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Exclusive Insight on Power M&A and Project Financing

Power Finance & Risk

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At Press Time

MidAmerican Energy Holdings Co. has made its maiden solar acquisition with an agreement to buy **First Solar**'s 550 MW Topaz project in California.

See story, page 2

Top Stories

Transmission Co. Targets Private Placement

Michael Skelly

Houston-based **Clean Line Energy Partners** has tapped **Lazard Capital** to raise at least $50 million in a private placement to fund early development of $10 billion in transmission projects. Potential investors include private equity and venture capital firms, infrastructure funds, pure-play transmission companies, generators and utilities, says **Michael Skelly**, president.

Lazard distributed teasers to investors in late November and the financing is expected to wrap next year. Lazard has a strong infrastructure practice, Skelly says, which appealed to Clean Line when it was deciding on an advisor.

(continued on page 11)

EIF, Cogentrix Put Waste Coal Plant In Ch. 11

Energy Investors Funds and **Cogentrix Energy** have filed for Chapter 11 bankruptcy on behalf of the jointly owned Northampton waste coal-fired plant in Pennsylvania.

Papers were filed on Monday, Dec. 5, in the U.S. Bankruptcy Court for the Western District of North Carolina. Northampton has about $95.2 million in outstanding debt and interest payments on four sets of bonds, according to a signed affidavit by **Warren MacGillivray**, president of **Northampton Generating Co**. and senior v.p. at EIF. The debt, which is secured by the assets of the plant, sits at the operating company and is non-recourse to the parents.

Boutique investment bank **Houlihan Lokey** is advising the owners.

EIF and Cogentrix, a unit of **Goldman Sachs**, aim to restructure the debt and power purchase agreements on the plant as well as a transmission service agreement. EIF owns

(continued on page 11)

Pacific Hydro Scopes LatAm Wind, Hydro

Pacific Hydro is sounding out lenders about funding wind and run-of-river projects in Chile and Brazil next year. It is also considering acquiring projects to bulk up its multi-billion dollar development pipeline in those countries.

The developer, which is owned by the A$29 billion ($29.4 billion) **IFM Australian Infrastructure Fund**, is looking at refinancing up to three of its hydro projects in Chile to fund development, including an 80 MW wind facility, in the country. Pacific Hydro initiated operations of its $450 million, 111 MW Chacayes run-of-river hydro project in the Alto Cachapoal Valley, Chile in October. "We're particularly proud of getting that project up and running on time and in budget. That's given us a good track record with investors and lenders," says **Rob Grant**, ceo in Melbourne, Australia. The size of the refinancing and details surrounding the wind project could not be learned.

(continued on page 12)

At Press Time

Warren Buffett Outfit Scoops Topaz

MidAmerican Energy Holdings Co. has made its first move into solar development with the agreement to acquire the $2 billion 550 MW Topaz solar photovoltaic project from **First Solar**.

MidAmerican is the utility arm of Warren Buffett's **Berkshire Hathaway**. The sale is contingent upon issues regarding the project's permitting and interconnection agreement not financing plans, according to First Solar's Web site.

Warren Buffett

The Topaz project in San Luis Obispo County, Calif., has been on the market for several months—**Enbridge** was an interested party—and had dropped out of the U.S. **Department of Energy** loan guarantee program (PI, 9/23). Construction began last month and is expected to be complete in 2015. **Pacific Gas & Electric Co**. has a 25-year power purchase agreement with Topaz.

The purchase price could not be learned. A First Solar spokesman declined to comment on what remains regarding the permitting and interconnection agreements while a MidAmerican spokeswoman did not immediately respond to a message.

Renewables Groups Push For Grant Extension

Renewables trade associations are lobbying members of Congress to extend the U.S. **Department of Treasury** Sect. 1603 cash grant beyond its Dec. 31 expiration. A recently proposed tax extenders bill is one potential vehicle for ensuring an extension before Congress adjourns for Christmas. Some Senate Democrats, including Senate Majority Leader **Harry Reid**, are among the backers of the bill—and of an extended grant.

The DOT has awarded roughly $9.78 billion in grants since it became available in September 2009, which quickly spurred a wave of renewables projects at a time when tax equity was meager and debt was expensive. The grant covers 30% of project costs (PI, 12/17).

Solar activists are optimistic that Congress will consider a $200 billion-plus extenders bill by year-end that could encompass smaller initiatives, including the grant program, says **Charlie Shipp**, a managing partner of renewables lobbying firm **SC Partners** in Washington, D.C. But consideration of the bill may spill into 2012, after the grant program is scheduled to run out. The **Solar Energy Industries Association** is lobbying for an extension, likely through the close of 2012.

Harry Reid

Financiers, developers and attorneys in the renewables sector haven't been hopeful that the grant program will be saved. "I don't know anyone who is counting on it," says **Keith Martin**, **Chadbourne & Parke** partner in Washington, D.C., who notes that SEIA has built buzz for the grant on Capitol Hill despite hurdles. The political climate isn't favorable for renewables, especially after the collapse last summer of solar manufacturer **Solyndra**, which had scored a $535 million loan guarantee from the U.S. **Department of Energy**.

Sponsors that incur at least 5% of project expenses by year-end can still secure the grant after 2011; completion deadlines vary by resource. If the grant does expire, project sponsors would resort to financing structures commonly used before 2009, Martin says. Such structures involve cobbling together a mix of the production tax credit or investment tax credit with tax equity and depreciation.

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Generation Auction & Sale Calendar

Generation Sale DATABASE

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
Abengoa Solar	45% Stake (250 MW Solana Solar CSP)	Gila Bend, Ariz.	TBA	Banco Santander is taking a 45% stake to fund construction and will look to sell slices (PI, 11/28).
AES	Cayuga (306 MW Coal)	Lansing, N.Y.	Barclays Capital	Talks are on-going with prospective buyers as a January interest payment looms (PI, 11/14).
	Greenidge (105 MW Coal) Somerset (675 MW Coal) Westover (83 MW Coal)	Dresden, N.Y. Barker, N.Y. Binghamton, N.Y.		
AES Solar, Riverstone Holdings	Stakes (Solar pipeline)	Variou, Europe	Morgan Stanley	Bids for a partnership stake are due the week of Sept. 19 (PI, 9/12).
• AES Thames	Thames (208 MW Coal-fired)	Montville, Conn.	Houlihan Lokey	A Texas refurbishment company has bid $2.35M in cash (see story, page 6).
AE Investor II	Astoria Energy II (4%, or 23.3 MW)	Queens, N.Y.	Whitehall & Co.	First round bids were scheduled for Fri., Sept. 16 (PI, 9/19).
ArcLight Capital Partners	Waterside (72 MW Peaker) Crockett (162 MW Cogen) Hobbs (604 MW CCGT) Hamakua (60 MW CCGT) Borger (230 MW Cogen) Neptune (391 MW, 65-mile Transmission)	Stamford, Conn. Crockett, Calif. Hobbs, N.M. Honokae, Hawaii Borger, Texas Sayreville, N.J., to Long Island, N.Y	Citigroup, Barclays Capital	Final bid deadline pushed to November (PI, 10/17).
Black Hills Corp.	Stake (29 MW Wind project)	Huerfano County, Colo.	None	Entities with tax appetite have bid for the 50% stake (PI, 11/14).
Boralex	Various (186 MW Biomass)	Maine	TBA	ReEnergy Holdings is buying the five facilities for $93 million.
Cascade Investment	Altura (600 MW Cogen)	Channelview, Texas	Evercore Partners	Cascade is considering its options, including restructuring and a sale of its stake (PI, 7/11).
	Twin Oaks (305 MW Lignite-fired) Cedar Bayou 4 (275 MW Natural gas-fired)	Bremond, Texas Chambers County, Texas		
Conti Group, Grupo Arranz Acinas	Development pipeline (550 MW Wind)	Texas, Kansas, Minnesota	Alyra Renewable Energy Finance	Teasers went out in late July (PI, 8/1).
Coram Energy	Stake (102 MW Wind)	Tehachapi, Calif.	Marathon Capital	Coram is selling a 50% stake in a wind project co-owned by Brookfield Renewable Power (PI, 8/22).
EDF EN Canada	50% Stake (300 MW Wind)		TBA	Enbridge is paying $330 million for the stake in Lac Alfred (PI, 11/14).
• First Solar	Topaz (550 MW PV)	San Luis Obispo County, Calif.	No advisor	MidAmerican Energy has agreed to buy the project (see story, page 2).
GDF Suez Energy North America	Hot Spring (746 MW CCGT)	Malvern, Ark.	UBS	Quantum Utility Generation has agreed to buy Choctaw while an Arkansas muni is circling Hot Spring (PI, 12/5).
	Choctaw (746 MW CCGT)	Ackerman, Miss.		
LS Power	Bluegrass (495 MW Simple Cycle)	LaGrange, Ky.	TBA	The Kentucky utility subsidiaries of PPL will jointly own the assets (PI, 11/14).
Macquarie Capital, Fomento Econ mico Mexicano	Stakes (396 MW Wind)	Oaxaca, Mexico	TBA	Bidders are in due diligence (PI, 10/10).
NextEra Energy Resources	Blythe (507 MW Combined-cycle) Calhoun (668 MW Peaker) Doswell (708 MW CCGT & 171 MW Peaker) Cherokee, (98 MW CCGT)	Blythe, Calif. Eastaboga, Ala. Ashland, Va. Gaffney, S.C.	Credit Suisse, Citigroup	LS Power is looking to put debt on two of the assets (PI, 10/3).
	Risec (550 MW CCGT)	Johnston, R.I.		Entergy Wholesale Commodities is buying the plant for $346 million (PI, 10/31).
Newind, WindRose Power	CCI (120 MW Wind)	Childress County, Texas	RedWind Consulting	Teasers have gone out for the project (PI, 9/19).
Perennial Power	Mid-Georgia (300 MW CoGen)	Kathleen, Ga.	Fieldstone	Teasers went out in mid-November (PI, 12/5).
Quintana Infrastructure & Development	Stakes (450 MW Gas-, Diesel-fired)	Defiance County, Ohio	TBA	Selling stakes to investors including BlackRock and Starwood (PI, 11/28).
• Ridgeline Energy	30% Stake (79.8 MW Wind)	American Falls, Idaho	TBA	Atlantic Power Corp. is taking the stake although Ridgeline has a repurchase option (see story, page 6).
• RPM Access	Elk (41.25 MW Wind)	Edgewood, Iowa	None	MidAmerican Energy is considering buying the Elk project while another developer is circling Vienna (PI, 12/5).
	Vienna (150 MW Wind)	Iowa	None	
Signal Hill Power, CarVal Investors	Wichita Falls (77 MW CCGT) Rensselaer (79 MW Peaker)	Wichita Falls, Texas Rensselaer, N.Y.	Scotia Capital	Teasers out in late June; first round bids said to be in (PI, 8/8).
Starwood Energy Group	Thermo Cogeneration (272 MW CCGT)	Fort Lupton, Colo.	None	Tri-State Generation and Transmission Association is buying the plant (PI, 10/10).
• Tenaska	High Desert (800 MW CCGT)	Victorville, Calif.	Barclays, Citi	First round bids came in just before Thanksgiving (see story, page 6).
	Rio Nogales (800 MW CCGT)	Seguin, Texas		
Third Planet Wind Power	Petersburg (40.5 MW Wind)	Petersburg, Neb.	Morgan Stanley	Edison Mission Energy is buying the project (PI, 10/10).
Tuusso Energy, Akula Energy Ventures	TA High Desert (209 MW Solar)	Tehachapi, Calif.	Marathon Capital	Said to be close to a purcahse sale agreement (PI, 10/17).
U.S. Power Generating Co.	Astoria Generating (2.1 GW Gas-fired)	Queens, N.Y.	Perella Weinberg Partners	Perella Weinberg has been hired to advise on strategic alternatives (PI, 9/26).

• New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes, contact Senior Reporter ***Holly Fletcher*** *at (212) 224 3293 or e-mail hfletcher@iiintelligence.com.*

Project Finance Deal Book

Deal Book is a matrix of energy project finance deals that *Power Intelligence* is tracking in the power sector.

Live Deals

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Bloom Energy	Unidentified (Fuel Cell)	TBA	RBS	TBA	TBA	TBA	Deal priced at LIBOR plus 250 bps (PI, 12/5).
Boralex, Gaz Métro	Unidentified (69 MW Wind)	Seigneurie de Beaupré, Quebec	TBA	TBA	TBA	TBA	Sponsors expect to finance phase two in 2012 (PI, 11/28).
Competitive Power Ventures	Ashley (200 MW Wind)	McIntosh County, N.D.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PI, 8/8).
	Cimarron (165 MW Wind)	Gray County, Kan.	TBA	TBA	TBA	TBA	Sponsor initiates talks with lenders, tax equity providers (PI, 8/8).
• Edison Mission Energy	Portfolio (Wind)	U.S.	WestLB	TBA	$220M+	TBA	Eight lenders take $25-50M tickets (see story, page 5).
Energy Answers International, Energy Investors Funds	Arecibo (80 MW Waste-to-Energy)	Arecibo, P.R.	BNP	TBA	TBA	TBA	Sponsors mandate lenders (PI, 11/28).
	Fairfield (140 MW Combined Heat and Power)	Baltimore, Md.	TBA	TBA	TBA	TBA	Financing expected to wrap by early 2012 (PI, 11/28).
Enova Energy Group, NuPower	Plainfield (37.5 MW Biomass)	Plainfield, Conn.	Carlyle	TBA	$170M	TBA	Carlyle tapped as lender after SocGen drops out (PI, 10/31).
• First Wind	Palouse (100 MW Wind)	Whitman County, Wash.	KeyBank	TBA	$180M	10-yr	More lenders sign on (see story, page 5).
Gradient Resources	Patua (132 MW Geothermal)	Reno, Nev.	BNP, Dexia, Scotia	TBA	$600M	TBA	Project to be financed in phases (PI, 10/17).
Inkia Energy	Unidentified (400 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC	TBA	$525M	12-yr	Sponsor talks to three additional lenders, including Santander (PI, 12/5).
• LS Power	West Deptford (738 MW Gas-Fired)	West Deptford Township, N.J.	Credit Suisse, ING, Morgan Stanley	TBA	$300M	TBA	Deal wraps (see story, page 5).
Macquarie Mexican Infrastructure Fund, Macquarie Capital, Fomento Económico Mexicano	Oaxaca (396 MW Wind)	Oaxaca, Mexico	Banorte, BBVA, Crédit Agricole, HSBC, IDB	TBA	$700M	16-yr	IDB plans to lend $72M to project (PI, 12/5).
NextEra Energy Resources	Lone Star (300 Miles Transmission)	Texas	BoTM, Crédit Agricole, Mizuho, RBC	TBA	TBA	TBA	Sponsor mandates banks to lead financing (PI, 11/21).
	Various (230.8 MW Wind)	California and Oklahoma	TBA	Refi	TBA	TBA	Sponsor reaches out to lenders about refi (PI, 10/14).
Northland Power	Manitoulin Island (60 MW Wind)	Maitoulin Island, Ontario	Manulife	TBA	TBA	TBA	Manulife expects to name a second lender (PI, 10/31).
Odebrecht	Chaglla (406 MW Hydro)	Peru	BNP	TBA	$650M	TBA	Financial close targeted for February (PI, 11/21).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	TBA	TBA	TBA	Sponsor targets financial close in 2012 (PI, 10/24)
• Sempra Pipelines, Pemex	Various (Gas Pipeline)	Mexico	BBVA	Refi	$400M	TBA	BBVA snags sole bookrunner manadate (see story, page 5).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial Valley, Calif.	BBVA, BoTM, Lloyds, MUFG, MS, RBS	TBA	$600M	TBA	Sponsor mulls bond component to deal (PI, 10/31).
Wind Capital Group	Post Rock (201 MW Wind)	Lincoln and Ellsworth, Kan.	BayernLB, Rabo	Term/ Construction	$300M	TBA	Mizuho, NordLB, UniCredit and Union Bank join deal (PI, 10/17).
	Unidentified (150 MW Wind)	Osage County, Okla.	BayernLB, Rabo	TBA	TBA	TBA	Lawsuit delays financing until 2012 (PI, 11/28).

• 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 **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iiintelligence.com.*

Project Finance

Trio Joins First Wind Deal

Vestas V100 Turbine

Banco Santander, **CoBank** and **NordLB** have joined a roughly $180 million financing supporting First Wind's 100 MW Palouse wind project in Whitman County, Wash. **US Bank** also has discussed the deal with representatives of the Boston-based developer, a deal watcher says.

The deal is a 10-year mini-perm priced at LIBOR plus 250 basis points. Financial close is expected by year-end. **Key Bank** is also committed to the financing (PI, 10/17). The anticipated size of lender commitments couldn't be learned. A First Wind spokesman in Boston didn't return a call seeking comment. Bank officials declined to comment or didn't return calls.

Avista Corp. has a 30-year offtake agreement for Palouse, which is expected to be operational next year. The project will use V100 1.8 mw turbines from **Vestas**.

Pemex, Sempra Unit Tag Bank For Refi

Pemex, the Mexican state-owned oil company, and **Sempra Energy** affiliate **Sempra Pipelines & Storage** have mandated **BBVA** as the lead bank on a $400 million financing that will take out an existing credit supporting 70 miles of Mexican gas pipelines. Financial close is targeted for the first quarter, says a deal watcher.

Financiers had anticipated that the sponsors could snag pricing beneath 200 basis points over LIBOR (PI, 7/8), but that was before the credit markets tightened for European lenders in late summer (PI, 9/23). Whether BBVA offered pricing under that level and the tenor of the deal couldn't be learned. A Pemex official didn't reply to an interview request, while a Sempra spokesman in San Diego declined to comment. A bank official declined to comment.

> **FAST FACT**
> Pemex and Sempra are pursuing the refinancing to boost equity for lines developed through their joint venture, **Gasoductos de Chihuahua**.

Pemex and Sempra are pursuing the refinancing to boost equity for future greenfield lines developed through their joint venture, **Gasoductos de Chihuahua**. BBVA, **Citigroup**, **Dexia**, **Fortis**, **Natixis** and **NordLB** participated in the original $116 million deal inked in 2002 supporting the pipelines. That financing matures in 2013.

The existing pipelines, in Tamaulipas, have transport supply agreements for at least the next few years. Specific terms of those agreements couldn't be learned.

LS Wraps $300M Gas-Fired N.J. Deal

LS Power has closed a roughly $300 million non-recourse financing supporting its 738 MW combined cycle project in West Deptford Township, N.J.

Citigroup, **Credit Suisse**, **ING** and **Morgan Stanley** led the financing. ING is the administrative agent. **GE Energy Financial Services** is considering taking a piece of the debt after the deal closes, bankers say. **Siemens Financial Services** is participating. The source of LS' equity and deal terms, including pricing and tenor, couldn't be learned. **Joe Esteves**, LS cfo in New York, didn't return a call seeking comment. Bank spokespeople declined to comment or didn't immediately address inquiries.

Construction of the West Deptford project will begin early next year. LS is targeting operation of the plant in 2014. Whether LS has a power purchase agreement for the project couldn't be learned.

EME Deal Approaches Close, Oversubscription

Eight lenders have agreed to take $25-50 million tickets in an oversubscribed refinancing backing a portfolio of **Edison Mission Energy** wind projects in the U.S. Financial close is expected before Christmas.

WestLB is leading the more than $220 million refi, which is priced at LIBOR plus 250 basis points and has a 10-year tenor. **Siemens Financial Services** is among the participating lenders (PI, 11/16). **CIT Group** had also been looking at the deal. The identity of other lenders couldn't be learned. An EME spokesman in Chicago didn't return a call. Officials for the lenders declined to comment or didn't return calls.

The refi supports the Tapestry portfolio, which includes the 130 MW Taloga project in Dewey County, Okla., and the 55 MW Pinnacle farm in W. Va. **Oklahoma Gas & Electric** has a 20-year offtake agreement for Taloga, while the **University of Maryland System** and the Maryland **Department of General Services** have 20-year PPAs for Pinnacle. The Taloga project will use **Mitsubishi** 2.4 MW turbines.

Mergers & Acquisitions

Tenaska Shortlist Moves To Second Round

First round bids for **Tenaska Capital Management**'s pair of combined cycle plants in Texas and California totaling 1.63 GW came in just before Thanksgiving. **Barclays Capital** and **Citigroup** are running the auction.

Bidders are said to be mostly financial players including **Energy Capital Partners**, **Highstar Capital** and **Quantum Utility Generation**, industry officials say. Neither the number of bids that came in nor the identity of those shortlisted could be learned.

The plants, the 800 MW Rio Nogales in Seguin, Texas, and the 830 MW High Desert in Victorville, Calif., have no debt attached at the project level. Tenaska bought the plants from **Constellation Energy** a few years ago as part of a larger $1.64 billion acquisition (PI, 10/10/06). It financed the purchase with debt at a holding company that will not travel with a potential acquisition (PI, 10/26). Tenaska will use proceeds from the sale to pay down debt.

Tenaska pinged Barclays and Citi for the sale in early September (PI, 9/9). Bank and company spokespeople and officials either declined or could not comment.

ITC Scoops Entergy Transmission Assets

Wayne Leonard

ITC Holdings has agreed to buy all of **Entergy**'s transmission assets, about 15,700 miles, in a $1.775 billion transaction that expands ITC's footprint from the Great Lakes to the Gulf Coast.

The transaction is a multi-step process that first requires Entergy to move the transmission assets from across its utility footprint into a separate entity, **Mid South TransCo**. The subsidiary then will be spun off and merged with ITC. The transaction is expected to close in 2013, pending federal and state regulatory approval. **JPMorgan** and **Barclays Capital** advised ITC Holdings along with law firm **Simpson Thacher & Bartlett**. **Goldman Sachs** advised Entergy along with law firm **Skadden, Arps, Slate, Meagher & Flom**.

Entergy will issue $1.775 billion in debt at the transmission subsidiary level that will travel up to the parent to pay down existing debt, **Wayne Leonard**, chairman and ceo of Entergy, said in a presentation Dec. 5 at an ITC analyst meeting. Entergy will issue the debt at the transmission subsidiary, and ITC will absorb that debt when it brings the unit under its corporate umbrella. This will allow Entergy essentially to keep the proceeds of the issuance.

ITC will also issue $700 million of senior unsecured notes to fund the transaction, **Cameron Bready**, cfo of ITC in Novi, Mich., said in a presentation. The debt issuances will occur near the time of closing.

The transaction is dependent upon the state utility commissions approving Entergy's transition to MISO—although the transition to MISO is not requisite, just the approval. The move to MISO allows Entergy's transmission assets to be taken out of the utility footprint and put under the regional transmission operator.

The 30,000-mile ITC footprint will span parts of Texas, Louisiana, Mississippi, Arkansas, Oklahoma, Kansas, Iowa andMichigan. ITC will add two seats to its board and establish a≈regional headquarters in Jackson, Miss. ITC will have 54 GW of capacity available on its transmission assets in eight states from the upper Midwest to the Gulf Coast and will more than double its current workforce of 450 by adding 750 Entergy employees.

Following the transaction, ITC will be owned 50.1% by Entergy shareholders that receive ITC shares as part of the stock exchange.

Atlantic Eyes Idaho Wind Stake

Atlantic Power Corp. is circling a stake in an Idaho wind project being developed by **Ridgeline Energy**. Atlantic is planning to acquire a 30% stake in the project from Ridgeline, which owns half of the 79.8 MW Rockland, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

Under the proposal, Ridgeline has the option to repurchase the stake from Atlantic at the end of March. The option will extend until Jan.1, 2014, according to the filing, and not require an additional approval filing. Neither the purchase price nor why Atlantic would take a temporary stake could be learned. **Robert Ellis**, general counsel of Ridgeline, did not respond to a message and an Atlantic Power spokeswoman in Boston was not available for comment.

The project near American Falls is under construction and is expected to be online by year-end. It has a 25-year power purchase agreement with **Idaho Power**. **Diamond Generating Corp**. and Ridgeline each currently own half the project; Diamond's stake will not be impacted.

Bank of Tokyo Mitsubishi-UFJ, **Mizuho Corp**. **Bank** and **Sumitomo Banking Corp**. financed the project with a $175 million non-recourse financing earlier this year (PI, 4/4).

AES Thames Fetches Cash Salvage Bid

S&S Deconstruction, an affiliate of **BTU Solutions**, a power plant refurbishment company out of Sugar Land, Texas, won the court-run auction yesterday for AES' Thames, the 207 MW coal-fired plant in Connecticut. The $2.35 million cash bid still needs to be confirmed by the bankruptcy court in U.S. Bankruptcy Court District of

▸ FAST FACT
The sale must close on or before Dec. 28 and is contingent upon negotiations with lessor **Smurfit-Stone Container Corp.**

Delaware. A hearing was held Dec. 7.

It's a salvage bid, meaning the bidder is unlikely to put the plant back in to operation, deal watchers say. The facility has not produced steam or power since January. The sale must close on or before Dec. 28 and is contingent upon negotiations with lessor **Smurfit-Stone Container Corp.** Boutique investment bank **Houlihan Lokey** and law firm **Landis Rath & Cobb** in Wilmington advised AES.

AES filed for bankruptcy on behalf of its **AES Thames** subsidiary in February to restructure its debt and contractual obligations. The proceedings stem from a steam contract with paperboard manufacturer Smurfit-Stone that forced the plant to run even when operating at a loss. The rising costs of coal contributed to the financial problems of the plant (PI, 8/26).

Officials or spokespeople at Houlihan, AES, Landis Rath and BTU either declined comment or didn't respond to inquiries.

People & Firms

Union Bank's Edmonston To Retire

John Edmonston, Union Bank executive director of power and utilities in Los Angeles, is retiring at year-end and will be replaced by **Alex Wernberg**, senior v.p.

Robert Olson, **Louise Pesce** and **Kevin Zitar**, senior v.p.'s, will be team leaders under Wernberg, says a person familiar with the bank's plans.

Edmonston has overseen corporate lending to utilities and independent power producers under **Mitsubishi UFJ Financial Group** (PI, 2/18/10). BoTM bought all outstanding shares of Union parent **UnionBanCal Corp**. for $3.5 billion in 2008.

Bank officials declined to comment or didn't return calls.

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.

AMERICAS

• **MEMC Electronic Materials** has announced it will merge its **SunEdison** unit with its solar materials business. The polysilicon maker is aiming to cut costs after a collapse in the price for raw material in solar cells and semiconductors (*Bloomberg*, 12/8).

• The **Federal Energy Regulatory Commission** has ordered the **Bonneville Power Administration** to rewrite wind rules to address periods when the utility has surpluses of renewables generation. FERC decreed that BPA had discriminated against wind operators when it disconnected their generators earlier this year (*The New York Times*, 12/8).

• The U.S. **Nuclear Regulatory Commission** plans to boost inspections at **Duke Energy**'s Oconee nuclear plant near Greenville, S.C. The commission determined that faulty circuit breakers at Oconee possibly precluded a back-up shutdown system from working during fires or storms (*Bloomberg*, 12/8).

• The U.S. **Bureau of Land Management** has extended a public comment period on a proposed 100-turbine wind project near Rock Springs, Wyo., until Dec. 27. Sponsor **Evergreen Wind Power Partners** is developing the proposed Quaking Aspen project (*Bloomberg*, 12/8).

• **FirstEnergy Corp**. has restarted operations at its Davis-Besse nuclear reactor near Toledo, Ohio, almost two months after cracks were found in the plant's concrete shell (*Bloomberg*, 12/7).

• **Invenergy** is seeking approvals from the North Carolina **Utilities Commission** and state and federal environmental regulators for its proposed wind project in Beaufort County. Environmentalists oppose the project because of its proximity to the Pocosin Lakes National Wildlife Refuge (*Bloomberg*, 12/7).

• The U.S. **Nuclear Regulatory Commission** is planning to strengthen safety rules of nuclear plants, prompted by the disaster at the Fukushima Daiichi plant in Japan in March. A decision could be announced soon, says **Gregory Jaczko**, the chairman of the NRC (*The Wall Street Journal*, 12/7).

• **Energy Capital Partners** has hired **Nahla Azmy**, **NRG Energy** senior v.p. of investor relations, as managing director of investor relations. NRG has promoted **Chad Plotkin**, v.p. of strategy and new business, to v.p. of investor relations effective Jan. 4 (*Yahoo! Finance*, 12/7).

• **IKEA** will install solar panels atop 10 of its stores in the southeastern U.S., including at a location in Broward County, Fla. (*South Florida Business Journal*, 12/7).

• **Exelon Corp**. and **Constellation Energy Group** have increased commitments related to the merger of the two companies. Among the new commitments are 175 MW of proposed generation for Maryland, including 55 MW of solar or wind power (*Yahoo! Finance*, 12/6).

• **GE** has announced that it will debut a 4.1 MW offshore turbine. The company has begun installing the turbine at a wind project in Sweden (*Reuters*, 12/6).

• **Kentucky Power Co**. has announced that it will be investing $940 million worth of upgrades for its Big Sandy Power Plant near Louisa, Ky. The 800 MW coal-fired plant will be retrofitted with new equipment to comply with new U.S. **Environmental Protection Agency** regulations (*Power Engineering*, 12/6).

Industry Current

Launching The South Africa Renewables Industry

Charles-Henry Kurzen

*This week's Industry Current is written by **Charles-Henry Kurzen**, project finance advisory shop **Saltbox Partners** in New York.*

In August the South African government launched the first phase of an expected five phase bid process to award PPAs to renewable power projects. This renewables program is the culmination of a process that started with a white paper in 2003 expanded into an Integrated Resource Plan 2010 – 2030 that envisions the addition of over 55 GW by 2030 and saw the adoption and then abandonment of a Renewable Energy Feed-In Tariff Program earlier this year. The need for power is acute and the timing of the announcement of which bids will be awarded 'Preferred Bidder' status was initially targeted for Nov. 24, just days before the Nov. 28 start of the **United Nations** Climate Change Conference in Durban, South Africa that is in session until Dec. 9. The revised announcement date was Dec. 7, two days before the conference ended.

While the renewable program is a landmark initiative that is expected to drive growth and jobs in South Africa, recognition of the country's obligations to the global community is also clear. The introduction of renewable energy in a country that generates over 90% of its electricity from coal represents a significant forward step in striving to meet its commitments under the Kyoto Protocol. In the background remains the shadow of the apartheid; the sanctions that blocked oil and gas into the country necessitated this reliance on coal-fired generation. The end of the apartheid in 1994 spurred rapid industrialization and the need for significant capacity expansion; meeting this demand through renewable energy that will see equipment and investment from around the world is poignant.

Current Generation

South Africa's generation portfolio is currently 90% coal, 5% nuclear and the balance predominately provided by "non-green" IPPs. Its cost of power is among the lowest in the world. Maintaining this cost basis, however, is untenable both politically and economically as the building of renewable energy is expected to foster a more secure, labor intensive and sustainable economy and society.

Eskom, the state-owned electric utility, operates 27 coal and nuclear stations that make up approximately 41 GW of the country's 44.5 GW capacity; the incremental energy is imported or IPP generated. With peak demand of nearly 39 GW, Eskom's reserve margin is an alarming 5%; the additional supply allows the capacity margin to clear 10%.

FAST FACT
South Africa's generation portfolio is currently 90% coal, 5% nuclear and the balance predominately provided by "non-green" IPPs.

55 GW Of New Capacity

The IRP contemplates more than doubling the country's generation capacity with the addition of over 55 GW by 2030. The need for this magnitude of growth only intensified with the power crisis of 2008 when demand for power outstripped supply and led to widespread and sustained blackouts in major cities across the country. Looking ahead, if all of this capacity is built and comes on line, the country is projected to increase its reserve margin to a more comfortable level of 30%.

The long process that led to the launch of the renewables program was originally started in November 2003 when the South African government published its white paper on renewable energy under this policy document, the government committed itself to the modest target of approximately 4% of the projected electricity demand for 2013 to be produced from wind, solar, biomass and small-scale hydro sources. There was no objective set beyond 2013 and at the end of 2011 renewable generation in South Africa remained all but invisible.

In May 2011, the **Department of Energy** issued its IRP calling for the construction of 55 GW of new generation; 12.5 GW has already been identified (6% wind and solar) and was underway before this paper was published. Currently over 42.5 GW of this goal remains to be identified. The IRP targets 42% of the remaining basket (17.8 GW) to come from renewable sources (wind, solar, biomass), which is to be assigned under this five-phase renewables process. The remaining 58% of new capacity is broken down as: nuclear 23%, coal 15%, open-cycle gas turbines 9%, hydro 6% and imported gas 6%.

This first phase of the renewables program, kicked off by the DOE in August with the issuance of a request for qualification and a request for proposals, sought bids for up to 3,725 MW of renewable generation. The RFQ and the RFP has sparked interest from foreign investors, including those in the U.S., who are expected to be a large part of the estimated $50 billion investment expected for energy by 2030 in South Africa.

The Process & Phase I

The publication of the IRP in May signaled what was widely expected to be the imminent launch of the renewables program bid process that to this point was designed to be a renewable energy FIT program. In June, the DOE made the surprise announcement that it was abandoning this long planned approach. The government revamped the process into one with pre-determined tariffs (price

Industry Current is a feature written by industry professionals that highlights and clarifies key issues in the power sector. Power Finance & Risk runs the feature periodically and is now accepting submissions from industry professionals for the Industry Current section. For details and guidelines on writing an Industry Current, please call Sara Rosner at (212) 224-3165 or email srosner@iinews.com.

ceilings) for each type of renewable energy being sought as well as 'non-price' elements. The change meant that developers that had been working on projects under the first set of assumptions suddenly had to re-group and re-think their projects and structures.

When the DOE finally launched the RFQ/RFP process on Aug. 3, developers and investors had already been working up to several years in anticipation of the kick-off of the renewables program. What was unknown until Aug. 3 was exactly for what they were preparing. You could all but hear the drumroll as the announcement date was pushed back in short increments through June, through July to August.

In this first phase, the DOE set a target of up to 3,725 MW inviting potential developers to submit proposals for the financing, construction, operation and maintenance of up to 1,850 MW of onshore wind, up to 200 MW of solar thermal, up to 1,450 MW for solar photovoltaic, up to 12.5 MW for biomass and biogas, up to 25 MW for landfill gas, and up to 75 MW for small hydro technologies. A small basket for up to 100 MW for IPP projects of less than 5 MW was also included.

The bidding criteria introduced places significant emphasis (30% weighting) on stimulating and fostering job creation, local development, community involvement, enterprise development, socioeconomic development and participation by historically disadvantaged citizens. In this regard, bidders must meet certain minimum requirements (the 'non-price' elements) based on legal, land-security, environmental, grid-connectivity, technical-feasibility, generation forecasting, Black Economic Empowerment, economic development as well as financial and regulatory thresholds. Bidders must clear each of these hurdles for their bids to then be reviewed based on price per MWh and economic development.

"The bidding criteria introduced places significant emphasis (30% weighting) on stimulating and fostering job creation, local development, community involvement, enterprise development, socioeconomic development and participation by historically disadvantaged citizens."

Some additional parameters of the RFP/RFQ process have also become known:

- The bid package includes a draft PPA and Direct Agreement (consent to assignment) and other key project documentation all of which bidders are required to indicate sign-off on;
- Projects are required to enter commercial operation by June 2014 (except for concentrated solar thermal projects that will have until June 2015);
- Preferred Bidders will then enter into a PPA with Eskom and are required to execute this agreement in a set time frame;
- Projects must be fully funded by mid to late June 2012; any financings must reach financial close in this period;

Bid responses are required to remain valid for 300 days from submission.

By September it became apparent that the depth and breadth of the deliverables required to respond fully to the RFQ/RFP would thin the field of viable and "bid compliant" projects for this first round. A total of 53 bids representing approximately 2,127 MW of generation capacity sited in all nine provines were submitted to the DOE on Nov. 4, well short of the 3,725 MW target level. Approximately 50% of the 53 bids were for wind projects, 48% for solar projects, both photovoltaic and concentrating, and the balance was related to small hydro plants.

Selected bidders become 'preferred bidders', introducing another set of deadlines and requirements. If all Phase I projects were to be granted preferred bidder status the total capital investment would be around $1 billion. The majority of the equity capital will likely come from American and European investors while the debt capital is expected to be provided by South African banks and institutional investors.

The Results

The Energy Minister announced today the results of the round one bids from the grounds of the Durban UN Conference on Climate Change; grounds that have been dominated by anti-coal / pro-clean energy demonstrations aimed at the South African government through the conference. Only 28 of the 53 projects achieved 'preferred bidder status' representing 1,416 MW. In short, the government received bids representing 66.5% of the phase one capacity target level and selected projects totaling just 38% of the 3,725 MW targeted. Why some projects failed to proceed is unclear right now, but we expect that many bidders will aim to resubmit these projects in round II once they identify the issues.

16 GWs To Go…

Phase II bids are due March 5, 2012 and competition is expected to be strong. Phase I bidders had only 3 months to digest the massive bid requirements, to ask for and then respond to ongoing clarifications issued by DOE throughout the entire period, and to pull together all the required components--from recruiting BEE partners (known in South Africa as 'black equity'), and detailing economic development factors to selecting equipment, negotiating EPC arrangements and securing firm financing commitments. Phase II bidders will have had seven months and the benefit of the Phase I process to prepare. Phase III through V will follow closely on the heels of Phase II and by the end of the bidding renewable projects totaling nearly 18 GW will be in the pipeline. If South Africa can realize this vision, the shift from 90% coal-fired capacity today to nearly 20% renewable energy capacity by 2030 will be heralded across the globe.

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Transmission Co. *(Continued from page 1)*

New York-based **Ziff Brothers Investments** is the primary backer of Clean Line and will continue to invest in the firm. **Zilkha & Sons**, an investment company, is another investor. It's possible that Clean Line, which launched in 2009, will opt for funding from ZBI and Zilkha in this round of fundraising, Skelly says. Clean Line has raised $36 million to date.

Skelly and members of his team have strong relationships with investors and lenders, dating to their days at **Horizon Wind Energy**, where he was chief development officer. "The list of [finance] folks was pretty long," he adds. "We got to know a lot of people along the way."

Clean Line is developing four projects, which are several years away from operation. They are:

- Rock Island, a 550-mile line that will connect northwest Iowa to Chicago;
- Grain Belt Express, a 750-mile line linking western Kansas to Missouri;
- Plains & Eastern, another 750-mile line, this one tying western Oklahoma to Memphis;
- Centennial West, a 900-mile line connecting eastern New Mexico to the Los Angeles area.

Clean Line has attained utility status in Oklahoma and snagged the same rank in Kansas this week. It entered a memorandum of understanding with the **Tennessee Valley Authority** earlier in the fall to become a transmission-only utility in Tennessee. And Clean Line has submitted applications to regulators in Arkansas and Illinois (PI, 1/26).

A Lazard official declined to comment. ***—Brian Eckhouse***

EIF, Cogentrix *(Continued from page 1)*

77.5% of the 112 MW Northampton plant with Charlotte, N.C.-based Cogentrix holding the remaining stake. The plant burns waste products including anthracite waste coal, tire-derived fuels and residual fiber waste.

The company has been using its debt service reserves to meet obligations on its senior notes since 2009. It did not make payments on the junior debt during that time. As a result, its debt service reserves have fallen below the requisite amount specified in covenants.

Northampton Debt

Debt type	Tranche	Original	Outstanding
Senior Debt			
Series 1994 A		$153M	
	6.6% due 1/1/2019		$61.2M
	6.5% due 1/1/2013		$10.2M
Series 1994 B		$25M	None
Junior Debt			
Series 1994 C		$27M	
	6.95% due 1/1/2021		$17M
	6.875% due 1/1/2011		$2.1M

**Information compiled from affidavit*

The plant has been hit by rising costs of fuel and the pricing in its power purchase agreement with **Metropolitan Edison Co**., a utility subsidiary of **FirstEnergy**. Its 25-year PPA has constrained its revenue and the price for the next decade—2011 through 2020—is lower than the first 15 years, according to the affidavit. The price at which power is sold is frequently below what the power would fetch in the merchant PJM market. Fuel transportation costs are up 40% since 2005, according to the affidavit.

EIF and Cogentrix officials declined to comment through spokesmen. ***—Holly Fletcher***

Pacific Hydro *(Continued from page 1)*

Crédit Agricole, **DnB Nor**, **Société Générale** and **WestLB** wrapped a $172 million deal backing that project and are potential lenders for upcoming projects, Grant notes (PI, 5/15/2009). He adds the company may look to expand its lender pool, given how the fallout of the European debt crisis is affecting some relationship banks. Pacific Hydro also plans to tap **Banco Nacional de Desenvolvimento Econômico e Social** to finance the bulk of two wind projects in Brazil next year. Bank officials either declined to comment or did not return calls.

The company is reportedly working with advisor **Chestnut Partners** on picking up projects in Brazil and Chile. Projects that have appropriate federal, state and environmental permitting and local support fit the bill. Pacific Hydro typically looks for power purchase agreements with large industrial entities and other wholesale power users, Grant says, pointing to the company's experience with those types of inside-the-fence arrangements in Australia. Pacific Hydro will use resources beyond its internal scope for certain financial activities, but Grant declined to comment on any relationship with Chestnut, which is based in Curitiba, Brazil. An official at Chestnut could not be reached.

—Sara Rosner

Conference Calendar

• **Infocast wil**l host Projects & Money 2012 Jan. 18-20 at the Harrah's New Orleans in New Orleans, La. To register, visit http://infocastinc.com/index.php/conference/570.

• **Euromoney Seminars** will host the 3rd Annual Canadian Power Finance Conference Jan. 25-26 at The Fairmont Royal York in Toronto. To register, visit http://www.euromoneyseminars.com/eventdetails/0/4339/3rd-Annual-Canadian-Power-Finance-Conference.html.

• **Green Power Conferences** will host Solar Power Generation USA Jan 31.-Feb. 2 at the Rio All Suites Hotel and Casino in Las Vegas, Nev. To register, visit http://www.greenpowerconferences.com/F/?sSubSystem=Prospectus&sEventCode=SP1202US&sSessionID=6d904d789c2f073663f6432eee3c3ffc-4576585.

• **Infocast** will host the Solar Power Finance & Investment Summit 2012 Feb. 27-March 1 at the Rancho Bernardo Inn in San Diego, Calif. To register, visit http://infocastinc.com/index.php/conference/526.

• **Euromoney Seminars** will host the 6th Annual Latin American Energy and Infrastructure Finance Forum Feb. 28-29 at the Biltmore Hotel in Miami, Fla. To register, visit http://www.euromoneyseminars.com/EventDetails/0/4470/6th-Annual-Latin-American-Energy-and-Infrastructure-Finance-Forum.html?LS=EMS582070.

ALTERNATING CURRENT

Great Turbines Of Fire

A 2 MW **Vestas** V80 wind turbine caught fire Thursday at a wind farm in Scotland owned by developer **Infinis**. The nacelle, or the box that covers the gearbox and generating equipment, caught fire in stormy weather that clocked winds of up to 165 miles per hour.

The 30 MW Ardrossan farm in Ayrshire was disconnected from the grid after the fire, which self-extinguished before firemen arrived. Employees leave the site when wind speeds hit 55 mph, according to an Infinis statement, so no one was there when it happened.

Infinis bought the eight-year old farm in 2010 from **Scottish & Southern Energy** in 2010 for GBP28.1 million ($40.38 million). Northampton-based Infinis is a portfolio company of London-based private equity shop **Terra Firma Capital Partners** that also owns **EverPower** in the U.S.

An Infinis spokesman did not immediately reply to an e-mail and a Vestas spokesperson couldn't be immediately reached.

Quote Of The Week

"We're particularly proud of getting that project up and running on time and in budget. That's given us a good track record with investors and lenders." —***Rob Grant**, ceo of **Pacific Hydro** in Melbourne, Australia, on the company's $450 million, 111 MW Chacayes hydro project in Chile going online in October (see story, page 1).*

One Year Ago In Power Finance & Risk

NextEra Energy Resources began plotting its push into the solar photovoltaic sector as it snatched up a pair of 20 MW PV plants in Ontario from **First Solar**. [NextEra landed a 50% stake in the 550 MW Desert Sunlight PV project in Desert Center, Calif. from First Solar (PI, 10/5).]

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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 **Sara Rosner**, managing editor, at (212) 224-3165 or srosner@iiintelligence.com.