

Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing



PFR Project Finance Midyear Review Roundtable 2021. *Page 9*

● MERGERS & ACQUISITIONS

Israeli developer buys US solar sponsor

Tel Aviv-listed **Nofar Energy** has acquired a 67% stake in a US solar and energy storage developer. *Page 5*

● LEGAL & REGULATORY

FirstEnergy charged in bribery scandal

FirstEnergy Corp has struck a deferred prosecution agreement to disentangle itself from a long-running bribery scandal. *Page 8*

● PEOPLE & FIRMS

Senior BMO bankers head to Mizuho

Three MDS at **BMO Capital Markets** are joining **Mizuho's** Americas power, utilities and infrastructure business. *Page 25*

Bids due for PE-backed community solar sponsor

Alfie Crooks

Second round bids are being taken for a private equity-backed community solar developer based in Massachusetts.

Ares Management Corp is taking bids for the entire equity interest in its solar portfolio company, **Navisun**, which co-develops, owns, operates and acquires distributed and small utility-scale solar projects across the US.

The bids are due in mid-August and a deal is expected to be reached by the end of this year.

Scotiabank is acting as financial adviser to Ares on the competitive auction process, having taken first round bids in June. The first phase attracted a mix of strategic and financial investors as well as pension funds, according to a source close to the situation.

The Hingham-headquartered developer has a 51.8 MW portfolio of operational solar projects, as well as a more than 20 MW pipeline of solar assets that are due online by the end *PAGE 6»*

Case Study: Cypress Creek Renewables

Alfie Crooks

In July, Sweden's **EQT Infrastructure Partners** emerged as the winning bidder for North Carolina-based solar developer **Cypress Creek Renewables**, following a highly competitive auction process. But in order to get to the point where it could clinch an attractive bid offer, Cypress had to go through a three-year saga of restructur-

ings, recapitalizations and refinancings. **Alfie Crooks** reports.

Established in 2014 as a solar development platform, Cypress would later transition to developing and owning energy storage assets, amassing a roughly 11 GW development-stage portfolio and a 1.6 GW operational platform spanning 25 US states. *PAGE 21»*

Canadian energy storage services firm launches equity raise

Taryana Odayar

A Canadian energy storage services firm has kicked off an equity capital raise to fund the expansion of its offerings and execution team across North America.

Cambridge, Ontario-based **SunGrid Solutions**, which provides engineering, procurement and construction services as well as battery system integrations for the sub-50 MWh segment *PAGE 5»*

Details revealed on Chilean gas-fired, solar financing

Carmen Arroyo

Details have emerged on a roughly \$1 billion debt financing that a pair of sponsors is leading for a portfolio of mixed generation assets in Chile, which include both operational and greenfield projects.

Generadora Metropolitana Renovables, a joint venture between **Andes Mining & Energy (AME)** and France's **EDF Renewables**, approached the *PAGE 23»*

Navisun is on course to find a new owner



● IN THIS ISSUE

MERGERS & ACQUISITIONS

- 5 | Israeli developer buys US solar sponsor
- 5 | Invenergy finds buyer for Illinois wind

PROJECT FINANCE

- 2 | PPA Pulse
- 6 | Apex seals royalties deal with Great Bay
- 6 | Linden Cogen to run on hydro, gas mix
- 7 | Soltage lands \$130m for solar portfolio
- 7 | Cubico reveals TE investor for Calif wind
- 7 | Meridiam EV subsidiary to go public

LEGAL & REGULATORY

- 8 | FirstEnergy charged in bribery scandal
- 8 | BOEM advances Calif offshore wind

FUND NEWS

- 8 | LACERA commits \$600m to infra funds

ROUNDTABLE

- 9 | Project Finance Midyear Review 2021

CASE STUDY

- 21 | Case Study: Cypress Creek Renewables

LATIN AMERICA

- 22 | Enel, GEB subsidiaries to merge
- 22 | Faro Energy nabs DG solar debt
- 22 | AES secures DR solar concession
- 22 | X-Elio closes Mexico solar financing
- 22 | Neoen finances El Salvador battery storage
- 23 | Canadian Solar funds Brazil portfolio
- 23 | Interchile issues \$1.2bn transmission bonds

PEOPLE & FIRMS

- 24 | DoubleLine recruits from Nomura
- 24 | 8minute hires general counsel from FuelCell
- 24 | Mosaic adds C-Suite duo
- 24 | CoBank VP joins electric coop as CEO
- 25 | Tierney joins Blackstone, Bolze retires
- 25 | Buchanan promoted to infra chief
- 25 | Senior BMO bankers head to Mizuho

DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book

● PPA PULSE

OPDENERGY BAGS VIRGINIA SOLAR PPA

Spanish independent power producer **OPD Energy** has secured an offtaker for a 63 MW (DC) solar project that it is developing in Clarke County, Virginia.

AEP Energy, a subsidiary of **American Electric Power** (AEP), will purchase the output of the project for 15 years once the facility comes online in the first half of 2024.

"The United States represents a great opportunity for renewable energies and OPD Energy is very well positioned to take advantage of it and boost the company's growth in this market," said **Luis Cid**, CEO of OPD Energy. "After years working with the aim of being a key player in the development and implementation of clean energies in the energy mix of the countries in which we are present, we can confirm that we are on the right track with this new milestone."

Earlier this year, the sponsor signed another PPA with AEP, spanning a 12 year period, for an 80 MW solar project in Jefferson County, West Virginia ([PFR, 3/31](#)).

ENEL TO POWER MCDONALD'S IN GUATEMALA

Enel Green Power's subsidiary in Guatemala has signed a two-year power purchase agreement with **McDonalds Corp's** local branch.

Enel Green Power Guatemala will fulfill

the PPA with power from its hydro plants in the country, supplying 17.52 GWh of electricity per year.

The sponsor has inked the contract with trading firm **Cova Energy**, which represents McDonald's in the electricity market.

"Enel Green Power Guatemala is the strategic ally we were looking for to launch this project since McDonald's is a company focused on caring for the environment," said McDonald's country manager, **Edy Gálvez**. "Through this alliance we are providing 100% renewable energy to restaurants throughout the year."

Enel operates five hydro projects in Guatemala, totaling 164 MW. They are:

- The 12 MW Matanzas asset in Baja Verapaz
- The 4 MW San Isidro project in Baja Verapaz
- The 47 MW El Canadá plant in Quetzaltenango
- The 13 MW Montecristo project in Quetzaltenango
- The 87 MW Palo Viejo asset in Quiché

The fast food chain has secured other PPAs in the country in the past 12 months, such as a 10-year contract with Guatemala's power distributor **Comercializadora de Energía para el Desarrollo** (CED), which is owned by food and energy conglomerate **Grupo Magdalena** ([PFR, 8/3/20](#)). ■

PFR Power Finance & Risk

EDITORIAL

Taryana Odayar
Editor
(212) 224 3258

Carmen Arroyo
Reporter
(212) 224 3256

Alfie Crooks
Reporter
(646) 841 3651

Kieron Black
Sketch Artist

PRODUCTION
Tim Huxford
Manager

PUBLISHING
Adam Scott-Brown
Director of Fulfillment

Alyssa Yang
Senior Marketing
Executive

SUBSCRIPTIONS

Guy Dunkley
Senior Sales Manager
(212) 224 3443

ADVERTISING/ REPRINTS

Jonathan McReynolds
Head of Business Development
(212) 224 3026

CORPORATE
Andrew Rashbass
Chief Executive Officer

Jeffrey Davis
Divisional Director,
Financial & Professional Services

Isaac Showman
CEO, NextGen Publishing

Directors:

Leslie Van de Walle (Chairman)
Andrew Rashbass (CEO)
Wendy Pallot (CFO)
Jan Babiak
Colin Day
Imogen Joss
Tim Pennington
Lorna Tilbian

Customer Service

PO Box 4009, Chesterfield, MO 63006-4009, USA
Tel: 1-212-224-3043
Fax: 212-224-3886
UK: 44 20 7779 8704 Hong Kong: 852 2842 8011
E-Mail: mailto:customerservice@powerfinancerisk.com

Editorial Offices

1120 Avenue of the Americas, 6th Floor, New York, NY 10036
Power Finance & Risk is a general circulation newsweekly.
No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.
Power Finance & Risk © 2021
Institutional Investor, LLC ISSN# 1529-6652
Copying prohibited without the permission of the publisher.

COPYRIGHT NOTICE: All materials contained in this publication are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published, broadcast, photocopied or duplicated in any way without the prior written consent of Institutional Investor. Copying or distributing this publication is in violation of the Federal Copyright Act (17 USC 101 et seq). Infringing Institutional Investor's copyright in this publication may result in criminal penalties as well as civil liability for substantial money damages. ISSN# 1529-6652

Postmaster

Please send all undeliverable Mail and changes of addresses to:
PO Box 4009 Chesterfield, MO 63006-4009 USA

TELL US WHAT YOU THINK!

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

Feel free to contact **Taryana Odayar**, Editor, at (212) 224-3258 or taryana.odayar@powerfinancerisk.com

GENERATION AUCTION & SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.

Generation Sale DATABASE

| Seller | Assets | Location | Adviser | Status/Comment |
|--|---|---|---|--|
| Ares Management Corp | Navisun | US | Scotiabank | Bids for the company are due in mid-August (see story, page 1). |
| Basin Electric Power Cooperative | Great Plains Synfuels (Coal, Gas) | North Dakota | | Bakken Energy and Mitsubishi Power Americas are interested in buying the asset as of early June (PFR, 6/14). |
| Balanced Rock Power | Balanced Rock Power | Utah | Lazard | The sponsor is seeking an equity injection as of early June (PFR, 6/7). |
| Blackrock | Kingfisher (298 MW Wind) | Oklahoma | Agentis Capital | DIF Capital Partners has agreed to buy the asset. The deal will close in the third quarter (PFR, 6/14). |
| Broad Reach Power | Broad Reach Power | US | Citi | Marketing materials circulated in April (PFR, 5/10). |
| Canadian Pension Plan Investment Board | Puget Holding Company (31.6%) | Washington | JP Morgan | Macquarie Asset Management and OTTP have agreed to buy the stake, as of early July (PFR, 7/12). |
| Basalt Infrastructure Partners, DCO Energy | DB Energy Assets | US | TD Securities | The banks have been mandated for the sale of the assets, as of the second week of May (PFR, 5/17). |
| Blue Sky Utility | Blue Sky Utility (67%) | California | | Nofar Energy has purchased a stake in the company as of July (see story, page 5). |
| Clênera | Clênera (90%) | Brazil | Nomura Greentech | Enlight Renewable Energy has agreed to buy the stake, as of early July (PFR, 7/12). |
| Columbia Basin Hydropower | Banks Lake (500 MW Storage) | Washington | Green Giraffe | The bank distributed teasers in April (PFR, 5/17). |
| Cypress Creek Renewables | Cypress Creek Renewables | North Carolina | Morgan Stanley | Eight bidders have been identified during the second round, as of mid-May (PFR, 5/24). |
| Dimension Renewable Energy | Dimension Renewable Energy | Georgia | | Partners Group has agreed to acquire a stake in the company, as of late June (PFR, 7/5). |
| EDP Renewables | Bright Stalk (205 MW Wind, 55%) Harvest Ridge (200 MW Wind, 55%) | Illinois | Jefferies | Greencoat Capital has agreed to purchase the interests in a deal set to close in June (PFR, 4/19). |
| Enel Americas, Grupo Energia de Bogota | Emgesa, Codensa, Enel Green Power Colombia, Essa Chile | Colombia, Guatemala, Panama, Costa Rica | Inverlink, UBS | The subsidiaries approved the merger on July 27 (see story, page 22). |
| Dakota Renewable Energy | Portfolio (3.2 GW (DC) Solar, Storage) | New Jersey, Pennsylvania, Delaware, West Virginia, Missouri, Colorado | | Enel Green Power North America has agreed to development-stage assets as of mid-July (PFR, 7/19). |
| Enel Generacion Chile, Electrica Pehuenche | Electrica Pehuenche | Chile | Banchile Asesoría Financiera, Santander Asesorías Financieras | The companies expect to merge their businesses, as noted on June 25 (PFR, 7/5). |
| Glidepath Power Solutions | Project Wolf (3.1 GW Storage) | US | Guggenheim Securities | Teasers were distributed during the week of April 19 (PFR, 5/3). |
| Global Infrastructure Partners | Freeport LNG (Gas, 25%) | Texas | Rothschild & Co | The sponsor has mandated the bank to sell its minority stake in the project as of early June (PFR, 6/7). |
| Great River Energy | Coal Creek Generating Station (1,151 MW) | North Dakota | | United Energy has agreed to acquire the asset, as of mid-July (PFR, 7/19). |
| Diamond Generating | Tenaska Gateway Generating Station (854 MW Gas, 67.8%) | Texas | Whitehall & Co | The bank distributed teasers in April (PFR, 5/17). |
| HPS Investment Partners, Temasek | Cypress Creek Renewables | North Carolina | Morgan Stanley | EQT Partners has emerged as the winning bidder for the firm, as of early July (PFR, 7/12). |
| International Electric Power | Tejas Verdes (10 MW/50 MWh Storage) | US | BNP Paribas | First round of proposals is due in mid-August (PFR, 7/26). |
| Invenergy | Sapphire Sky Wind (250 MW Wind) | Illinois | | WEC Energy has agreed to buy the asset as of July (see story, page 5). |
| Origis Energy | Project Gator | Florida | OnPeak Capital, Goldman Sachs | Teasers were circulated in June (PFR, 7/26). |
| Photosol | San Juan Solar I (299 MW Solar, 130 MW Battery) | New Mexico | BNP Paribas | Second round bids were due on March 19 (PFR, 3/29). |
| Prospect14 | Project Anthracite (1.3 GW Solar, Storage) | Pennsylvania, Virginia | Jefferies | Marketing materials for the sale process circulated during the week of April 26 (PFR, 5/3). |
| Rio Grande do Sul | Sulgas (Gas, 51%) | Brazil | | The government is preparing to sell the stake in the company (PFR, 7/5). |
| Rockland Capital | Portfolio (773 MW Gas) | Illinois | BNP Paribas, Scotiabank | The sponsor is taking bids for the portfolio on July 27 (PFR, 7/26). |
| Source Renewables | Community Solar Portfolio (23 MW) | New York | | The sale launched in the third week of March (PFR, 3/29). |
| Southern Power | Partin Solar (50 MW Solar) | North Carolina | | The sponsor recirculated teasers for the project in the second week of March (PFR, 3/15). |
| SunGrid Solutions | SunGrid Solutions | Canada | Javelin | The firm circulated teasers for the equity injection in July (see story, page 1). |
| Undisclosed | Portfolio (35 MW Solar) | Maine | | Standard Solar has purchased the portfolio as of July (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 Taryana Odayar at (212) 224 3258 or e-mail taryana.odayar@powerfinancerisk.com

PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector.

Live Deals: Americas

| Sponsor | Project | Location | Lead(s) | Deal Type | Loan Amount | Tenor | Notes |
|---|--|------------------------|---|----------------------|---------------|-------|---|
| APG, Celeo Redes | Colbún Transmision | Chile | JP Morgan | Bond | \$1bn | | The bank is trying to syndicate the bridge loan to the bond, eyeing the closing of the bridge in two weeks (PFR, 5/10). |
| Canadian Solar | Portfolio (Solar) | Brazil | BTG Pactual, Itau BBA | | \$100m | | The deal closed as of July 27 (see story, page 23). |
| Castleton Commodities International | Riverview Power (1.4 GW Gas) | New York, Texas | Morgan Stanley | Term loan B | \$205m | 7-yr | The deal, which will refinance the portfolio, was launched in mid-April (PFR, 5/3). |
| Celsia | Tesorito (198.7 MW Gas) | Colombia | SMBC, Santander | | \$140m-\$150m | | The sponsor has mandated the banks as of early May (PFR, 5/17). |
| Cox Energy America | Sol de Vallenar (308 MW (DC) Solar) | Chile | | | | | The sponsor is looking for debt for the asset as of February 12 (PFR, 2/22). |
| Cubico Sustainable Investments | Wind Wall I (46.5 MW Wind) | California | HSBC | Tax equity | | | The sponsor revealed the identity of the tax equity investor (see story, page 7). |
| Daroga Power | Portfolio (33 MW Fuel cell) | US | | Tax equity | \$205m | | The sponsor is raising financing as of late March (PFR, 4/5). |
| Faro Energy | Portfolio (Community Solar) | Brazil | Santander | Term loan | \$20.43m | | The sponsor closed the deal in July (see story, page 22). |
| Generadora Metropolitana | Portfolio (600 MW Solar, Gas) | Chile | Credit Agricole | Term loan | \$600m-\$650m | | The sponsor is expected to tap a club of banks, with the deal due to close by late September (see story, page 1). |
| | | | | Private placement | \$300m-\$350m | | |
| Interchile | Cardones-Polpaico (Transmission) | Chile | JP Morgan, Goldman Sachs, Scotiabank | Bond refinancing | \$1.2bn | | The sponsor issued the bonds in late July (see story, page 23). |
| Intersect Power | Radian (420 MW (DC) Solar) | Texas | Bank of America | | | | The sponsor is preparing to raise debt for its development-stage projects, as of early June (PFR, 6/14). |
| | Aramis (100 MW Solar, Storage) | California | | | | | |
| I Squared Capital | Atlantic Power portfolio (1,160 MW Gas, Biomass, Coal) | US | RBC Capital Markets, MUFG | Term loan B | \$360m | 6-yr | The banks met on March 18, with commitments due on April 1 (PFR, 3/22). |
| | | | | Ancillary facilities | \$45m | | |
| Key Capture Energy | Portfolio (250 MW Storage) | Texas | | | | | The sponsor was conducting pre-marketing for debt as of February (PFR, 2/15). |
| Latin America Power | Portfolio (231 MW Wind) | Chile | Goldman Sachs, Citigroup | Bond | \$403.9m | 12-yr | A subsidiary of Latin America Power issued bonds to refinance two wind farms as of June (PFR, 6/28). |
| Macquarie Infrastructure and Real Assets | Wheelabrator Technologies, Tunnel Hill Partners | US | Credit Suisse | Term loan | \$1bn | 7-yr | The sponsor is combining and refinancing the portfolio companies, with commitments taken on March 19 (PFR, 3/15). |
| | | | | Ancillary facilities | \$400m | 5-yr | |
| Matrix Renewables | Portfolio (81.7 MW (DC) Solar) | Colombia | IDB Invest | Term loan | \$31m | 18-yr | The sponsor is securing debt arranged by IDB Invest as of mid-May (PFR, 5/24). |
| | Portfolio (154 MW (DC) Solar) | Chile | BNP Paribas | | | | The sponsor mandated the bank for a financing in February (PFR, 5/17). |
| Neoen | Portfolio (Storage 11 MW/ 8 MWh) | El Salvador | IFC | Construction loan | | | The deal closed in July (see story, page 22). |
| NextEra Energy Resources | Sky River (77 MW Wind) | California | | | | | The sponsor is arranging financing for the asset as of the third week of May (PFR, 5/31). |
| Pattern Energy Group, Samsung Energy Partners | Armow (180 MW Wind) | Ontario | AssociatedBank, Bayern LB, Credit Agricole, SocGen, Caixabank, SMBC, SMTB | Refinancing | C\$1.2b | 18-yr | The deal is expected to close in July (PFR, 6/7). |
| Savion | Westoria Solar (200 MW Solar) | Brazoria County, Texas | CIT Bank, ING Capital | Term loan | \$79m | C+5yr | The sponsor is working on the financing as of February (PFR, 2/22). |
| | | | | Tax equity | \$95m | | |
| | | | | Ancillary facilities | \$38m | | |
| Soltage | Portfolio (110 MW Solar) | US | Silicon Valley Bank | Construction loan | \$130m | | The sponsor closed the deal as of July (see story, page 7). |
| Terra-Gen | Edwards Sandborn (1,118 MW/ 2,165 MWh Solar, Storage) | California | | Construction loan | \$1bn | | The developer approached banks for the financing as of early May (PFR, 5/10). |
| VTRM Energia Participações | Piauí II and III (409.2 MW Wind) | Brazil | BNDES | Construction loan | \$317.6m | | The bank has agreed to finance the assets, as of the second week of July (PFR, 7/26). |
| X-Elio | Perote II (119 MW Solar) | Mexico | IFC, Sabadell | Construction loan | \$44.1m | | The sponsor secured the financing as of July 26 (see story, page 22). |

New or updated listing

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

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

NORTH AMERICA MERGERS & ACQUISITIONS ●

Israeli developer snaps up US C&I solar sponsor

Tel Aviv-listed developer **Nofar Energy** has made its debut in the US renewables market with the acquisition of a 67% stake in a commercial and industrial solar and energy storage developer based in California.

The buyer has agreed to pay \$91 million for the majority interest in Napa-headquartered **Blue Sky Utility**. The company operates over 20 MW of C&I solar assets in the US and has a more than 80 MW near-term solar and storage project pipeline.

The proceeds will be split between a \$26 million initial pur-

chase and equity injection, and a \$65 million debt facility for future growth investments.

"Nofar engaged in a thorough investigation of the US market," said **Ofer Yanay**, Nofar's founder and chairman. "Through this process we became aware of Blue Sky and their unique business model. Blue Sky's qualities resemble those of Nofar Energy; an emphasis on C&I projects, high level of scalability and uniformity and a set of capabilities and execution track record that present significant barriers to imitation."

Nofar was established in 2011 in

the port city of Ashdod, located on Israel's Mediterranean coast, between Tel Aviv 19.9 miles (32 km) to the north and Ashkelon 12.4 miles (20 km) to the south.

The company launched its initial public offering on the **Tel Aviv Stock Exchange** in December 2020, issuing about 23% of its shares at an initial market value of about NIS 2.6 billion (\$80 million).

Its other shareholders include founder Yanay, the company's senior management (20%) and Israeli infrastructure fund **Noy Fund**.

"We're excited to be joining forces with Nofar," added **Ran**

Bujanover, Blue Sky's president. "In Nofar we found a partner that shares our market philosophy and has the capacity to support our acceleration." The advisers to Nofar on the deal are:

- **Beta Finance** – financial
- **Lummus Consultants** – technical
- **ICF** – market adviser
- **KPMG** – accounting and tax
- **Barnea Jaffa Lande & Co** – legal
- **WilmerHale** – legal

Meanwhile, **Garrett Stiepel Ryder** acted as legal counsel to Blue Sky. ■

Invenergy locks in buyer for Illinois wind farm

Invenergy has secured a buyer for a 90% stake in a 250 MW wind project that it is developing in Illinois.

WEC Energy Group has agreed to pay \$412 million for the majority interest in the Sapphire Sky Wind Energy Center, subject to regulatory approvals.

Located in McLean County, the project is due online by the end of 2022.

It will sell its electricity to an undisclosed **Fortune 500** technology company under the terms of a long-term power purchase agreement.

"This project will help meet the

energy needs of one of the largest high-tech companies in the world and continue to grow earnings from our portfolio of renewable assets," said **Gale Klappa**, executive chairman of WEC.

This is the latest in a series of renewable project sales that Invenergy has struck with WEC

over the last three years, totaling more than 1 GW of capacity.

Last year, WEC agreed to buy an 80% stake in another Invenergy project in McClean County, namely the 250 MW Blooming Grove wind farm ([PFR, 1/27](#)). WEC paid \$345 million for the asset, which came online at the end of 2020. ■

Canadian energy storage services firm launches equity raise

«FROM PAGE 1 of the storage market, is seeking a \$30 million equity injection.

About \$20 million of the proceeds will go toward scaling up its sales and origination efforts, its execution team and widening its geographic footprint, while the remainder will act as working capital to support growth.

Boutique advisory firm **Javelin Capital** circulated marketing materials on behalf of the firm earlier this month. Indications of interest are due in late August and binding term sheets in early September.

A deal is expected to be reached in the fourth quarter.

"SunGrid will also entertain control transactions and additional investment to fund potential strategic expansion opportunities," reads a teaser seen by *PFR*.

The company provides EPC services for projects that are more than 20 MWh in size, battery integration solutions for 10 MWh to 50 MWh projects, and also carries out battery cell assemblies using its PowerPlay system for 1 MWh to 10 MWh assets.

Although headquartered in Canada, SunGrid also has offices in Buffalo, New York and in Houston, Texas. It is led by CEO **Jeremy Goertz**, a former **Saturn Power** vice president who

has also worked at **Stantec** as a director, renewables in Canada.

"Currently the energy storage industry is immature; upon executing the business growth plan in this consolidating market, SunGrid will be an interesting acquisition target to a wide range of strategic and financial investors or public marketing listing," notes the teaser. Some of the projects that SunGrid has provided battery integration services for include **esVolta's** 3 MW/12 MWh Wildcat and 2 MW/6MWh Acorn projects in California, which are part of the sponsor's esFaraday standalone storage portfolio that was financed by a **CIT Bank**-led

club last year ([PFR, 5/20/20](#)).

Some of SunGrid's other customers include:

- **Key Capture Energy**
- **Glidepath**
- **Stem**
- **Powin**
- **Hitachi**
- **Aypa Power** (previously known as **NRStor** before it was bought and rebranded by **Blackstone Energy Partners**)
- **Rappahannock Electric Cooperative** in Virginia
- **Honeywell**
- **LG**
- **Orange & Rockland**
- **DTEK**
- **Molson Coors** ■

● NORTH AMERICA MERGERS & ACQUISITIONS

Bids due for PE-backed community solar sponsor

◀FROM PAGE 1 of 2021. The projects are spread across Maine, Virginia, Texas and Rhode Island.

In early 2019, Navisun also acquired a 14.3 MW portfolio of nine community solar assets

from **Clean Energy Collective** (PFR, 3/20/19).

Navisun was founded in 2017

by managing partners **John Malloy** and **Doug Johnsen** in partnership with Ares. ■

● NORTH AMERICA PROJECT FINANCE

Apex clinches follow-on royalties deal with Great Bay

Altius Renewables Royalties Corp and **Apollo Infrastructure Funds** have closed an additional \$20 million royalties investment in **Apex Clean Energy's** renewables development portfolio.

The investment was carried out through Altius and Apollo's renewable project royalty invest-

ment vehicle, **Great Bay Renewables**. The deal is an extension of an existing \$35 million royalty financing that Great Bay made in Apex's wind, solar and energy storage pipeline last March, bringing the total royalty capital commitment to \$55 million (PFR, 3/11/20).

Great Bay was launched by

Altius and Apollo last October (PFR, 10/13). In exchange for a 50% stake in the company, Apollo funds agreed to provide all of the next \$80 million approved for investments in renewable project royalty deals, which includes the \$55 million invested in Apex.

Once the \$80 million cap has

been reached, any investment opportunities thereafter will be funded equally by Altius and Apex.

In total, the Apollo funds expect to invest up to \$200 million in Great Bay, which in turn will use the proceeds to invest in renewable energy development platforms in North America. ■

Linden Cogen to run on hydrogen, natural gas mix

The 972 MW gas-fired Linden Cogen facility in New Jersey, which is owned by a consortium of Asian investors, is being partially converted to running on a blend of both hydrogen and natural gas.

Situated in the city of the same name, the Linden Cogen facility comprises six units, five of which were brought online in 1992, while the sixth was brought online in 2002.

Plans are in the works to convert the existing gas turbine at Linden's sixth unit to running on up to 40% hydrogen.

A deal has been struck between the plant's operating company, **Linden Cogen Holdings**, and oil refiner **Phillips 66 Co**, to supply the unit with fuel gas containing hydrogen from Phillips' Bayway oil refinery, which is located adjacent to the power plant.

The modifications are expected to be completed in 2022.

The investment is being funded by one of the plant's co-owners, Japan's **JERA Co**, through its **JERA Americas** subsidiary.

"It is expected to take some time before hydrogen can be used for power generation in Japan because this will require the development of carrier technology," reads a July 28 statement

from JERA. As such, the company plans to advance the use of hydrogen at power plants in the US, where hydrogen is more readily available, with the aim of accumulating technological experience that can be applied to future domestic and overseas projects.

The modifications are expected to reduce CO2 emissions by

about 10% annually at Unit 6, according to JERA. The company has been working to eliminate CO2 emissions from its businesses both at home and abroad by 2050, under its "JERA Zero CO2 Emissions 2050" objective.

The other co-owners of the Linden facility are Thailand's **EGCO Group**, the **Development Bank of Japan** and **HPJVI**, a joint venture between South Korea's **GS EPS** and a fund managed by **Hana Alternative Asset Management** on behalf of **Mirae Asset Daewoo** (PFR, 2/2).

The plant's sixth unit interconnects with **PJM Interconnection** so that it can service a separate long-term contract with the Bayway oil refinery, expiring in 2032. Excess capacity from that unit is sold spot into PJM.

Meanwhile, the other five units sell their output merchant into **NY-ISO Zone J**. **EDF Energy Services** is the facility's energy manager. ■



The 972 MW gas-fired Linden Cogen facility in New Jersey

NORTH AMERICA PROJECT FINANCE

Soltage lands \$130m for six-state solar portfolio

New Jersey-based distributed solar developer **Soltage** has secured a \$130 million debt facility supporting a portfolio of assets located in six US states.

Silicon Valley Bank acted as sole lead arranger on the deal, with three other undisclosed banks joining as lenders.

The financing will support a 110 MW portfolio of solar projects spread across North Carolina, South Carolina, Maine, Illinois, Virginia and Maryland.

The debt package includes an \$100 million facility that can be used to finance other projects beyond the scope of the existing

portfolio.

Construction on the assets is due to be completed over the next three quarters. Work has already begun on 10 of the projects, located in four of the six states.

The projects will sell their electricity to investor-owned utilities under **Public Utility Regula-**

tory Policies Act (PURPA) contracts, as well as to community solar subscribers and corporations.

The deal is the latest for Soltage's Iris capital vehicle, following a \$250 million equity commitment by **Harrison Street** in March to fund a 450 MW portfolio of solar, solar-plus-storage and standalone storage assets ([PFR, 3/23](#)). ■

Cubico unveils tax equity investor for California wind

Cubico Sustainable Investments has revealed the tax equity investor for a repowered wind project in California that it bought toward the end of last year.

HSBC has emerged as the sole tax equity investor for the 46.5 MW Wind Wall I project in Kern County, which Cubico bought from **Eolus North America** in October 2020 ([PFR, 10/6](#)).

Paragon Energy Capital acted as sell-side adviser to Eolus on

the sale process, as reported by *PFR* ([PFR, 4/15](#)).

Wind Wall I is located at the site of a 35-year-old wind farm about seven miles east of the City of Tehachapi. **Eolus North America**, a subsidiary of Sweden's **Eolus Vind**, replaced some 400 **Vestas** turbines originally installed in 1985 at the Tehachapi Pass wind farm with 13 turbines from the same manufacturer.

The repowering is expected to

triple the project's annual generation to between 135 GWh and 145 GWh of electricity per year.

Cubico will sell the project's output to **Amazon Web Services** under a 15-year power purchase agreement secured in 2019 ([PFR, 4/9/19](#)). The PPA is backed by a limited guarantee from parent company **Amazon.com**.

The asset represents Cubico's first operational wind project in the US.

"Wind Wall 1 is an excellent project for us to add to our portfolio as it benefits from a favourable long-term offtake, as well as being located in one of the most high-quality regions in the world for wind energy production," said **Greg Schmidt**, head of US origination and execution at Cubico.

Schmidt was appointed to his role as US head in June, succeeding **Oliver Alexander** who moved to the UK to take up a new opportunity, as reported by *PFR* ([PFR, 7/21](#)). ■

Apollo SPAC to take Meridiam EV subsidiary public

Allego, an electric vehicle charging company owned by Parisian asset manager **Meridiam**, has agreed to go public via **Apollo Global Management's** third special purpose acquisition company (SPAC), **Spartan Acquisition Corp III**.

The company plans to raise gross proceeds of \$702 million through its listing on the **New York Stock Exchange**, scheduled for the fourth quarter of this year. The equity value of the combined company is expected to total \$3.14 billion.

Meridiam will roll 100% of its equity and, together with management and former advisers, retain 75% of the combined business. The **European Investment Bank**, another existing shareholder, will also hold on to a stake.

The merger will be supported by a \$150 million private investment in public equity (PIPE) deal led by EV pioneer **Fisker**, which will make a \$10 million private investment, in addition to forming a strategic partnership with Allego.

The PIPE is also anchored by **Landis+Gyr**, as well as institutional investors, including funds and accounts managed by **Hedosophia**, **ECP**, **Apollo** and **Meridiam**.

Allego was established in 2013 and has deployed 26,000 charging ports in 12 European countries since. Its charging network includes fast, ultra-fast and AC charging equipment.

When Meridiam acquired Allego in 2018, it was backed by lenders **Kommunalkredit** and **Soc-**

Gen, according to a deal watcher. **EdR** later joined in on the first syndication of the debt.

There are now a few more lenders involved, including **Banque Postale** and one other French institution.

GROWING EUROPEAN EV MARKET

The European EV market is nearly twice the size of its US counterpart, with an expected 46% compound annual growth rate from 2020 to 2025. Based on projections, the number of EVs in Europe is expected to grow to nearly 20 million by 2025, up from 3 million today.

Stringent European CO2 regulations for internal combustion engines and favorable incentives for EV purchases are also expected to continue to drive EU adop-

tion rates.

Allego is led by CEO **Mathieu Bonnet**, while the SPAC is led by **Geoffrey Strong** and **Olivia Wassenaar**, senior partners and co-leads of infrastructure and natural Resources at Apollo.

The advisers on the deal are:

- **Credit Suisse** – financial to Allego
- **Weil, Gotshal & Manges** – legal to Allego
- **NautaDutilh** – legal to Allego
- **Barclays** – financial to SPAC
- **Credit Suisse** and **Barclays** – co-lead placement agents for the PIPE
- **Citi** and **Apollo** – co-placement agents
- **Vinson & Elkins** – legal to the SPAC
- **Latham & Watkins** – legal to the placement agents ■

● LEGAL & REGULATORY

FirstEnergy charged in Ohio bribery scandal

FirstEnergy Corp has agreed to pay a \$230 million penalty as part of a deferred prosecution agreement that it has struck to disentangle itself from a long-running Ohio bribery scandal.

The Akron-based electric utility struck the three-year deferred agreement with the US **Attorney's Office for the Southern District of Ohio** on July 22, in order to resolve an ongoing **Department of Justice** investigation.

FirstEnergy has been embroiled in the internal investigation since last July, when prosecutors charged Ohio House Speaker **Larry Householder** and five associates with corruption in relation to unregulated and unreported donations from the company's former subsidiary, **FirstEnergy Solutions**, in support of a nuclear and coal power bailout bill ([PFR, 7/24](#)).

Under the terms of the deferred prosecution agreement, FirstEnergy has agreed to the government's charge of conspiracy to commit honest services wire fraud.

"FirstEnergy Corp. used the 501(c)(4) corporate form as a mechanism to conceal payments for the benefit of public officials and in return for official action," said FirstEnergy in a July 22 statement. "FirstEnergy Corp. used 501(c)(4) entities in this way because the law does not require disclosure of donors to a 501(c)(4) and there is no ceiling that limits the amount of expenditures that can be paid to a 501(c)(4) entity for the purpose of influencing the legislative process."

The charge will be dismissed as long as FirstEnergy abides by all terms of the deferred prosecution agreement, which includes

providing annual reports to the US Attorney for the Southern District of Ohio.

Meanwhile, the \$230 million fine will be split equally between the **US Treasury** and the **Ohio Development Service Agency** for the benefit of Ohio utility customers. Toward the end of last year, FirstEnergy's lenders signed waivers and amended the terms of its loans to resolve compliance breaches arising from the disclosure of a roughly \$4 million payment that was also uncovered as part of the internal bribery investigation ([PFR, 11/20](#)).

"Moving forward, we are intently focused on fostering a strong culture of compliance and ethics, starting at the top, and ensuring we have robust processes in place to prevent the type of misconduct that occurred in the past," said **Steven Strah**,

FirstEnergy's president and CEO.

At the start of this year, FirstEnergy hired **PG&E Corp** veteran general counsel **Hyun Park** as its new senior vice president and chief legal officer ([PFR, 1/6](#)). In March, the company also hired a chief ethics and compliance officer, **Antonio Fernández**, from **Public Service Enterprise Group**.

Fernández reports to Park as well as the audit committee of the board of directors, and will work closely with their compliance oversight subcommittee.

More recently, **Carl Icahn's** activist fund management firm **Icahn Capital** snagged two seats on FirstEnergy's board of directors after declaring its intention to acquire a stake in the company ([PFR, 3/17](#)). Icahn Capital is planning to buy shares valued at between \$184 million and \$919.9 million in the Akron-based utility holding company ([PFR, 2/18](#)). ■

BOEM moves closer toward developing California offshore wind

The **Bureau of Ocean Energy Management** (BOEM) is issuing a call for information and nominations to develop offshore wind projects in two new federal lease areas off the coast of California.

The two areas are located within a 399 square-mile region off

the coast of central California, and are dubbed the Morro Bay Call Area East and West Extensions, respectively. They are adjacent to the Morro Bay Call Area, which was identified by BOEM in 2018.

The call for information will be published in the Federal Regis-

ter on July 29, marking the start of the leasing process for the 399 square-mile territory, which could host up to 3 GW of wind generation. Nominations are due by September 13.

Separately, BOEM has also formally designated over 200 square-miles for the Humboldt

Wind Energy Area (WEA) offshore of northern California, and is planning to launch an environmental review of the area.

The **Biden** administration identified both areas for the development of offshore wind projects in May, as previously reported ([PFR, 5/26](#)), and is planning to lease them out in an auction targeted for 2022. ■

● FUND NEWS

LACERA commits \$600m to infra funds

The **Los Angeles County Employees Retirement Association** (LACERA) has committed \$600 million to two infrastructure funds, according to notes from an executive session held in July.

The session, held on July 14, approved a \$500 million commitment to **KKR & Co's** Diver-

sified Core Infrastructure Fund, which focuses on investment opportunities in utilities, renewables, telecoms, transport and the energy transition.

LACERA also approved a \$100 million commitment to **Astarte's** Smart Infrastructure Capital Partners I, which focuses on smart technologies in the energy

and transport sectors. It has a \$1 billion target and chiefly invests in North America and Europe.

Shinhan Investment acted as placement agent to the KKR fund. Fundraising on the vehicle began in December 2020, with forecasted returns of 8-10%.

Other known investors of the KKR vehicle are:

- **Ohio Police & Fire Pension Fund** – \$125 million
- **New Mexico SIC** – \$100 million
- **Arkansas Teachers Retirement System** – \$50 million, June 2021
- **Rhode Island State Investment Commission** – up to \$100 million, 21 May 2021

LACERA also recently committed \$415 million to infrastructure funds managed by **Axiom Infrastructure**. ■

Power Finance & Risk



PFR Project Finance Midyear Review Roundtable 2021

Sponsored by:

CohnReznick
Capital 

 **EASTWEST BANK**
Your financial bridge®

Unauthorized reproduction, uploading or electronic distribution of this issue, or any part of its content is illegal without the Publisher's written permission. Contact us at (800) 437-9997.

● PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021

PARTICIPANTS:



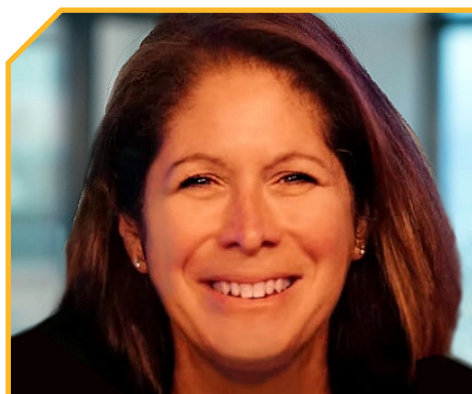
Chris Simeone, Head of Eastern Region Project Finance, **East West Bank**



Conor McKenna, Senior Managing Director, **CohnReznick Capital**



Mike Roth, Managing Director, **Ares Management Corp**



Ellen Friedman, Co-Head, Energy & Infrastructure Projects Team, **Nixon Peabody**



Matt Hankey, President & CEO, **New Energy Equity**



Taryana Odayar, Editor, **Power Finance & Risk** (moderator)

Taryana Odayar, PFR: The market seems to have more or less recovered in terms of pricing and liquidity since the onset of the pandemic in the US last March. Chris, do you agree?

Chris Simeone, East West Bank: No doubt, the market has recovered. Just a couple of days ago, it was determined that the recession was only about a month-and-a-half or two months. The shortest recession in history. All asset classes, particularly in ESG, are pretty much back to where they were pre-COVID. If anything, things are a bit more aggressive.

What I'll say as it relates to East West Bank is that we tend to specialize in niche areas in the market where there is a little bit of a price pre-

mium relative to the straight utility-scale solar deal that's priced extremely aggressively by all parties. But there's no doubt there's liquidity out there. Call up your bankers, call up Ares. It's a good time to be a borrower right now.

Mike Roth, Ares Management Corp: I would agree with Chris. Project finance volumes are down, but there's strong liquidity for deals and competition is higher. In the renewables space, there continues to be downward pressure on pricing and we're seeing banks begin to get more active in the holdco debt space and proactively seeking to offer ancillary solutions to differentiate such as development capital.

On the term loan B side, that market is wide open. It's certainly able to price risk

very efficiently.

A key sub-set of the TLB market pre-COVID was the non-US investor base. That base paused post-COVID, but we are seeing it slowly come back, however, hindered by fewer site visits.

On the ABS side, that market is very strong. Yields are coming down which is benefitting the residential solar market.

On the equity side, there's strong appetite for renewable energy among both infrastructure and private equity funds.

In particular, many energy-focused private equity funds are launching energy transition strategies. Sometimes they're doing that with the existing team, and other times, they're hiring a new team.

PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021 ●

Conor McKenna, CohnReznick Capital: I agree a lot with what Mike was saying there. I think that we have seen fewer projects coming through, especially as the gestation cycle for a project takes time to get from mid-stage to late stage, to shovel-ready to NTP. When you have the hiccup that we had earlier in 2020, that has led to fewer projects being ready to go in the first half of 2021.

But in terms of the ability of the market to facilitate the commercialization of these assets, I would agree with both Chris and Mike's statements that the conventional market is ready to go.

More importantly, or more of a paradigm shifting adjustment that we're seeing, is the focus on the energy transition and larger infrastructure and newer players coming in to take advantage of greater growth opportunities broadly within sustainability and specifically in power.

That paradigm adjustment is being played out in a number of different ways, including the conventional debt side doing more of the holdco loans, and more business facilitation of larger platforms. Some of this money is looking to invest heavily into the space for the idea of greater growth into the future. That's been driving a lot of the focus of the market through the first half of the year.

Ellen Friedman, Nixon Peabody: The renewable space continues to keep us busy. As to what Conor was referring to, those are projects that are not going to be quite as familiar to lenders or equity investors, and not quite as homogenous. What's been nice about solar is that they have a relatively quick turnaround time from the point of NTP to COD. Banks have familiarity with and understanding of the risks in the wind space.

In contrast, there are many new technologies proposed in this so-called new energy space. Development periods will be much longer. There are unfamiliar risks and terms of art, such as FEED (front end engineering and design) studies and FID (final investment decision). This pivot will present challenges for some bankers and tax investors who seek to attain the same comfort level that they've had consistently with the solar and wind assets that they have presented to their credit committees in recent years.

There will be a steep learning curve for in-

vestors, presenting more complex structures involving multiple parties and new tax credit structures that will need to be developed around 45Q. I think that the real beneficiaries are going to be the consultants that everybody's going to have to hire.

Odayar, PFR: Matt, from a developer's perspective, how has business changed since the onset of the pandemic last March?

Matt Hankey, New Energy Equity: It's interesting to hear everyone talk about the overall trends in the market, which are absolutely true. We lived through it. Shoot back to January, February of last year, we were marketing a 30 MW portfolio of community solar assets in Illinois. Probably about the worst time to be marketing a set of projects as the floor fell out from under us. It ended up delaying the projects by 30-45 days.

We've seen tremendous liquidity flood into the market on the debt and equity side of any transactions that we're looking at. So, I think it's gone beyond recovering and I'm continuously blown away as to how fast the economy in general recovered. Probably the effect of a lot of money being pumped into the market.

As for the delays on projects, that's absolutely the case. Two years ago, I would be sitting here in July, saying, 'What projects can we get in this year in terms of COD?' Right now, we're talking about, 'Can we get a project in next year?'

These delays are driven by procurement, interconnection and permitting delays and timelines, which have just elongated tremendously in the DG community solar space. Permitting agencies had to shut down and go to some type of remote platform. In most locations, we lost three or four months there in the cycle. As expected, that's showing its face now, about a year later from the height of the pandemic. It's just an elongated development cycle, which has not typically been seen in community solar and DG.

Odayar, PFR: What are some of the changes that you've made in the ways you do business over the past year that you're going to stick with, even after offices re-open?

Simeone, East West: I'm going to be honest – pre-COVID, I rarely used video. Most of us would say most conferences were done over telephone. But a lot of bankers, like me, are in-person type people. And if I had a choice, we'd all be together in a room right now, chatting about these things. It's just an atmosphere that works. We want to be in front of our clients, and indeed, tomorrow, I'm going to be on a business trip, and we'll be doing that.

But I think this will all still be a part of the mix. Getting together over a video conference has worked well. It's surprised me that it tends to be efficient, it tends to be workable and likeable.

McKenna, CohnReznick: I'm going to continue to do what my clients want me to do, in terms of whether it's in-person, or over the phone, or over video. It's obviously easier to do more with video now being a greater part of the nexus. It's a little bit more personal than a phone call, but not quite as good as in-person. So, it's a nice hybrid. And I think everyone's still trying to figure out what the future's going to be like for meetings, and what's preferred, and what's most efficient, and what allows us all to do our job best. It's a work in progress, but we've learned and got a few more tools out of COVID.

Odayar, PFR: Have there been any hindrances in the way you do business because of the pandemic?

Hankey, NEE: Yes. From our perspective, we'll do a lot of early meetings via phone, Zoom and Teams which we would have done in person in the past. We have had to cut off Zoom for one day a week, so we have 'no Zoom meeting Tuesdays,' as we found ourselves with continuous 30-minute blocks of meetings throughout each day.

One hindrance that I've seen, is we've had two very large transactional processes that took on average 60 or 70 days longer than usual. There's usually that last meeting two weeks before close, when everybody flies to the same place and gets in the same room and just knocks out every piece of transactional activity, in terms of documents and diligence. We've tried to do that remotely and it just hasn't been effective for us. So, we're

● PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021

looking forward to getting back to finalizing transactions a bit more efficiently, so they don't drag on for that extra 60, 70 days.

Roth, Ares: I think about it in two ways – internally and externally.

Internally – we've expanded our team significantly. And if you think about our business, it is very dynamic in that we're doing a lot of different things including both debt and equity, in assets and corporates, and actively pursuing opportunities with a high degree of complexity – we really pride ourselves on offering many different types of solutions. And so, in order to execute that effectively, especially with new team members, it's really important that we give those new team members direct exposure to the various folks on our team that have specific and unique skill-sets so that they can accelerate their learning curve and drive collaboration. As a result, we currently expect to be going into the office more regularly in September.

But we certainly want to maintain some of the efficiencies of remote working and remote interaction, particularly externally.

Externally – at the end of the day, what we're doing is financing and investing in assets with useful lives of 40 years through illiquid debt and equity investments. And so, this is a relationship-driven business and it's important to get together in person with your partners and key stakeholders. Personally, I'm planning on going to my first renewables conference in September, so I'm looking forward to that. And I'm hearing that others are doing the same as well.

Odayar, PFR: Ellen, from an attorney's perspective, how has the pandemic affected the way that your work is conducted on a day-to-day basis?

Friedman, Nixon: A lot of what Mike said really rings true. At a law firm, there's a lot of training that is always being done. And I personally tend to work with people all over our footprint, so I'm not always working with the person in the next-door office. Remote training has always been something that we've had to do.

I miss the client contact. I've had two client meetings now and they've both been really great. I think it's a novelty at this point, but

I'm looking forward to having more opportunity to meet with people, both internally and with clients going forward.

But in terms of efficiencies, not having to commute and travel for meetings that take an hour is great. I've been quite productive, and I think the same has gone on generally for the whole law firm. So, I think we'll continue and I know we're going to make remote working available to whoever wants it.

McKenna, CohnReznick: I will say I have a huge backlog of closing dinners that keep on stacking up because we haven't done it for a year.

Friedman, Nixon: You see, this is good for your waistline.

McKenna, CohnReznick: There's a little bit more space here in the vest!

Simeone, East West: We've finally scheduled an in-person closing dinner next week, when I come back from my business trip. We're going to have clients coming to town for a big deal that we closed a couple of months ago. But up until then, the best that we could do was virtual closing dinners. I don't know, Mike, the common client that we closed on in Q4, I've been pushing them for a yacht party or something and it hasn't happened yet.

Hankey, NEE: I keep on thinking about Mike saying that it's a 40-year useful life, that's great!

Roth, Ares: I think it just turned 50! Conor, you've been closing too many tax equity deals!

Odayar, PFR: Apart from the pandemic, if you had to pick a couple of developments that have had a major impact on power and renewables project financings in the first half of 2021, what would they be?

Hankey, NEE: I have spent a significant amount of time on the phone over the last year, ever since the initial start of recovery from the pandemic. There's just so much money that wants to get into the market, and you're seeing folks who are willing to dip into a platform level or development capital level

in order to get some enhanced returns there.

However, I would caution folks who are in a similar position to us about some of those folks coming into the marketplace. We've built our business based on partnerships, learning each other's businesses, how we can each be successful. You can still get a competitive product while maintaining partnerships. Working with a very new entrant, who has not been through a process before on community solar or distributed generation assets is a pretty scary thing to do and it can elongate a transaction, and also, just create issues for you along the way.

There's a ton of capital out there willing to go into the riskier parts of what our business does in order to secure transactional value. It seems like there's a deal announcement every single week, if not multiple per week right now on the DG and community solar side.

Roth, Ares: There are two key developments.

My first observation is that there have been many new entrants into the market, and typically, when a new investor comes to the marketplace, they make one of two investments. The first prototype investment of a new entrant is to buy a passive equity stake in operating assets, and the second one is to acquire a partial or control stake in a platform. And the combination of those two is causing valuations to increase for both assets and platforms. It makes you wonder, well, what is motivating new entrants to do this?

To a certain extent, it is the low interest rate environment and investors seeking resilient investments post-COVID. It is also the general movement towards ESG. But most recently what I believe is causing this acceleration is what we are observing in the public markets. There's a lot of SPAC activity and the public markets are very enthusiastic about the energy transition trend. I believe many private investors are watching the public markets and that is influencing their private market investments in terms of strategy, entry point and valuation.

In addition, many market-leading private companies in the clean energy space are also watching the public markets and saying, 'OK, if I want to go public, I need a compelling growth plan and so how can I achieve that?' And that mindset is causing them to

PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021 ●

expand into new geographies and cross into new sub-sectors of clean energy where they believe they have a competitive advantage. As they augment their business plans and capital needs, private financing rounds are becoming larger. There is a perception that scale drives competitive advantages and synergies which, in turn, is driving projections for accelerated growth and higher valuations.

My second observation is the impact winter storm Uri in Texas had on market sentiment, and I think that humbled the market. I think it reminds market participants that success is not measured by raising capital and valuations – it is also measured by the long-term performance of these 40-year assets, and to achieve that successfully the commercial contracts must be well-structured vis-à-vis the local power market and potential black swan events.

Putting those two observations together, I think many market participants are trying to take a leadership role in the energy transition, but also trying to manage risk around new and innovative commercial structures. And so, I think many investors who are new to the space are seeking to rely on platforms and experienced management teams to help them navigate an evolving market, which again, is pushing up platform valuations.

McKenna, CohnReznick: Mike, from what you've just said, there's probably a half-hour of diatribe that I could do on either one of those points, whether it's how people are investing in the market, what the future's looking like, from both the public and the private side, as well as what you're thinking about for the adjustments that are necessary from what we saw in Texas in February.

We've been fairly active on the platform side. We closed four platform deals in the first half of the year but most of them closed in the second quarter. Some of it was minority, most of it was 100% takeout. And I think that this has been driven, partially, by what we're seeing in terms of the activity on the public side with the SPACs, IPOs and the growth. And if you take a look at how some of the public market renewables companies are trading, they're really, really robust.

Another thing is also just the fervor from investors. Not just public market investors, but private market investors. Everybody is

saying we need to have more sustainability and meet ESG goals. And that is also driving the money behind the money, in some cases. Meaning that the larger pension funds are saying, 'We have to meet these goals, so how are we going to do it? And who are we going to invest in that can do that?'

That is then driving some of the acquirers to be more aggressive in thinking about the growth opportunities in ways that you haven't seen historically for platforms. We saw that play out on a number of our transactions where we think it's going to lead to great synergies for those groups going forward, but in ways that maybe hadn't been there or the thesis hadn't been supported by the acquisition price, historically. And I think that's really interesting.

I really liked the activist momentum for **ExxonMobil** as that was somewhat of a canary in the coal mine in that even really well-run companies that have a proven thesis and track record of doing things a certain way are being told by their investors, by their money, that they have to change the way they're doing business. And if it can happen to a company like that, that's true for everybody. It's really leading to a shift in perspectives as to what growth in the future might mean inside of infrastructure and energy specifically.

Friedman, Nixon: From a legislative perspective, we've got the Biden administration pushing really, really hard to expand green and energy transition opportunities and incentives. The SEC is coming down on companies to provide more specific ESG disclosures. When it comes to the environment, I can't remember how many weird weather events we've seen in the last year. I don't think climate change is a hoax, unfortunately I think we're seeing it play out every day. As a result, it's driving increased investment and increased attention.

Another development we see is an increased focus on cybersecurity security in the energy space.

Another change on the horizon is the increased role of CFIUS (**Committee on Foreign Investment in the United States**). This organization has recently ramped up its staff and resources and is more actively examining proposed transactions, and in some instances closed transactions, with foreign

investment in critical infrastructure. This term is defined under the applicable regulations to include certain operating power generation facilities, oil and gas pipelines, LNG facilities and battery storage.

Recent legislative and regulatory changes to CFIUS have expanded the statute's reach. Under the updated regime, there are more situations which may require a mandatory filing. There is a heightened sensitivity to transactions which involve a foreign investor beneficially owned by a non-exempt foreign government. Proximity to certain military installations must now be considered in any CFIUS analysis. We see CFIUS becoming an important consideration in M&A transactions involving operating energy assets. Also, given the extensive rights afforded to tax equity under standard tax equity documentation, foreign-owned tax equity investors, should review whether CFIUS is applicable to their investments.

Simeone, East West: I feel like we could have a two-week conversation, Ellen. I can already tell that you're a professor on this topic, which I love.

McKenna, CohnReznick: And to build on what Ellen is saying, as it pertains to the administrative support, I think it's very helpful and constructive and it leads to greater thought and forward vision from investors. And that's really important. Not dealing with administrative headwinds and having tailwinds and support are constructive. I do think that it's coupled with the overall economic viability that has been proven in the renewable energy sector.

Simeone, East West: Certainly, what we've seen, to the points that Matt brought up, is international trade issues slowing down development especially in the solar sector and renewables in general. As for transactions that we've been living on, we've seen some lag in ultimately getting them done.

If we look at the first half of the year in general, we didn't see as many of the mega deals get done. I know that **Investec** led with **GenOn** on a big peaking power portfolio transaction. But there really weren't that many mega deals. There were still a handful of maybe somewhat smaller, but extremely interesting deals that did get done. And we

● PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021

expect the second half of the year to be pretty consistent with that.

At East West Bank, we closed the largest biomass power portfolio financing done in quite a long time. We got that done in May and that was a \$40 million transaction. So, smaller than the megadeals, but certainly, big for biomass power. Last month, we were very enthusiastic that we were part of a club deal for **LS Power**, providing \$108 million for a battery storage deal. I think all of this fits into the big ESG scheme.

Hydrogen is the next big thing and renewable fuels will be something that is white hot in the second half of 2021, so wait and see for that. And at East West Bank, I expect us to make pretty much the largest tax investment in an alternative energy project ever.

Friedman, Nixon: Chris, is that 45Q tax credits or 48 or 45?

Simeone, East West: It would be legacy ITC transactions. All of our tax investments in the first half of the year and prospectively for the rest of the year are purely legacy commitments that we made for transactions that ran into this year. Just like all banks, 2021 has been a tougher year. Maybe not quite as hard as 2020 when stuff got out of whack, but 2021 has still had some tightness in tax equity markets. But we are going to make a big investment pretty soon.

Odayar, PFR: The Biden administration is proposing a number of changes related to the extension and the phasedown of the ITC and the PTC, as well as the introduction of a direct pay option. How would direct pay work in practice? And until there's more certainty around these proposals, will project financing activity be affected?

Friedman, Nixon: Good question. The Senate **Energy and Natural Resources Committee** voted on July 14th on the Energy Infrastructure Act. This bipartisan package was voted out of the committee with a 13-7 vote after adding 48 amendments to the bill.

There are two tracks in Congress right now. Many assume that both the bipartisan Energy Infrastructure Act and a more aggressive platform advanced by Democrats using the reconciliation process will continue to proceed on parallel paths. It's hard to predict the results of this process including direct pay provisions for the various tax credit regimes. Hopefully we'll see resolution in the near-term.

Tax equity transactions monetize both the tax credit depreciation. No proposals currently allow for a direct pay of depreciation.

There will still be an opportunity for bridge loans to provide liquidity during the period between when the project starts construc-



A Shared Vision

Project financing for a sustainable future.

What makes **East West Bank** a fast-emerging player in the power, energy, and infrastructure space? We genuinely share your belief in clean energy, and we take great pride in supporting innovations that open the door for future projects. When you team up with us, you can count on our seasoned professionals and agile organizational structure for a swift execution in *structuring, leading, and arranging complex project financing*.

Together, we will *Reach Further*.

eastwestbank.com/projectfinance



Equal Housing Lender
Member FDIC

PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021 ●

tion and needs capital, to when they might otherwise receive direct pay or cash grants. Given the uncertainty, some developers may be waiting to see what legislation is passed near-term. This may be keeping some deals, especially long lead time 45Q CCS projects, from signing up tax investors.

Odayar, PFR: Matt, from a developer's perspective, what are your thoughts around the proposed tax changes and the direct pay option?

Hankey, NEE: I think I might be in Conor's camp. I'd be interested to hear his perspective on this, given that he has great business around raising tax equity for his customers and partners. It would be a tremendous injection of profitability for New Energy Equity, but overall, I worry that it would end up being a bad thing for the industry. We have an industry that, unfortunately, has some companies which don't know how to effectively develop projects, and I worry that removing the tax equity process could impact the quality and longevity of these projects which is bad for the industry.

I actually do think that the tax equity market and the complexity of it is a decent barrier to entry, which makes projects tougher to get done and also corrects a lot of project issues along the way. If you know what you're doing, it's not a big deal, and if you don't know what you're doing, it's probably a significant deal. So, I think it would be a short-term gain, but long-term, I would like to see some type of tax equity component on things.

I do think it's best for the industry, just because it will bring a higher quality of asset into the market. It just creates a higher bar for folks to jump over, to develop projects and get them on the ground.

McKenna, CohnReznick: I want to choose my words very carefully, because my general thesis, and I mean this sincerely, is that I just want what's best for the industry. I want overall growth. I want us to be successful as a group, long-term. I've been around long enough to see and be a part of the 603 cash grant world and see the positives and challenges that were borne out of that.

Now that we're exponentially larger, I think, to Matt's point, there are some con-

siderations here. I agree that it would lead to substantial growth in the market. Now, whether that would actually lead to better projects being done, I question that.

And I think there's a tougher point, because what you have now is a subsection of the market that is really good at owning and operating assets and getting things over the finish line, because they've worked through the challenges of highly complex financing. It's almost like the training ground for being a good operator of an asset is partially through the financing process.

If you take out that aspect of tax equity, it's like taking away part of the training that you need to become really fit at doing this job, especially in distributed generation, because it's such a complicated business to manage. And so, while there are always challenges in tax equity, having it as a steward to really prudently underwrite is extremely helpful.

And you do have guys, like Chris, who have been around for a long time. They know the business. They understand how to underwrite properly on the debt side. But you'll see newer participants who may not have the same experience and may not know to ask all the right questions when they're deploying capital. So, with a significantly larger base within debt of potential capital versus what you see in tax equity, and the level of sophistication differential, I think there's an important aspect to the market and a specific benefit that tax equity does provide.

That said, it is a mitigating factor, too, to what could potentially be good growth. There are good projects that are harder to get done because there just isn't enough tax equity out there. Good utility-scale gets done in general – if it isn't with the original sponsor, it will be with somebody who will buy the asset. With DG, it's sometimes harder.

Again, there are so many different complexities there. And you can see that being dominated by a handful of names. I think that the question is, if you get rid of the barrier that is tax equity, are we in a position to self-govern effectively as a group? In general, a lot of people who have been successful have been aggressive and developing and trying to push the envelope. I don't know if they're necessarily the same people you'd want as your long-term owners though.

And therefore, I like the groups that are like

Matt's group or groups that Mike invests in, or Chris, the guys that you finance. They're sophisticated investors who can understand that we're all in this for the long run. That's part of the aspect that I think about when looking at the potential for adjustments and the way in which we look at financing for the tax equity piece of the transaction.

Roth, Ares: I'll add a few thoughts and I'm going to take it by each sub-sector of solar.

In utility-scale, I agree with Conor. In the absence of tax equity, I think what we would see is more projects with shorter contracts and hedges, particularly in liquid power markets.

In the residential space, there are two different dynamics I'd follow in a no-tax equity market environment. The first one is the market share of new installations between third-party ownership, which is leases and PPAs versus loans. Most people would be surprised to know that the loan volumes make up about two-thirds of annual volumes. It would be interesting to see if that changes in the absence of tax equity. The other dynamic is minimum FICO and average FICO scores of a customer pool – would that change? For example, we believe one of our portfolio companies, **PosiGen**, is a pioneer in the residential solar space because of how they underwrite customers. Their primary focus is monthly savings as opposed to FICO scores, and they've been helping new tax equity investors understand new methodologies in underwriting and risk management which have proven to be highly effective.

And the last one is community solar and the C&I space. It is a highly fragmented sub-sector and I believe there are about 300-plus individual companies out there, whereby most companies are hyper-local and focus on just 1-2 states. Most of these companies and developers can either be categorized as what I'll call 'develop and flip,' where they develop assets and sell it to third parties, versus 'asset aggregators' which we also refer to as IPPs. Without tax equity, I think you would see more companies pursue the latter to own the asset base. Right now, for the 'develop and flip' participants, tax equity is very challenging as a first-time issuer and it is a hindrance to owning assets. Ares has actively pursued opportunities in the behind-the-meter and

● PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021

distributed generation space to help operators raise tax equity and transition their strategy from the former to the latter. In the absence of tax equity, I think you would see less asset-level M&A as developers build on balance sheet.

Simeone, East West: Great observations. It's further edifying things that I see every day. East West Bank is one of the most active, if actually not the most active over the past couple of years, in providing DG solar financing. The first deal in the market that closed through COVID in March 2020 – we did that deal ourselves. It was a \$40 million DG solar portfolio in Southern California.

And we're one of the most active providers of capital for residential solar and we've done a lot of community solar. I'm trying to think of why we haven't provided tax equity to DG. And I think it's related to all the things that you're saying here in terms of how things

shape up. Obviously, it's related to tax capacity too.

But there actually is another component that we're not talking about, maybe somewhat related to what you were getting at, Conor. East West Bank is a regulated bank, a commercial bank. We don't have a separate infrastructure arm that's aiming to, I guess, quarantine our investments from the rest of our assets. And so, when we provide tax investments, we are regulated by the OCC and Fed. And they provided us guidance that we're not able to provide tax equity against merchant-type stuff. But invariably what I see these days in community solar and DG in general has merchant-type components. The framework that we see in New York for community solar, according to our guidance from the OCC, is too merchant for what they would allow us to do.

So, that's another challenge that we've had on our side. I don't see many developers like

you, Matt, understanding that. And so, when I talk to sponsors, they're usually surprised when I give that feedback. And I don't think it's very well understood by the market yet.

Friedman, Nixon: Earlier this year, the OCC codified rules governing national banks' lending power to make tax equity investments. The OCC discussion issued together with these rules may address some of the concerns that you're raising.

Simeone, East West: A couple of months ago, we were looking at New York State community solar. And they said, 'Pass.' I'm like, 'Alright, but tough feedback.'

Friedman, Nixon: Interesting. And on the switch to direct pay, I think it makes good sense when you're talking about the 45Q credit. All of the arguments for and against which everyone's talked about are with re-

RENEWABLE ENERGY EXPERTISE

Exceptional advisory services for leading investors, smart energy innovators and global clean energy corporations.

Project Finance | M&A Advisory | Capital Raising | Restructuring

200⁺

Transactions
Closed

40⁺ GW

Financed
to Date

\$26⁺ Billion



Total Transaction
Value

Every transaction a catalyst for change, every closing a step towards a cleaner future.



To learn more, contact:

Info@cohnreznickcapital.com | 917-472-1286

cohnreznickcapital.com | Connect with us  

Securities offered through CohnReznick Capital Markets Securities LLC, a Maryland limited liability company. The firm is a member of FINRA and SIPC and is registered as a broker dealer with the SEC.

**CohnReznick
Capital** 

PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021 ●

spect to solar, wind or even battery storage. But in terms of the 45Q tax credit and CCUS, this sector will require enormous tax equity checks, push investors to embrace new technology, require long commitment and construction periods and invest over a 12-year credit term. The universe of tax investors, which is already comparatively small, may be reluctant to shift to CCS transactions. As a result, perhaps Congress will bifurcate its approach to direct pay for wind, solar and carbon capture. We will see.

Odayar, PFR: Have there been any new entrants to the tax equity market this year? And have there been any changes in the way existing investors have been doing business, or preparing for potential tax law changes?

McKenna, CohnReznick: New entrants, yes. We're seeing that in a number of different ways, typically as co-investors coming in behind either an aggregator or a syndicator. So, we've seen greater penetration of new investment, which is helpful.

In terms of change in tax law, we've kind of learned our lessons back in 2017 as to the adjustments that might be necessary. And that's part of the language that's currently in most of the documentation. That said, I don't know if tax equity is necessarily pushing this quite as much, because if there are going to be adjustments it's going to be to their benefit. We're seeing a little bit less fervor or focus from the buyers of tax equity on this point than I saw back in late 2017.

Roth, Ares: I would add that from our perspective over the past maybe 18 months or so, we've been in the market for tax equity issuances in a variety of sub-sectors – wind, utility solar, C&I solar, community solar, residential solar and also a virtual power plant opportunity! And some of those were launched pre-COVID, some a few months into COVID, and some very recently. We're fortunate enough to be in a position where those deals either have closed or are expected to close in the near future.

In the wind space, you have a few large investors that are active, no new investors to my knowledge, and the constraint for them is more due to their teams' bandwidth.

In resi, I don't believe there have been new investors. There are only a few issuers and they do very large deals. If you are a new entrant, you are typically not relevant vis-à-vis a large deal for a public company.

In C&I and community solar, that's been the most dynamic given the high fragmentation, small deal sizes and new issuers who are enthusiastic about speaking to a new investor about their first deal together. But it is an opaque market with many syndicators who may not reveal their investor base, so it is difficult to know if there are new investors.

As a related point, there was a point in time where a few months into COVID it felt like many investors who had been actively investing were proactively stating to the market, 'I am not active in C&I.' But in the past few months, that's changed significantly. If you look at bank profits for the largest US banks, they're higher year-to-date 2021 than they were pre-COVID. And so, many investors have come back and there's a lot of optimism. I feel good about well-structured projects and companies being able to raise tax equity, assuming they are not a first-time issuer or have institutional sponsorship.

Odayar, PFR: Some really good points raised here on tax equity. Let's turn for a moment to the bank loan market, particularly Term Loan As and Term Loan Bs. What are some of the strategies that different lenders are pursuing in order to stand out and win business?

Simeone, East West: Having to talk about strategies that we or banks generally are using, what's interesting about the way that you pose the question is on competition. But at East West Bank we don't really have competition in project finance.

Let me explain that in a couple of ways. I can borrow an idea from our Chairman, **Dominic Ng**. If I aspire to be in the Olympics, what am I going to do? I love basketball, but am I really going to drive myself to be a basketball player? Well, I'm an American, it turns out that Team USA happens to be the dream team. Maybe that's not the easiest and quickest path for me to become an Olympian. Maybe I should focus more on a niche sport like the luge or something like that.

I don't know how many of us have tried the luge – maybe I should have done that when I was younger. And that's really what our general strategy is at East West Bank. We find the niche aspects of the project finance market. Matt, you guys work in DG solar. We've done a lot of DG solar. We love DG solar. But not every bank is waking up and thinking about, 'Oh, I'm going to provide financing for DG solar.'

A couple of months ago, we closed that \$40 million biomass power portfolio financing with **Denham Capital** and **Greenleaf Power**. Biomass is part of the ESG sector, but it's not getting the same type of everyday headlines as traditional solar and even battery storage these days. We love working on that stuff.

And on battery storage, we closed a \$108 million club financing with LS Power last month. So, each day we come into office, I'm never thinking about competition. I'm thinking about where we fit in in providing our clients the best solutions.

Mike and I, we both teamed up on that LS Power deal. And he looked at a subordinated piece for a development facility for a large solar developer in Q4. East West Bank was a part of a club that provided the senior piece. When we talk about providing financing, it's always in a symbiotic context.

If Investec is leading a big deal, we have very similar clients. They'll be administrative agent, we'll provide the depository services, the swaps, the LCs and all that stuff. Our strategy is to give our clients exactly what they need every single day, regardless of any of the context. We don't have any red tape in terms of boxes to check. We don't ever use the terms, 'This financing uses market standards.'

And we're a lean structure. I report to the most senior person in the East Coast region. He reports directly to the CEO. We're lean, we move quickly, we provide Matt and other sponsors in the business exactly what they need. So, it's providing a different product than the core international bank-dominated project finance market.

Hankey, NEE: I'm going to respond to Chris, because I'm on the other side of the transaction. When we head out into the debt markets for any process, we're looking for somebody

● PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021

who's going to provide ease and simplicity to our transaction. The cost of capital is already pretty competitive across the board no matter where you look and you're typically always going to be able to achieve an aggressive cost of capital.

Our focus ends up being on ease of transaction, surety of financial close, former customer references and other related points. In a recent process that we ran, we did choose a debt provider based on the fact that they were willing to provide or syndicate tax equity, which allowed for a ton of shared due diligence across the portfolio, so that we didn't have some of the normal complexities in terms of trying to accommodate two very large syndicated parties within one transaction.

So, anything that you can do to increase ease and flexibility and lower transactional costs for us is key. Our transactions are already hard enough in terms of just grouping them up in the larger portfolios. We don't need additional hurdles or complexity making it harder than it already is.

Roth, Ares: Here's how I think about it from both the private equity seat, as well as the flexible capital seat.

If you're a participant in a Term Loan A market such as a bank, I think there are two steps. First, to get the call, it's mostly about where the market views your terms to be, most notably fees and spread. And generally, your ability to execute and your reputation for being a good and fair partner, both leading up to a closing and more importantly, post-closing.

Second, to win the mandate among others, a lot of consideration goes into understanding friction costs and transaction expenses, including your advisers and law firms and third parties, how many of them do you need, and what does that total budget look like. It is very helpful if you have closed a deal together before because you can use precedent docs to save time and money.

To hit on what Matt said, if you can provide tax equity on top of a debt solution, that's obviously a differentiator and likely allows you to jump the line and win a mandate through a bilateral discussion with limited competition.

Now putting on my flexible capital hat, we pride ourselves on offering bespoke solutions to solve problems. We find that many times, borrowers do not understand the inefficiencies being offered by traditional products and so there is an education period where we spend the time sharing our perspectives. And then we try to offer a solution and walk them through the cost-benefit analysis both today and over the next five years or so across multiple scenarios. I do believe our clients appreciate being educated on the pros and cons in a candid way, even if that means our solution is not what's best for the company.

As Chris mentioned before, we collaborated on a development loan facility last year, which is a really nice solution where we paired a bank-led first lien LC solution with a subordinated investment where Ares invested. We believe that this type of a combined solution optimizes for maximizing total proceeds while minimizing the blended cost of capital, and gives the company multi-draw flexibility through a borrowing base construct.

McKenna, CohnReznick: I think there's two parts. Number one is relationships, meaning your existing relationship either with the client, or with the other parties that are involved. They know you, they know that you're going to be a good party in the deal and that the execution's going to be fairly efficient that way.

And the second is constructive problem solving. So, it's not like you're just doing the same cookie-cutter deal that everyone else is offering. If you can go a little bit outside the box to make it easier for the client, then that's really what we've seen as a differentiator.

Cost of capital is always a fight. But it's really just about constructive problem solving and trust that you're going to be a good operator in the transaction.

Odayar, PFR: Have there been any innovative financing structures used recently? And any inflection points for developers?

Hankey, NEE: I actually think one of the big problems that we see at times is lack of innovation and flexibility in tax equity as it relates to the DG and community solar market. Take a market like Minnesota. You have a utility

tariff rate for 25 years. At a fixed rate, you're selling a guaranteed savings contract to either a commercial, municipal or a residential customer. We have seen banks and tax equity providers really struggle to get their heads around this as a significant protectant to default. I think this is because they're coming in from different perspectives and different markets, whether it be residential or whether it be utility-scale. As a community solar developer, if we lose a customer or they default on their contract, we could replace them within 30 days. From a customer's standpoint, they get a guaranteed savings contract that you get.

I actually think we need a year of a little bit more out-of-the-box thinking in terms of community solar and distributed generation so that folks could see the real benefits of what that industry segment brings.

We have started to see storage get incorporated into more and more projects. For a while, it had been talked about, but we hadn't seen it very much in actual installations. We're seeing it pop up quite a bit now. We've completed our first few storage projects this year and expect to grow that portion of our business significantly. I am also just really interested, as we push innovation on that side, how that's going to affect the customer, and how the utilities are going to react to that, and what that will mean for the customer over time.

Roth, Ares: We started off this discussion by talking about how liquidity remains very strong. And I think it's true for what I'll call plain vanilla solutions. That being said, we do see inefficiencies. To name a few – and this is true for all renewable energy projects – access to development capital for the early-, mid- and late stage, and I would say access to tax equity, particularly for first-time issuers or for situations where the commercialization structure is a bit newer.

To Matt's point, maybe it's a new community solar market, or an unrated counterparty that the bank community has not underwritten before, or in the utility solar space – a new hedge structure that's never been used there but has worked well in the gas-fired space. At Ares, we seek to work with companies and developers seeking innovative solutions with execution certainty and a trusted

PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021 ●

partner – it can be an equity-like security or a debt-like security or a hybrid of something in between.

Friedman, Nixon: Some of the deals that I've worked on have borrowing base structures to address more variable cash flows. This concept is popular in asset securitizations, but somewhat innovative for the project finance market and builds upon the target debt balance concept present in certain power project financings.

Odayar, PFR: One of the major events this year was the highly anticipated PJM capacity auction, which was two years in the making. A lot of folks were disappointed with the results, and now PJM is planning to scale back the Minimum Offer Price Rule (MOPR) ahead of the next auction which is penciled in for December. Thoughts around this?

Simeone, East West: I'll admit I'm somewhat confused with nuking the MOPR or the intention to nuke the MOPR. Because that sounds like a price floor. That sounds like it ought to bolster the realized result of the capacity auction. So, what's going on there?

It doesn't help the possibility for a higher price in the next auction. But the hope is that the actual value of capacity will be realized in the December auction. And therefore, leading to the retirement or the early retirement of assets that ought not to be in PJM anymore. And thereby on a future basis, leading to better results in future auctions. I think that's the intention with MOPR.

In terms of what I believe for the next auction, I don't think anyone's expecting prices to go blockbuster. If they do, fantastic. But I would say, from what I'm hearing, I think most are expecting it to be a little bit better than the last result.

Odayar, PFR: Anyone else feeling optimistic?

McKenna, CohnReznick: No – hope is not a strategy. I like to think that in general, the market tells you where you're clearing at. And unfortunately, it told us this is where the value is right now. It's an open market and

I can see all of the rationale and the fundamentals to support future optimism. Until that's borne out – and I think we've seen a decent amount of this across other ISOs as well – you kind of have to prove it out in order to say, 'Oh, it's going to be better in the future.'

We'd have to see those retirements. We'd have to see if there couldn't be enough additional capacity brought online to more than supplant what is happening. Whether there will be a retirement is based on a couple of other things, like exogenous events that none of us can really guess. It's always hard. And so, I like to try and focus on what I do know now and work from there. And I think that it behooves market participants to think accordingly as well.

Simeone, East West: There are no knowns, there are no unknowns. But are there unknown unknowns?

McKenna, CohnReznick: Yes. And for what it's worth, my general thesis is the merchant curve is never going to be right. The merchant curve is a proxy for your optimism or your belief in the future. It's a catch all because you can't get all the unknown unknowns. They're going to be happening in 10, 15, 20 years from now. These capacity curves or the thesis around this, is a proxy for the unknown unknowns that may be impacting future values.

And I think back to some of the assets that were done in 2012 or 2013. If you look at the merchant curves that were assumed there when some of these people were building and financing these assets, they said, 'Oh, we're going to have this great value from the merchant in the back end.' Merchant curves have come down, yet the returns on those assets have been fantastic. In other words, they sold for a lot more than what they'd originally been underwritten for. So, while the merchant curve came down, the value was actualized. Chris, to your point about unknown unknowns, that's really what some of these assumptions are meant to capture.

Friedman, Nixon: Going forward, it's going to be interesting to see how the potential cost of carbon emissions is factored into financial projections of fossil generators. I don't think

that that is currently routinely done, but it might be something that folks will do in the future.

Odayar, PFR: In terms of outlook for the rest of the year, of course there's President Biden's proposed infrastructure bill that's in the works, but that aside, what might be some of the other key drivers of project finance activity, for both thermal and renewable assets?

Roth, Ares: I would say there are three key drivers we are watching.

The first would be inflationary pressures, labor shortages and supply chain constraints. The impact that those are having is that some projects may become uneconomic and get delayed to next year.

The second one is renewables platform activity. In 2021, we've seen more than a dozen deals close or which are actively in the market, and what that's doing is it's bringing new investors into the mix. And that's sometimes causing companies to change their business model, expand, diversify, pivot from 'develop and flip' to 'asset aggregation.'

And then the last one that we've been seeing a little bit of is generalist investors, private equity, venture capital, strategics and family offices, coming into the space. They typically have a strategy which they label as "energy transition," or "sustainability," or "clean-tech" and they tend not to focus on assets, but on the services segment of the value chain, and tech-enabled opportunities at the intersection of disruptive innovation and infrastructure assets.

At Ares, more and more we find ourselves both actively competing and collaborating with this newer investor base and have made a few investments in companies alongside them where the company is involved in the commercialization and optimization of assets and tend to be focused innovative commercial structures using proven technology that is being used by market leaders. The reason we are spending time in this area is that we find our value-add expertise and flexible capital is very helpful to all stakeholders and there is a shared belief that we can create value by working together because we all bring diverse skillsets and experiences to the table which are comple-

● PFR PROJECT FINANCE MIDYEAR REVIEW ROUNDTABLE 2021

mentary. There was one particular instance last year, where we were simply looking to offer flexible capital at the asset-level, but a week before closing we were asked to join the board to provide strategic guidance and oversight.

Hankey, NEE: I'm a developer, so I'm paid to be an optimist, but I do maintain a healthy skeptical view. I think the thing to keep your eye on as we head into the latter part of the year are the project delays, which is not good for any sector of project finance. Procurement delays in terms of product not getting shipped, increased prices, interconnection delays and permitting delays. We didn't touch on it specifically, but the Forced Labor Prevention Act currently seems to be a pretty significant unknown. It's a significant announcement that we are supportive of, but there seems to be some details missing as to how it's going to be implemented and enforced and how that's going to delay module shipments coming into the country for the rest of the year. What does that do in terms of pushing projects from this year into next year?

Friedman, Nixon: Renewable fuels – of all sorts – will be in the headlines going forward.

I also think that we will see more carbon capture, transportation and sequestration projects announced, similar to the Navigator project that was recently announced – it's a proposed Midwest hub-and-spoke carbon capture network. The tax benefits for direct air capture may be increased substantially which may lead to more DAC projects announced.

The cost for carbon transportation infrastructure may be supported by low cost flexible federal loans under the SCALE Act, a proposal included in the Energy Infrastructure Act recently voted on by the Senate Energy and Natural Resources Committee, which has broad bipartisan support. This new loan program, to be called "CIFIA," is anticipated to be similar to the existing TIFIA for transportation infrastructure and WIFIA for water infrastructure programs.

There are many proposed complex carbon capture projects incorporating new manufacturing technology leading to production of various low carbon fuels including "green" or "blue" hydrogen using feedstock such as petcoke and municipal solid waste. Capturing carbon from some emitters is easier than from others. We will see carbon capture deals involving the "low hanging fruit" such as

ethanol plants, fertilizer facilities or steam methane reformers used in refining processes, which have relatively pure carbon dioxide flue gas streams move forward more quickly than other emission sources such as fossil power generators.

CCUS activity is currently being incentivized by a very generous 45Q credit, which Congress may increase and/or as discussed above, allow for a direct pay option. All this makes this new sector very exciting.

Simeone, East West: I'll give a slightly different take. I do see a lot of that stuff in the second half, but I think the key driver is mostly within our control. When I say our control, I mean everyone in this roundtable discussion right now – all sponsors, all bankers, all advisers, all attorneys, all of us. We should just keep our feet on the gas pedal.

We're also going to see gas-fired financings in the second half of 2021. Not the traditional, conventional type probably, but we're going to see renewable natural gas-fired financings.

We're going to see biomass power financings. We're going to see fuel cell project financings. We're certainly going to see a lot of battery storage. Let's reach further, let's be productive, let's make it happen. ■

Power Finance & Risk

Executive Roundtables

The *PFR* Editorial Team hosts monthly deep-dive discussions on hot-button issues & challenges in energy infrastructure development and project finance.

Roundtable discussions take place virtually and at *PFR*'s offices in midtown Manhattan; they are recorded, transcribed, and published online, in front of the pay wall, as well as in a special supplement to the *PFR WEEKLY*.

Roundtable reports are 8-12 pages in length, co-branded with the roundtable sponsors and aggressively promoted to the *PFR* audience.

For more information on *PFR* Roundtables, please contact:

Alexander Siegel Global Head of Sales • +1 212.224.3465 • alexander.siegel@euromoneyplc.com

Taryana Odayar Editor - Power Finance & Risk • +1 212.224.3258 • taryana.odayar@PowerFinanceRisk.com



CASE STUDY: CYPRESS CREEK RENEWABLES ●

«FROM PAGE 1 But by late 2018, the company found itself evaluating strategic alternatives, including potential asset sales, as well as internally restructuring and shedding mid-level employees as it sought to rein in overheads and refocus on its core markets. A number of pitfalls followed before it was able to ease its debt burdens in 2020 with a \$200 million holdco financing and substantive mezzanine-to-equity conversion, making it palatable for prospective buyers in early 2021.

PORTFOLIO SALE

In late 2018, Cypress began evaluating options for its operating portfolio, mandating **Barclays** as financial adviser on the review (PFR, 1/15/19). However, the sale proved to be a challenging one given the thin cash flows from Cypress's tightly-priced, highly-levered projects at the time.

Cypress eventually managed to offload a 580 MW portfolio of development-stage assets in North Carolina, South Carolina and Texas to **Cubico Sustainable Investments** at the start of 2019 (PFR, 1/23/19). The five-project acquisition marked London-headquartered Cubico's first US investment.

"Poor old Barclays," said a private equity fund manager who passed on the portfolio at the time. "They have more of a chance of finding cheap equity than some of the smaller developers out there, but Cypress took out most of the juice from the assets already."

With the dawn of the new year, Cypress also found itself facing an extensive internal restructuring, letting go of several senior and mid-level employees.

Market participants pointed to the company's aggressive bidding for power purchase agreements as one of the drivers of the restructuring, as well as high levels of debt at the project and cor-

porate level, and Cypress's quarrels with utilities over the length of Public Utility Regulatory Policies Act contracts, as previously reported (PFR, 6/6/19).

LEADERSHIP KERFUFFLE

By June 2019, the three co-founders of **Cypress Creek Renewables** – CEO **Matt McGovern**, president **Michael Cohen** and chairman **Ben Van de Bunt** – had stepped down (PFR, 6/23/19). Their departures were understood to have been influenced by the company's mezzanine creditors, **Temasek Holdings** and **HPS Investment Partners**.

Cypress's board replaced the founders with three former partners of **Point Reyes Energy Partners** who had also worked together at **AES Corp** for over a decade before that. The hires included **Sarah Slusser** as CEO, **Rebecca Cranna** as interim chief operating officer and **Kim Oster** as interim chief strategy officer.

That summer, Cypress started searching for additional advisers to help sell its 1.5 GW operational solar portfolio (PFR, 6/12/19).

Meanwhile, several project finance officials continued to part ways with the company and Cypress began to wind down its engineering, procurement and construction business (PFR, 7/12/19).

ASSET SALES

In the meantime, Australian fund manager **New Energy Solar** entered into exclusive talks with Cypress to acquire a 90 MW (DC) portfolio through its US Solar Fund. However, when the transaction was inked at the end of 2019, the buyer revealed that it had decided to acquire a portfolio less than half that size, comprising six development-stage projects totaling 39 MW (DC) (PFR, 12/10/19).

In the summer of 2020, Cypress again started pitching some of its North Carolina assets to poten-

tial investors (PFR, 6/22/20). In October, Cypress decided that it would recapitalize a 92 MW portfolio of solar assets in that state, by buying out the tax equity investors and refinancing project debt with a roughly \$45 million loan arranged by **BNP Paribas** (PFR, 10/30/20).

This was the first tax equity buyout completed by Cypress, with the option of upsizing to \$650 million to recapitalize additional tranches of its fleet.

HOLDCO FINANCING

The financing would also set Cypress up to slot into place a \$200 million seven-year holdco loan that was being arranged by **Investec** in the interim. It was important that the project-level refinancing closed before the holdco loan, so that the holdco lenders would be able to assess the overall capital structure of the company, a person close to the situation told PFR at the time (PFR, 11/7/20).

With the project-level refi out of the way, Investec launched the holdco raise for Cypress's 1.6 GW operating portfolio shortly after Labor Day (PFR, 8/25/20). The two times oversubscribed financing closed on October 30, with **East West Bank**, **Silicon Valley Bank** and **Crédit Agricole** joining Investec as joint lead arrangers (PFR, 11/7/20). Both the project-level recapitalization and the holdco financing are cited by deal watchers as being "pivotal" to the future sale of Cypress Creek.

MEZZ SWAP

Around the same time, Cypress also managed to free itself of a significant portion of its expensive legacy debt. In September 2020, Temasek and HPS Investments agreed to exchange a significant portion of their investment for 100% of common equity in Cypress (PFR, 9/2).

"This recapitalization of HPS and Temasek's original invest-

ment in the company significantly reduces our corporate debt and right-sizes our balance sheet, creating a sustainable capital structure that will enable our success for years to come," stated Slusser at the time.

A consortium led by Singaporean government-owned Temasek had provided the initial \$450 million dual-tranche mezzanine financing in 2017 (PFR, 7/21/17). In 2018, it led another consortium to invest \$200 million in preferred equity with warrants.

AUCTION READY

With the company now on steadier financial footing, Cypress mandated **Morgan Stanley** to conduct a strategic review at the start of this year.

The investment bank took first round bids in April, with second round bids following soon after (PFR, 5/14). The sale attracted a range of potential buyers, including infrastructure funds and renewable energy companies.

Apart from EQT, the second round bidders were said to include: **Macquarie Infrastructure and Real Assets**, **Aker Solutions**, **Amey**, **Boral**, **ex**, **Vistra Corp** and **Capricorn Investment Group**.

Although **RWE Renewables** had also made it into the second round, the company decided to leave the process, a source close to the situation said at the time (PFR, 5/14).

In July, EQT struck a deal to buy Cypress through its EQT Infrastructure V fund, marking its first renewables platform acquisition in the US. The deal is expected to close in the second half of 2021, subject to customary conditions and approvals. EQT was advised by Barclays, Cypress's former portfolio adviser (PFR, 7/6). **Simpson Thacher & Bartlett** acted as legal counsel to the buyer, while **Kirkland & Ellis** advised Cypress. ■

● LATIN AMERICA MERGERS & ACQUISITIONS

Shareholders clear merger of Enel, GEB subsidiaries

The proposed merger of the Colombian subsidiaries of **Enel's** Santiago-listed power distribution company **Enel Americas** and Colombia's **Grupo Energía de Bogotá** (GEB) has won shareholder approvals.

The shareholders of the four subsidiaries to be merged, namely **Emgesa**, **Codensa**, **Essa Chile** and **Enel Green Power Colombia**, approved the deal on

July 27, according to a filing with Chile's **Comisión para el Mercado Financiero**.

The latter three subsidiaries will merge into Emgesa to form a single, larger company.

Under the terms of the deal, GEB has agreed to invest its non-voting shares in the new company – 7.9% in Emgesa and 8.5% in Codensa – while Enel Americas will invest its shares

in EGP Colombia and Essa Chile, which own Enel's businesses in Panama, Guatemala and Costa Rica, as previously reported ([PFR, 6/29](#)).

Both Emgesa and Codensa are co-owned by Enel and GEB. Enel holds a 48.5% interest in Emgesa and a 48.3% stake in Codensa, while GEB owns a 51.1% stake in Emgesa and a 51.32% interest in Codensa.

Once the merger is completed, GEB will hold a 42.515% stake in the newly formed firm, while Enel will own a 57.345% stake. Minority shareholders will own the remaining 0.14%.

The merger must still be approved by Emgesa and Condesa's bondholders and finally by Colombia's business regulatory body **Superintendencia de Sociedades**, noted the firms. ■

● LATIN AMERICA PROJECT FINANCE

Brazil's Faro Energy secures DG solar debt

Brazilian developer **Faro Energy** has closed a debt package supporting 22 distributed generation solar plants in the country.

Santander provided the R\$105.8 million (\$20.43 million) project finance loan for the portfolio, which is expected to generate 68,000 MWh of electricity per

year.

The projects are located in Ceará, Pernambuco, Paraíba, Piauí, Tocantins, Rio Grande do Norte and Distrito Federal. Their output is expected to be sold to corporate offtakers.

Faro has been growing its presence in the Brazilian small-scale

solar market, having partnered with telecommunications firm **TIM** to develop a 25 MW (DC) 15-project portfolio in June ([PFR, 6/2](#)). The sponsor will invest R\$100 million (\$19.71 million) to support the projects' construction, operation and maintenance. ■

Neoen finances battery storage assets in El Salvador

France's **Neoen** has wrapped construction financing for two battery storage projects that will be added to its existing solar parks in El Salvador.

IDB Invest provided the non-recourse financing through its Canadian Climate Fund for the Private Sector in the Americas – Phase II (C2FII).

The 11 MW/ 8 MWh battery units will be built adjacent to Neoen's 150 MW (DC) Capella solar facility in Usulután and 101 MW (DC) Providencia solar park in La Paz.

The sponsor has tapped the consortium formed by **TSK Electronica** and **Gensun** as the engineering, procurement and construction contractor for the projects. Neoen expects to bring the assets online by mid-2022.

"The financing of the batteries for the Capella and Providencia projects marks a milestone for El Salvador's power market," said IDB Invest's head of infrastructure and energy, **Gian Franco Carassale**. ■

AES secures solar concession in DR

AES Corp subsidiary **AES Andres** has secured a definitive concession to develop a 50 MW solar park in the Dominican Republic.

The country's **National Energy Commission** (CNE) inked the concession on July 20 for the Santanasol project, which is located in the municipality of

Nizao in the Peravia province.

AES has been growing its renewable footprint in the Dominican Republic. In May, it brought online a separate 50 MW solar park in Peravia, called AES Bayasol, through its **AES Dominicana** subsidiary. The developer had secured the concession for the project from CNE a year

earlier ([PFR, 5/14](#)).

At the time, AES said it would develop 300 MW of renewables by 2023.

CNE has awarded other concessions recently, such as the one given to **Maranatha Energy Investment** on July 14 to develop the 10 MW Maranatha solar park in the Santo Domingo province. ■

X-Elio closes solar financing in Mexico

Spanish solar developer **X-Elio** has secured construction debt financing from a pair of financial institutions for a 119 MW solar park in Mexico.

The **International Finance Corporation** and **Banco Sabadell** provided the \$44.1 million debt package for the Perote

II solar project in Perote, in the state of Veracruz. The proceeds will be used for the construction, operation and maintenance of the plant.

"The closing of this agreement proves our ability to obtain and negotiate competitive and long-term financing

solutions for the development of our "green" projects," said X-Elio's CFO, **David Diaz**, in a statement on July 26. "We are very proud of the trust that IFC and Banco Sabadell in Mexico, once again, have shown in us and we will continue to leverage our experience and expertise to create value for the local community." ■

LATIN AMERICA PROJECT FINANCE ●

Canadian Solar finances Brazilian portfolio

Canadian Solar has closed a debt package that will finance the development and construction of its solar portfolio in Brazil.

BTG Pactual and **Itaú BBA** arranged the R\$500 million (\$100 million) deal, which will fund up to 70% of the sponsor's equity contributions in its Brazilian solar projects. Both banks are also working as financial advisers to

Canadian Solar on its Brazilian portfolio.

The debt package will also be used to support the establishment of a publicly listed vehicle that will host the operating projects, said Canadian Solar on July 27.

"With this facility, we can further leverage our equity contribution to build projects in Brazil and monetize them post-COD at

attractive valuation, while maintaining the option to retain meaningful long-term ownership," said **Shawn Qu**, chairman and CEO of Canadian Solar. "We look forward to executing on our large backlog and pipeline of solar projects in Brazil and supporting the country's renewable power and energy security goals."

The sponsor has developed

roughly 3 GW (DC) of solar projects in Brazil, having sold 480 MW (DC) of the operating projects to third parties while 2 GW of that pipeline is under development with secured power purchase agreements. The remaining 483 MW (DC) is under construction, with the sponsor having sold an 80% interest in those projects as well. ■

Interchile issues \$1.2 billion in bonds for transmission assets

Interchile, a subsidiary of Colombia's **Interconexión Eléctrica** (ISA), has issued \$1.2 billion in bonds to repay the debt on its 1,954 km (1,214.16-mile) Chilean transmission portfolio.

The 35-year bonds were issued on July 19 in Reg S/144a format. They have an initial yield of 4.5% and mature in 2056.

Moody's Investors Service assigned a Baal rating to the notes in its preliminary report on July 13, while **Fitch Ratings** gave the bonds a BBB+ rating.

The sponsor is understood to have hired **JP Morgan**, **Goldman Sachs** and **Scotiabank** in March to raise the financing, as previously reported ([PFR, 5/18](#)). The debt is backed by the cash flows of 11 transmission proj-

ects that the sponsor owns in Chile.

The proceeds will be used to repay the outstanding debt on the portfolio, pay hedge termination costs and for other corporate purposes, noted Fitch in its July 13 report.

Two of the 11 assets make up about 85% of the portfolio's capacity. They are:

- The 753 km (467.89-mile) 500kV double-circuit Cardones-Polpaico transmission line
- The 192-km Encuentro-Laguna transmission line

Eight of the remaining projects are upgrades of the Cardones-Polpaico line, while the last project is an expansion of the two substations associated

with the Encuentro-Laguna line, which began operations in 2017.

CARDONES-POLPAICO

The bond issuance has been in the works since last September, when the sponsor began searching for debt to refinance the Cardones-Polpaico transmission line.

Six banks originally provided the debt package for the project in 2017, which comprised a \$738 million dual-currency, 15-year term loan. The banks were:

- **BBVA**
- **Banco del Estado de Chile**
- **Crédit Agricole**
- **Natixis**
- **MUFG**
- **SMBC**

BBVA led the financing and

also arranged a \$68 million VAT facility alongside Banco del Estado and **Banco Bice**.

The transmission line, which came online in June 2019, had been awarded to ISA in 2012. It was designed to allow generation from solar and wind projects to be transmitted to load centers.

The line is split into the following sections:

- Cardones to Maitencillo – 137 km
- Maitencillo to Pan de Azúcar – 212 km
- Pan de Azúcar to Polpaico – 404 km

The Colombian government owns a 51% stake in ISA, while **Empresas Públicas de Medellín** and private investors own the remaining 49% interest. ■

Details revealed on Chilean gas-fired, solar financing

«FROM PAGE 1 bank market in May to finance the upgrade of an operational gas-fired project and to construct two greenfield solar projects, totaling 500 MW to 600 MW of capacity.

PFR has since learned that the sponsors are expected to tap six to seven banks for the financing, which will be split between

a bank loan and a private placement.

The loan is expected to total \$300 million to \$350 million, while the private placement is expected to be between \$600 million to \$650 million, a New York-based banker close to the situation tells *PFR*.

Crédit Agricole is acting as

financial adviser to the sponsor on the process, as previously reported ([PFR, 5/5](#)). The French bank expects to reach financial close on the transaction in September.

The gas-fired project being upgraded is the 132 MW Los Vientos thermal power plant in the region of Valparaíso, which has

been online since 2007.

Generadora Metropolitana bought the plant from **AES Gener** in 2017, along with three other gas-fired projects totaling 750 MW which were housed under its Sociedad Eléctrica Santiago vehicle. The sponsors paid \$300 million for the purchase at the time. ■

● PEOPLE & FIRMS

DoubleLine adds to infra team with Nomura hire

An infrastructure and power finance banker has left **Nomura** to join investment management firm **DoubleLine Group**.

Stephen Diaz Ellinghaus, an executive director in Nomura's infrastructure and power team in New York, left the bank this month. At Double Line, he will focus on infrastructure invest-

ment opportunities.

Diaz Ellinghaus had been at Nomura for the last four years, having joined from **NordLB** in 2017. The move came shortly after Nomura recruited **Deutsche Bank's** head of infrastructure energy finance, **Vinod Mukani**, to build out its power and infrastructure platform with project

finance and investment banking capabilities ([PFR, 6/21/17](#)).

Diaz Ellinghaus spent 11 years at Nord before joining the Japanese bank, focused partly on Latin America. He had last worked as a director at Nord in New York, overseeing the origination and execution of project and acquisition loans. ■

8minute hires general counsel from FuelCell

Solar and energy storage developer **8minute Solar Energy** has hired a new general counsel from **FuelCell Energy**.

Jennifer Arasimowicz joined 8minute earlier this month as GC and corporate secretary. She had worked for nearly a decade at FuelCell, most recently as executive vice president, GC, chief administrative officer and corporate secretary.

"An expert in energy and technology, Jennifer's tenacious

drive, innovative thinking and valuable expertise aligns with our design and engineering driven approach," said **Tom Buttgenbach**, founder and CEO of 8minute.

Arasimowicz had been GC at **Total Energy** from 2008 to 2012, before joining FuelCell. Before Total, she had been a partner and chair of the utility law practice group at **Shipman & Goodwin** for over four years. She started her career at New England law

firm **Murtha Cullina**.

In 2018, she was appointed to serve on Connecticut Governor-elect **Ned Lamont's** energy transition team.

"As the company embarks on its next stage of growth, I am thrilled to be joining such a distinguished team of engineers and developers at such a pivotal moment, both for 8minute and for the entire clean energy industry," said Arasimowicz. ■

Mosaic adds C-suite duo

Residential solar finance company and securitization issuer **Mosaic** has hired a pair of C-suite finance executives.

Richard Johns has joined as chief of funding, while **Morey Carlson** has joined as chief accountant and controller. They will both report to Mosaic's CFO, **Melissa Ballenger**.

In his new role, Johns will support Mosaic's treasury and capital market teams, working closely with the company's president of capital markets, **Alex Kaplan**.

Johns has more than 25 years of financial services experience, having previously worked as head of global capital markets at **Capital One Financial** and as global funding and liquidity executive at **Ally Financial**. He

was also the first executive director and CEO of the **Structured Finance Association**.

Carlson, meanwhile, has more than 15 years of experience. He last worked as a controller for asset-backed securitizations at **American Express** and has spent the last 10 years at the bank. He began his career at **EY** and worked at **Goldman Sachs** in regulatory reporting before joining AmEx in 2010.

"We are supplementing our robust finance leadership with these moves, thus continuing to build our capabilities to support the company's continued strong growth," said Ballenger. "Richard and Morey bring vast experience and talent to their respective roles, and I'm

thrilled to have them on our team."

The announcement comes weeks after the company surpassed \$5 billion in loans funded and closed its 10th solar securitization. The \$191 million issuance, dubbed Mosaic Solar Loans 2021-2, closed on June 25.

It included four classes of notes rated from AA- to BB- by **Kroll Bond Rating Agency**, with weighted average lives ranging from 3 to 5.8 years. **Royal Bank of Canada** acted as structuring agent and bookrunner, while **Deutsche Bank** and **BNP Paribas** were joint bookrunners.

"This is another record-breaking deal with a blended cost of 1.98% across the bonds — the lowest of any residential solar loan securitization to date," said **Billy Parish**, founder and CEO of Mosaic. ■

CoBank VP takes up CEO mantle at electric coop

A senior vice president in **CoBank's** power, energy and utilities division has joined a North Dakota-based electric cooperative as CEO and general manager.

Todd Telesz will start in his new role at **Basin Electric Power Cooperative** (BEPC) on September 1, succeeding the company's former CEO **Paul Sukut**, who is retiring. Telesz will relocate from Colorado to Bismarck, North Dakota in August.

The move is the latest in a series of senior departures from CoBank. In June, the bank's head of project finance, **Bill Gallagher**, left for a role as a senior credit officer, renewable energy investments, at **US Bank**. He had just succeeded **Brian Goldstein**, who left a few weeks prior for a senior consultant role at the **US Department of Energy's Loan Programs Office** ([PFR, 5/18](#)).

Telesz has worked at CoBank for more than a decade, having joined in 2007. During this time, his clients included Basin Electric and its Class A members.

"Todd brings experience and a proven track record of success in finance and energy, which will be invaluable in meeting our cooperative's goals and objectives," said **Wayne Peltier**, BEPC's board president.

BEPC serves 131 member cooperative systems and three million electric consumers across nine US states. ■

● PEOPLE & FIRMS

Tierney joins Blackstone as Bolze retires

Blackstone has appointed **Brian Tierney** as a senior managing director and global head of infrastructure portfolio operations and asset management.

Tierney joins Blackstone after 23 years with **American Electric Power (AEP)**, where he was most recently an executive vice president. He left the company after leadership changes announced in June.

In his new role, Tierney will partner with portfolio company CEOs to drive value creation.

He takes over from **Steve Bolze**, who will retire from his day job but stay on

as executive adviser to **Blackstone Infrastructure Partners**, effective in the fourth quarter of 2021.

Blackstone hired Bolze in 2017 when it formed its dedicated infrastructure team. Bolze had previously spent 24 years at **General Electric**.

Tierney joined AEP in 1998, having worked at a Houston-based energy company before that, where he traded electricity and other commodities. Before entering the energy industry, he served as a US **Peace Corps** volunteer in the Philippines and worked in the consumer products industry. ■

Senior BMO bankers head to Mizuho

Three managing directors at **BMO Capital Markets** are moving over to **Mizuho** in an effort to build out the Japanese bank's power, utilities and infrastructure business in the Americas.

The senior financiers are **Paul McNutt**, head of BMO's power, utilities and infrastructure group, **Andriy Falenchuk**, the group's head of mergers and acquisitions, and **Rahul Shah**, group head of corporate banking. They will all join Mizuho in mid-October.

At Mizuho, McNutt will act as head of the Americas power, utilities and infrastructure group, overseeing power and infrastructure project financings as well as the firm's Canadian banking business.

Falenchuk will take up the title of head of M&A within the same group, while Shah will be head of project finance and continue to provide corporate banking services for power and utilities clients.

The trio initially joined BMO in 2018 from **RBC Capital Markets**, where they

had all worked together. At BMO in New York, they helped spearhead the bank's expansion into the US power and infrastructure sector ([PFR, 8/20/18](#)).

Before joining RBC in 2013, McNutt had been an MD in **UBS's** global power and utilities group for seven years. He has also worked as a vice president in the same group at **Lehman Brothers** and at **Citigroup**. Before that, he had been an associate at **BNP Paribas**, having started his career at **JP Morgan** in 1994.

Shah joined RBC in 2012, having previously worked as an assistant VP at **BNY Mellon's Pershing** and as an associate in **Standard & Poor's** structured credit group.

Falenchuk was the first of the trio to join RBC, in 2011, after three years at **Barclays** as an executive director, and over eight years at Lehman Brothers as a VP. He started his career at the **European Bank for Reconstruction and Development**, focusing on the energy sector. ■

Norton Rose elevates Buchanan to global infra chief

Norton Rose Fulbright has promoted **Doug Buchanan** to the title of global head of infrastructure and resources.

He has also been named global co-head of the law firm's energy, infrastructure and resources practice, alongside Paris-based partner **Anne Lapierre** and Houston partner **John Mauel**.

Buchanan has spent the last three years

as Norton Rose's co-head of North American infrastructure, based out of New York and Vancouver.

Before joining Norton Rose, he had been co-head of global infrastructure and project finance at **Debevoise & Plimpton**, where he had worked for eight years, and a partner at **DLA Piper**, where he started his legal career and spent nearly 29 years. ■

● NEWS IN BRIEF

● MERGERS & ACQUISITIONS

STANDARD SOLAR BUYS MAINE COMMUNITY SOLAR ASSETS

Standard Solar has acquired a community solar portfolio totaling 35 MW in Maine. The five-project portfolio qualifies under Maine's Net Energy Billing program. Construction is expected to start within the next 12 months. The identity of the seller was not disclosed.

● LATIN AMERICA

CHILEAN SPONSOR PLANS SOLAR ASSET

Chilean developer **Lenegria** has begun the permitting process for the 6 MW Limachino solar park in the country's Valparaíso region. The project, located between the municipalities of Limache and Villa Alemana, will require an investment of \$8 million.

IFC, SANTANDER TO FUND BRAZILIAN SOLAR PANEL LOANS

The **International Finance Corp** has offered **Santander Brasil** a line of credit that will help fund the installation of small-scale solar projects in Brazil. The R\$780 million (\$150 million) financing will enable the acquisition of solar panels by small- and medium-sized businesses as well as homeowners.

BIWO PREPS PERMITS FOR CHILEAN SOLAR

Chilean developer **Biwo Renovables** is working on a 9 MW solar park in Santiago's Metropolitan region in Chile. According to filings with Chile's **Environmental Evaluation Service**, the Santa Marta solar project, located in the municipality of Talagante, will require an investment of \$10 million.

● PEOPLE & FIRMS

FIRSTENERGY BRINGS CHIEF RISK OFFICER ON BOARD

FirstEnergy Corp has hired **Soubhagya Parija** as its new vice president and chief risk officer, a day after announcing that it had struck a three-year deferred prosecution agreement relating to a high-profile bribery case in Ohio. He will begin in his new role on August 16, reporting to the company's senior vice president and CFO, **Jon Taylor**.

Extended versions of these stories are available to subscribers at www.powerfinancerisk.com.