy Transfer Partners	Comanche Trail (195-mile Gas Pipeline)	Pecos County, Texas, to El Paso, Mexico	BBVA, Mizuho, MUFG, SMBC	TBA	\$508.2M	20-yr	
GE, MetLife	Pilot Hill Wind Project (175 MW Wind)	Kankakee and Iroquois counties, Ill.	TBA	Tax Equity	TBA	TBA	The deal has closed with GE and MetLife taking 50% each of the passive class A interests in the project (PFR, 11/30).
Hunt Consolidated	Southline Transmission	New Mexico, Arizona	TBA	TBA	TBA	TBA	Hunt has cleared two major regulatory hurdles towards financing its \$800M project (PFR, 11/16).
Invenergy	Clear River (900 MW+ Gas)	Burrillville, R.I.	TBA	TBA	TBA	TBA	The project is slated to cost \$700M to develop (PFR, 8/10).
LS Power	University Park North (540 MW Gas)	University Park, Ill.	TBA	TBA	TBA	TBA	LS Power is refinancing three gas-fired peakers that are part of larger portfolio of assets up for sale (PFR, 11/16).
	University Park South (300 MW Gas)	University Park, Ill.	TBA	TBA	TBA	TBA	
	Riverside (856 MW Gas)	Zelda, Ky.	TBA	TBA	TBA	TBA	
Magnolia LNG	Magnolia LNG (80 mtpa LNG)	Lake Charles District, La.	TBA	Debt	<=\$3B	TBA	Teasers are likely to be sent out in early October (PFR, 8/10).
Mexico Power Group	La Bufa (130 MW Wind)	Zacatecas, Mexico	SMBC, Korea Development Bank, Nacional Financiera	Debt	\$212M	18-yr	Debt and equity financing for the 130 MW La Bufa wind farm in Zacatecas, Mexico closed on Dec. 2 (see story, page 1).
			Bancomext	LC, VAT Facilities	TBA	TBA	
NextEra Energy	Carousel (150 MW Wind)	Kit Carson County, Colo.	JP Morgan, Wells Fargo	Tax Equity	TBA	TBA	JP Morgan and Wells Fargo are investing tax equity in the project (PFR 11/16).
NRG Energy	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	TBA	TBA	TBA	The sponsor is "exploring financing options" for the \$850M project (PFR, 11/9).
Panda Power Funds	Panda Sherman (1,200 MW Gas post expansion)	Grayson County, Texas	Paris, Texas	TBA	TBA	TBA	The 450 MW expansion project is pegged at a cost of \$200M to \$300M (PFR, 8/30).
Pattern Energy	St. Joseph (138 MW Wind)	Manitoba, Canada	TBA	TBA	TBA	TBA	Pattern is refinancing the project's 20-year loan sealed in 2010 (PFR, 11/9).
Recurrent Energy	Astoria (100 MW Solar)	Kern County, Calif.	Santander, Nord LB, Rabobank, Key Bank, CIT Bank	Construction, Term Loan	\$260M	TBA	Recurrent Energy has sealed \$260M in debt and tax equity for the project, which has a 15-year PPA (PFR, 11/23).
			GE Energy Financial Services	Tax Equity	TBA	TBA	
RET Capital	Coram (102 MW Wind)	Kern County, Calif.	Capital One	Tax Equity	TBA	TBA	Renewable Energy Trust Capital has requested authorization for a tax equity investment from Capital One for the project (PFR, 11/23).
Rockland Capital	Michigan Power (125 MW Gas)	Ludington, Mich.	BNP Paribas	Term Loan	\$216M	7-yr	Price talk on the term loan is said to be around Libor plus 375 basis points (PFR, 11/23).
				Credit Facility	\$47M	5-yr	
sPower	Latiga (62 MW Wind)	San Juan County, Utah	EFS Renewables	Tax Equity	TBA	TBA	sPower is seeking authorization for tax equity investments for a wind and solar project (PFR, 11/9).
sPower	Sandstone (45 MW Solar)	Florence, Ariz.	Wells Fargo	Tax Equity	TBA	TBA	
Samsung	Windsor (50 MW Solar)	Windsor, Ontario	TBA	Tax Equity, Debt	TBA	TBA	Samsung Renewable Energy seeking debt and equity financing for two Canadian solar projects (PFR, 11/23).
Samsung	Southgate (50 MW Solar)	Grey County, Ontario	TBA	Tax Equity, Debt	TBAO	TBA	

New or updated listing

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MERGERS & ACQUISITIONS ●

SunEdison Cancels Agreements with Renova

SunEdison has terminated agreements with **Renova Energia** to acquire a portfolio of assets and take a stake in the company.

TerraForm Global, SunEdison's emerging markets yield company, agreed to acquire 2.7 GW of development stage wind and hydro projects from Renova between 2016 and 2020, provided certain conditions and contingencies were met. TerraForm Global later assigned its rights and obligations under the agreement to SunEdison.

The Bethesda, Md.-based sponsor also agreed to acquire a 16% stake in Renova from Rio de Janeiro-based developer **Light Ener-**

gia for \$250 million.

Both deals collapsed on Dec. 1, because "certain conditions precedent to closing were not satisfied", says SunEdison in a statement. A spokesperson for the company in Belmont, Calif., declined to go into further detail.

However, SunEdison is maintaining its agreement with Renova to jointly develop and operate 1 GW of utility scale solar projects in Brazil. Both companies will have a 50% stake in the joint venture. The JV will build and operate four utility scale solar projects in Bahia

State, Brazil, by 2017, both companies said in July.

In September, TerraForm Global announced that it had closed its acquisition of two operating wind assets totaling 294 MW for \$320.7 million from Renova, part of the yieldco's original initial public offering portfolio. The Salvador and Bahia wind projects in Brazil were purchased with a combination of TerraForm Global class A common stock and cash that was allocated from the proceeds from TerraForm Global's IPO. The yieldco was planning to acquire a further hydro project

in the fourth quarter of this year, for approximately \$33.2 million in cash.

SunEdison says that it expects its acquisitions from **Invenergy** and **Dominion Resources** to close this month. SunEdison and TerraForm Power are in the process of acquiring a 930 MW wind portfolio for \$2 billion from Invenergy and a 33% stake in a 425 MW solar portfolio for approximately \$300 million from Dominion (PFR, 7/7), (PFR, 9/9).

Representatives for Renova in São Paulo, Brazil, did not respond to inquiries. ■

Southern Company to Buy Recurrent Solar Project

Southern Power, a subsidiary of Southern Company, is purchasing a controlling 51% interest in the 158 MW Roserock solar project from **Canadian Solar** subsidiary **Recurrent Energy**.

Recurrent Energy, which is developing the Pecos County, Texas-based facility, will retain the remaining 49% interest in the project.

Recurrent Energy has also closed a construction and term debt facility with a syndicate of five banks,

including **Rabobank**, **Santander**, **NordLB**, **CIT**, and **KeyBank**, which is serving as the coordinating lead arranger.

The institutions will provide project-level construction debt, letters of credit facilities and a backleveraged term facility, totalling approximately \$275 million.

"We have seven projects under development, scheduled to be operational before the end of 2016," said a spokesperson for San Fran-

cisco-based Recurrent in an e-mail. Recurrent has recently closed financing for a number of projects (PFR 11/19).

"Recurrent has announced financial close for five of the seven projects. We expect to announce additional financing transactions for the remaining projects in the weeks ahead," the spokesperson added.

Austin Energy has a 20-year power purchase agreement with the project for its generation and associ-

ated renewable energy credits.

Roserock, Southern Power's first solar project in Texas, is being constructed by **McCarthy Building Companies** and is expected to be online at the end of 2016.

The spokesperson for Recurrent declined to comment on the purchase price or give any further details on the debt financing. Representatives for Southern Power in Atlanta could not immediately be reached for comment. ■

NRG Energy to Sell Waste Coal-fired Facility in Pennsylvania

NRG Energy has announced the sale of the 525 MW waste coal-fired Seward facility in New Florence, Penn., as part of its asset rebalancing program.

A subsidiary of Pittsburgh-based **Robindale Energy Services** is acquiring the facility, which is located in the PJM market.

At the same time, NRG announced the sale of the 352 MW Shelby County facility in Neoga, Ill., which operates in the MISO market, to a company

managed by **Rockland Capital**, which was reported by *PFR* in November (PFR 11/13).

The combined purchase price for Seward and Shelby is \$138 million in cash and other consideration, according to a statement. A spokesperson for NRG in Princeton, N.J., declined to comment on how much it is selling the individual projects for.

M&T Bank has underwritten an extension of Robindale's credit facility to help it finance the acquisition, **Judd Kroh**, cfo

at Robindale tells *PFR*. M&T is syndicating the extension.

The facilities are projected to average \$10.5 million of adjusted annual EBITDA over the next three years and will require approximately \$17 million in maintenance expenditures over the same period.

NRG will continue to provide operations and maintenance for the Seward facility on Robindale's behalf, under the terms of the sale agreement. NRG will not provide O&M for the Shelby

project, said the spokesperson.

Both projects are owned by NRG subsidiary **GenOn Energy**.

These sales are the latest developments in the 'NRG Reset', a plan to minimize the company's balance sheet by cutting more than \$1.3 billion, in part by reviewing and selling off projects like Shelby and Seward (PFR, 12/3).

The transactions are expected to close in the first quarter of 2016. NRG did not use a financial advisor for the sale. ■

● MERGERS & ACQUISITIONS

Luminant to Acquire Gas-Fired Duo from NextEra

Luminant, a subsidiary of **Energy Future Holdings**, is acquiring a portfolio of two gas-fired projects in Texas from **NextEra Energy Resources**.

The La Frontera portfolio consists of the 1.9 GW Forney Energy Center in Forney and the 1.1 GW Lamar Energy Center in Paris. Both projects are operational, merchant and connected to **ERCOT**.

The projects are the first combined-cycle gas-fired plants to be held by the Dallas-based company, a spokesperson for Luminant tells *PFR*.

The two projects have a combined purchase price of approximately \$1.3 billion. The deal also includes an additional \$239

million for cash and approximately \$37 million for net working capital, EFH said in a statement.

Luminant expects to fund the acquisition with cash on hand and existing credit facilities. The spokesperson declined to identify the lenders.

EFH is undergoing a restructuring under Chapter 11 bankruptcy proceedings. Earlier this year, EFH accepted a bid by a consortium led by **Hunt Consolidation** to buy **Oncor**, its regulated transmission and distribution company (*PFR*, 8/10).

Citi is financial advisor to NextEra on the transaction and **Hogan Lovells** is legal counsel. The spokesperson for Luminant declined

to comment on whether it used a financial advisor and the name of the law firm used for the transaction.

The deal is slated to close in the first quarter of 2016, pending regulatory approvals. The U.S. **Bankruptcy Court** and creditor groups have granted approval for the transaction, says Luminant.

Spokespeople for NextEra in Juno Beach, Fla., and Hogan Lovells in Washington, D.C., and Chicago did not respond to inquiries. A spokesperson for Citi in New York declined to comment. Calls to the Bankruptcy Court in Delaware, where EFH's Chapter 11 proceedings have been filed, were not returned. ■

Enbridge Acquires West Virginia Wind Project from EverPower

Enbridge is acquiring the 103 MW New Creek Wind Project in Grant County, W.Va. from **EverPower Wind Holdings**.

Alberta-based Enbridge is paying EverPower \$200 million for the project, which is slated to go online in December 2016.

Terra Firma, EverPower's parent company, announced its intention to sell the subsidiary earlier this year.

Enbridge, which recently expanded into Europe with a minority stake in the 400 MW Rampion wind project off the coast of England, is making its first entry into the PJM market with the New Creek purchase.

"This project provides a strategic entry point into the attractive PJM power market, one of the world's largest competitive wholesale electricity markets," Enbridge's senior v.p., corporate planning, and chief development officer **Vern Yu** said in a statement.

Once the acquisition has closed, Enbridge, which has interests in nearly 2,000 MW of net operating, secured and under-construction renewable generating capacity, will have invested approximately C\$5 billion (\$6.7 billion) in renewable power generation and transmission since 2002.

New Creek will be constructed under a fixed-price engineering, procurement and

construction agreement with **White Construction**. **Gamesa** will provide operations and maintenance services under a five-year fixed price contract, after which operations will be handed over to Enbridge.

The project has mid- and long-term off-take agreements with fixed pricing. The identities of the offtakers could not be established.

Pittsburgh-based EverPower entered into an agreement to purchase New Creek from Arlington-based **AES**, the initial owner of the project, in 2014, according to a filing with the **Public Service Commission of West Virginia**.

Representatives for Enbridge in Alberta and EverPower in Pittsburgh and New York were unavailable for comment. ■

Enbridge's Global Renewables Portfolio

Energy Source	Owned Capacity (MW)
Wind	1,617
Solar	150
Geothermal	9
Waste heat recovery	17
Total	1,793

Source: Enbridge

Tri Global Acquires Rooftop Solar Co

Dallas-based wind developer **Tri Global Energy** has acquired **K12 Solar**, a California-based rooftop solar provider, after forming a new business unit, **TGE Solar**, to manage its entry into the market. A spokesperson for Tri Global confirmed that the deal has closed.

K12 Solar, which provides projects primarily to non-profits and schools, was founded in 2014 and will maintain its headquarters in Sacramento. "K12 Solar will continue its current focus and will be expanding into community-sponsored solar projects," the spokesperson tells *PFR*.

The purchase price could not be established.

Tri Global has a portfolio of wind projects totaling almost 6,000 MW.

"The acquisition reflects our commitment to fully develop a portfolio of renewable energy resources and is the first for the company's new TGE Solar division," Tri Global chairman and ceo **John Billingsley** said in a statement.

Over 20 K12 Solar employees will transition to Tri Global's TGE Solar, including K12 Solar founder and ceo **Miguel de Anquin**, who will become president of TGE Solar while staying on as ceo of K12 Solar. ■

MERGERS & ACQUISITIONS ●

FERC Approves Talen Plan Despite Macquarie Protest

◀ FROM PAGE 1

around whether the non-renewal of a lease agreement for one of Talen's gas-fired plants constituted a material change in circumstances were "not relevant", said the Commission in its order, dated Nov. 30.

The ruling means that Talen is not under immediate regulatory pressure to sell the 158 MW dual fuel combined-cycle Bayonne facility in Bayonne, N.J., which MIC has offered to buy. Talen says the price MIC has offered is "commercially unreasonable".

"We're glad it was approved, because it gives us the flexibility to consider the options that we've proposed and make our decisions based on what's in the best interest of our shareholders long term," a spokesperson for Talen tells *PFR*.

Talen has already found buyers for all of the assets in its third divestiture plan, but the approval does not preclude the sales of the assets listed in Talen's first two proposals.

The company has not ruled out selling all of the assets, including Bayonne, and will continue to consider offers, the spokesperson adds.

"We're mindful of the fact that we have announced sales, but none of them have closed yet, so nothing is officially divested until those announced deals close," he says, adding that the transactions are still on course to close in the first quarter of 2016.

FERC required Talen to sell some of its generating assets as a condition of the company's formation in 2014 from a merger between **PPL Corp.**'s unregulated generation business and a portfolio of generation assets owned by private equity firm **Riverstone**.

Allentown, Pa.-based Talen initially submitted two possible divestiture plans which would enable it to comply with the conditions, and FERC approved both options. The two options both involved the sale of the Sapphire portfolio, which includes the Bayonne facility.

International Matex Tank Terminals, a subsidiary of MIC, leases the land that Bayonne is built on to the facility under an agreement which expires on Oct. 31, 2018. In October 2014, IMTT notified Bayonne that it did not intend to renew the lease.

For that reason, Talen said that "divesting

the Bayonne facility could prove challenging" in a Sept. 25 filing requesting approval for the third plan (PFR, 10/1).

Bayonne has cleared PJM's forward capacity auctions for delivery years through May 31, 2018 and is slated for retirement on Nov. 1 of the same year.

MIC'S PROTEST

New York-based MIC filed a protest motion against Talen's third plan on Oct. 19, the deadline for comments, declaring its willingness to acquire Bayonne and asserting that Talen's claim that the non-renewal of the lease constituted "a material change in circumstances" was incorrect (PFR, 10/23).

According to the filing, MIC had offered Talen a price corresponding to the "economic value of Talen's remaining interest in the facility site."

MIC also said that Talen had gone ahead with its third divestment plan without waiting for FERC's approval, by selling the gas-fired Ironwood facility and two hydro projects, Holtwood and Lake Wallenpaupack, and obtaining permission to retire Bayonne.

TransCanada has agreed to acquire the 778 MW Ironwood facility in Lebanon, Pa., for \$654 million, while **Brookfield Renewable Energy Partners** is buying the 252 MW Holtwood project in Holtwood, Pa., and the 40 MW Lake Wallenpaupack project in Hawley, Pa., for a combined \$860 million (PFR, 10/8).

Talen has also agreed to sell the last project in option three, the 399 MW coal-fired C.P. Crane project in Baltimore, to an **Avenue Capital** subsidiary, for about \$100 million (PFR, 10/23).

In its filing, MIC declared its intention to keep Bayonne operational beyond its planned 2018 retirement, saying this would be in the public interest at a time when capacity in PJM was likely to be under pressure.

TALEN'S ANSWER

Talen filed an answer to MIC's filing on Oct. 28, saying that the protest did not address power market competition concerns arising from Talen's portfolio.

"MIC's protest makes clear that its sole focus is to ensure the mitigation plan approved

by the Commission provides MIC the most amount of leverage to secure for itself the greatest economic value from the Bayonne facility," reads Talen's filing.

Talen argued that it was unable to determine whether the non-renewal of the Bayonne lease was material until after the company's formation.

Talen had obtained PJM's approval for the retirement of Bayonne, the company said, "to protect against potential regulatory liability if, in fact, MIC and **RJS Power Holdings** could not agree on a lease extension or other commercially reasonable terms for the continued operation of the Bayonne facility at its current site."

RJS Power Holdings is the Riverstone affiliate which owned Bayonne prior to the merger which created Talen.

Talen added that the sales of the assets in option three were entered into "irrespective of Talen's divestiture obligations." The company would comply with whatever plan FERC approved, it said.

In response to MIC's argument regarding possible capacity shortages, Talen noted that PJM did not identify any reliability concerns when it approved Talen's request to retire Bayonne.

Talen also objected to MIC's "untimely intervention at his late stage in the proceeding."

Not satisfied with Talen's answer, MIC filed a response on Nov. 12, again calling on FERC to require Talen to sell the Bayonne facility.

"Talen is able to divest Bayonne," the filing reads. "It just does not like the price offered by MIC."

MIC reiterated the arguments made in its initial protest, stressing that the offer it had made for the Bayonne facility was, in its view, commercially reasonable. MIC had offered Talen the option to remove equipment from the site if its salvage value was greater than the cost of dismantling the facility, or leave the plant in place, thereby avoiding dismantlement costs, according to the filing.

The Commission decided that the argument about when the non-renewal of Bayonne's lease became material was irrelevant, granting Talen's motion on the grounds that it had found no adverse effect on competition. ■

● TAX EQUITY

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tax credit space,” says **Nick Knapp**, m.d. at **CohnReznick Capital Markets Securities**, which is advising on several of the deals in the market. “They’re all thinking about how to optimize their exit strategy for these assets,” he adds.

The wind projects the deals relate to and their sellers could not immediately be identified.

INACCURATE FORECASTS

Besides tax credits, tax equity investors in wind projects obtain a certain proportion of the cash flows generated by the projects until they reach their target return.

However, if the tax equity investor does not make the negotiated return within 10 years of closing the deal, it will continue to hold the position indefinitely, sweeping 100% of the wind project’s cash flows, minus expenses, until it hits its target, project finance attorneys tell *PFR*.

In the case of some wind projects, in particular those financed between 2003 and 2007, tax equity investors are not expected to make their return within the 10-year time frame because of inaccurate wind output forecasts made at the time.

“They’re meant to be 10 or 11 years, but if you miss the projections, they can go out to 20, they can go out forever,” says a deal watcher.

One tax equity investor, **JP Morgan Capital Corp.** has entered into agreements with third parties such as **Macquarie Corporate and Asset Funding**, **Infigen** and **Hannon Armstrong** when this was expected to happen (*PFR*, 10/23/14), (*PFR*, 4/16/13).

“We have done a number of secondary market transactions selling the cash portion of our tax equity position to interested cash investors where the flip date has been delayed beyond the 10-year horizon,” said **Yale Henderson**, m.d. at **JPMCC** in October during a panel discussion at the **American Wind Energy Association’s** annual conference in New York.

“We wanted to manage the tail risk and not have a large residual sitting there at year 10,” he said. “So we decided to be a little more proactive in managing our portfolio.”

The deals with Macquarie, Infigen and Hannon Armstrong involved each party set-

ting up a joint venture with **JPMCC** which would acquire tax equity in wind projects.

The joint ventures, known as upper tier partnerships, were structured so that cash flows would go mainly to the third party investor, while **JPMCC** would keep the remaining tax benefits associated with the

“They’re meant to be 10 or 11 years, but if you miss the projections, they can go out to 20, they can go out forever,”

investments (*PFR*, 11/14/13).

Other tax equity investors besides **JPMCC** are also exploring the possibility of doing similar transactions, Henderson said in October.

Henderson declined to comment for this article.

REGULATORY PRESSURES

Pressures both from external regulators such as the **Office of the Comptroller of the Currency** and from internal management committees are a key factor driving these deals, say deal watchers.

“When you don’t flip and the tax equity investor is getting 100% of the cash flows, they essentially sort of own the project,” explains one. “And the regulators aren’t thrilled that you have this asset on your

“The regulators aren’t thrilled that you have this asset on your books that was supposed to be a 10-year asset and now it’s going to be a 20-year asset”

books that was supposed to be a 10-year asset and now it’s going to be a 20-year asset.”

Tax equity investors have known for years that the flip dates of these deals would extend beyond their base case forecasts, but it has taken time for a market for the cashflows to develop. In part, this

is because generally accepted accounting principles have acted as a brake on deals, explains Knapp.

“Most of these guys really don’t like to get into anything that causes a loss on their net income profiles,” he says of the banks involved in tax equity financing. “So that’s been one of the biggest constraints we’ve seen.”

However, as deals have begun to come to the market in the last couple of years, the roster of potential buyers has grown.

“The buyer universe has now evolved to the point where there’s a good audience, and the structure has had enough tax attorneys on it to get comfortable that it works,” says Knapp.

Those buyers include energy and infrastructure funds and financial institutions with experience investing in power generation assets, and at least one fund dedicated to tax equity cashflows.

“There’s a subset of guys with a ton of industry experience that are fundraising right now and have limited commitments on a project by project basis for this exact initiative,” he says, noting that the fund was set up by former leaders at some of the world’s largest wind developers.

RECENT DEALS

In April, **Northwestern Mutual** filed an application with the U.S. **Federal Energy Regulatory Commission** to sell its tax equity stake in a 400 MW portfolio of wind assets to a joint venture between **JPMCC** and **Hannon Armstrong Sustainable Capital** (*PFR*, 4/6). In August, a similar filing revealed that **Morgan Stanley** had agreed to sell its tax equity stake in a 1.2 GW portfolio of wind projects to the same joint venture (*PFR*, 8/27).

CohnReznick advised **JPMCC** on the joint venture.

The strong demand for these deals demonstrated the robustness of the market for renewables assets, including merchant projects, more generally, says one deal watcher.

“There’s a lot of demand for these,” he said. “They’re somewhat volatile wind assets with merchant risk, and if there’s demand for this type of cash flow, then you can see there’s a lot of demand in the market for equity.” ■

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● STRATEGIES

Abengoa Yield Plots Growth in Wake of Parent Woes

« FROM PAGE 1

agement changes announced late last week will not change the company's strategy, writes the company spokesperson. **Javier Garoz**, Abengoa Yield's ceo, left the company on Nov. 25., and has been replaced by **Santiago**

Seage as managing director.

"One of the key highlights of Abengoa Yield's strategy is Abengoa Yield's corporate governance independence from Abengoa, and also to reinforce Abengoa Yield's autonomy from Abengoa", the spokesperson

writes. Parent company Abengoa has sought bankruptcy protection in Spain, where it is based, and is in talks with its creditors about restructuring its debts (see story, below).

"In that context Abengoa Yield is working on a new brand and

corporate identity, as well as on hiring a new, non-Abengoa affiliated cfo," adds the spokesperson.

Abengoa Yield does not foresee any new acquisitions from its parent in the short term, "considering the current trading of its equity and debt," said the company in a statement released on Nov 27.

The spokesperson declined to identify the investment bank advising the yield company. ■

Embattled Abengoa Seeks Protection and Reshuffles C-Suite

Spanish company Abengoa has sought bankruptcy protection and is in talks with its creditors about restructuring its debts. **Abengoa Yield**, the sponsor's yield company, which has assets in North and South America, is not immune to the problems faced by its parent.

"Abengoa Yield is monitoring the situation and implementing the existing contingency plan aimed at securing and protecting ABY shareholders' value", the company said in a statement to the U.S. **Securities and Exchange Commission** on Nov 27.

The ceo of Abengoa Yield, **Javier Garoz**, resigned from the company on Nov 25. **Santiago Seage** was appointed manag-

ing director in the place of Garoz. The news came less than a month after Garoz announced that the yieldco intended to hire an investment bank as a financial advisor to assist with the search for a second sponsor to buy part of its parent company's stake (PFR, 11/10). In July, Abengoa reduced its stake in Abengoa Yield to 49.05%. The sell-off raised approximately \$62 million dollars (PFR, 6/22).

In September, Abengoa Yield's cfo, **Eduard Soler**, left the company with immediate effect (PFR, 9/8). Despite the company approaching a number of potential replacements, Soler has not yet been replaced.

Moody's Investors Service downgraded the parent company's rating to Caa2, from

B3, on Nov 26., after the announcement that Spanish firm **Gonvarri Steel Services** had withdrawn an injection of €250 million of equity.

Standard & Poor's rates Abengoa CCC- with a negative outlook and has placed Abengoa Yield's B+ rating on CreditWatch negative.

Under Spanish law, pre-insolvency proceedings give companies four months to reach an agreement with its creditors. If Abengoa were to file for bankruptcy, cross default provisions in project financing transactions would be triggered for a number of Abengoa Yield assets, writes **Shelby Tucker**, equity analyst at **RBC Capital Markets** in New York, in a research note. The Solana and Mojave solar projects were both financed by the **Federal Financing Bank** and are guaranteed by the U.S. **Department of Energy** (PFR, 9/15/11), (PFR, 9/11/11).

Renewables projects make up 66% of Abengoa Yield's portfolio, the rest are transmission assets, conventional generation facilities and water infrastructure.

Abengoa and **EIG Global Energy Partners** are in the process of financing their 924 MW Norte III combined cycle project in Ciudad Juárez, northern Mexico. The project, which is slated to be the largest combined cycle plant in Mexico when completed, is expected to cost \$700 million to construct (PFR, 3/19).

Spokespeople for Abengoa and Abengoa Yield in Seville did not respond to a request for comment. ■

Abengoa Yield Asset Portfolio in the Americas

Project	Type	Location	Size	Offtaker
Solana	Solar	Ariz, U.S.	280 MW	APS
Mojave	Solar	Calif, U.S.	280 MW	PG&E
Palmatir	Wind	Uruguay	50 MW	UTE
Cadonal	Wind	Uruguay	50 MW	UTE
ACT	Gas-Fired	Mexico	300 MW	Pemex
ATN	Transmission	Peru	362 miles	Peru
ATS	Transmission	Peru	569 miles	Peru
ATN 2	Transmission	Chile	81 miles	Las Bambas
Quadra 1&2	Transmission	Chile	81 miles	Sierra Gorda
Palmucho	Transmission	Chile	6 miles	Endesa Chile

Source: Abengoa Yield Corporate Presentation September 2015

Q&A: STEVEN NICHOLS, SOUTHERN CO. ●

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PFR: So how long has Southern Co. or Southern Power been considering issuing a green bond?

NICHOLS: It's been something we've been thinking about for nearly a year, and actively pursuing and working on for several months.

PFR: Including an in-depth investor education process?

NICHOLS: We did have a green investor update several weeks before we announced this issuance, to give them an update on the progress that Southern Power has been making with respect to its green acquisitions and to share with them some of the positive environmental impacts that are resulting from that.

PFR: What were your main reasons for wanting to issue a green bond?

NICHOLS: I would say there were three. I work in the treasury department, so for us it was about broadening our investor base, tapping into the socially responsible investment community as an additional source of funding, since Southern Power has a significant growth plan that they are executing on right now. We also thought it would be a great opportunity to highlight Southern Power's growth in renewable energy. News articles have given us an opportunity to do that and given others in the company something to point to to really emphasize the growth in that avenue for Southern Power. Finally, we saw this as an opportunity to position Southern Company as a leader in innovation within the financing of renewables projects.

PFR: There have been a couple of utilities in Europe that have issued green bonds in euros. Was that something you looked at as a model?

NICHOLS: We were certainly aware of those,

as well as several previous corporate green bond issuances in the U.S., and we definitely looked to all those for some guidelines in terms of the use of proceeds language and the actual structure of the bond.

PFR: You said that one of the reasons behind the bond was that you wanted to broaden your investor base. Can you provide any details on how many new investors you saw placing orders?

NICHOLS: It's a little bit difficult to say exactly how many are new. Our records on who's participated in our bonds only go back so far. But I think it's safe to say dozens of new investors.



Steven Nichols

PFR: You also mentioned that you had investors from the U.S. and abroad. I heard this was also a new kind of deal for Southern Power in that it was offered to European investors for the first time. Is that correct?

NICHOLS: That is correct. Historically we've only cleared our bonds through Depository Trust & Clearing Corp. Investors have to have a

U.S. office in order to do that. We structured this a little bit differently so that we could clear through some of the European exchanges and were able therefore to offer it to some European investors. That helped as well.

PFR: How popular was the bond with European investors?

NICHOLS: We had over 15% of the allocations in the end go to investors in Europe, which is very unusual for us. I can't prove it but I suspect that the green bond helped with that.

PFR: When I was talking with Suzanne Buchta of Bank of America Merrill Lynch (the lead green structuring agent on the deal), she suggested that green investors were more willing to look at currencies or regions that they wouldn't normally invest in when it came to a green bond.

NICHOLS: I can't prove that it being green bond helped with that, but the green bond community is further developed in Europe and socially responsible investing is more at the forefront of the investing community so I do think it was beneficial for that.

PFR: In terms of pricing, there have been discussions about whether green bonds should be able to be priced inside an issuer's vanilla curve, perhaps because there's more demand, but some investors say that the credit risk is the same and therefore they should price accordingly. Do you feel that you got better pricing on this deal because it was a green bond?

NICHOLS: It's a tough question. I think the green investors certainly want to ensure that they get an appropriate return. I don't think we got pricing that was out of line with our standard curve. I think that we may have saved a couple of basis points. I personally believe that we did, but it's very difficult to prove that.

One thing I will just mention is that the largest allocation that we had did go to a green investor, which I found personally surprising.

PFR: And when you say a green investor...

NICHOLS: It was a green fund at a broader investment house.

PFR: So a positive experience, and one that you may repeat?

NICHOLS: I can't comment about future funding plans for Southern Company but the success of this transaction certainly didn't hurt the prospects of doing another green bond.

PFR: You can probably comment even less on the future funding plans of your peers but I suppose people in the markets are waiting to see if other utilities follow Southern Company and decide to issue their own green bonds?

NICHOLS: We will be watching that closely and are interested to see how they go, if any one does choose to offer one. ■

● STRATEGIES

Southern Co. Subsidiary Finds Demand at the Short End

Georgia Power found strong demand for a three-year senior unsecured bond on Nov. 11, increasing the size of the transaction from \$300 million to \$500 million.

Even at the larger size, the deal was three times oversubscribed, as the issuer benefited from a “lack of issuance at the short end of the curve,” according to a banker at one of the bookrunners, **JP Morgan, Scotiabank** and **Sun-Trust Robinson Humphrey**.

The deal was launched as a \$300 million offering with initial price thoughts of 105 basis points area over Treasuries. Guidance was 85 bps and the pricing tightened a little more to 80 bps at launch. The final pricing was flat to the Georgia Power’s curve, said the banker. The final order book totaled \$1.5 billion.

Atlanta-based Georgia Power is rated A3, A- and A+ by **Moody’s Investors Service, Standard & Poor’s** and **Fitch Ratings** respectively. S&P and Moody’s changed the outlook on their ratings of Southern Co. and its subsidiaries from stable to negative after the parent announced its acquisition of **AGL Resources** in August.

Georgia Power will use some of the proceeds of the bond to repay \$250 million of its 5.25% bonds maturing this month. The rest will be used to reduce the company’s short-term debt and for general corporate purposes, including its construction program.

Another Southern Co. subsidiary, **Southern Power**, became the first investment grade U.S. utility to issue a green bond on Nov. 12 (PFR, 11/19). ■

● Q&A: STEVEN NICHOLS, SOUTHERN CO.

Q&A: Steven Nichols, Southern Co.

Southern Power became the first U.S. investment grade utility to price a green bond in November, with a \$1 billion dual-tranche offering. Last week, *PFR* editor **Richard Metcalf** caught up with **Steven Nichols**, capital markets manager at the issuer’s parent, Southern Co., to discuss the rationale behind the deal, its success, and the potential for more of the same.

PFR: Southern Power’s green bond seemed like a very successful deal on a day when there was quite a bit of issuance from other similar companies. Can you comment on that to begin with?

NICHOLS: Sure, we were very happy with the result of the transaction. There were four other utilities in the market in addition to Southern Power and we knew it would be a day to compete for capital. We think that having a green bond out there gave us a little bit of something different in the market and did help us to achieve our fundraising goals. We got a

good response from investors both in the U.S. and abroad.

PFR: I heard that the deal was oversubscribed. Can you elaborate on that?

NICHOLS: We ended up with a total order book of \$4.8 billion, so we were - for our original issuance level - we were almost seven times oversubscribed.

PFR: And presumably that helped with getting some momentum on the pricing as well?

NICHOLS: Certainly.

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● PEOPLE & FIRMS

Mauricio Gutierrez Replaces David Crane as NRG Chief

NRG president and ceo **David Crane** has resigned, effective immediately.

Mauricio Gutierrez, who has been with NRG since 2004 and has been executive v.p. and chief operating officer since 2010, will serve as the company’s president and ceo. It is expected that Gutierrez will be appointed to the NRG board of directors.

The move comes on the heels of major organizational changes at NRG.

In September, the company announced a corporate reorganization that involved the spin-off of its renewables subsidiaries, **NRG Home Solar**, **NRG EVgo**, and **NRG Renew**, into a new ‘GreenCo’ (PFR, 9/21).

On Nov. 19, the company announced a c-suite shake-up in which **NRG Yield** senior v.p. for finance and strategy **Gaetan Frotte** was promoted to senior v.p. and treasurer of NRG and NRG’s v.p. of investor relations **Chad Plotkin** become senior v.p. for finance and strategy at NRG Yield.

In recent months, the company has announced a flurry of asset sales to fund NRG’s share repurchases and debt retirements.

Crane, who took the helm of NRG in 2003, will assist with the transition through the end of the year.

A spokesperson for NRG declined to comment. ■



Mauricio Gutierrez



David Crane

● QUOTE OF THE WEEK

“Talen is able to divest Bayonne. It just does not like the price offered by MIC.”

Macquarie Infrastructure Corp. filing with the U.S. **Federal Energy Regulatory Commission** on **Talen Energy’s** divestiture plans (see story, page 1).