

IERC Renewable and Nuclear Newsletter

Recent Deals

By Katie Lawrence

1. SunEdison Inc completed the sale of 21 US distributed generation solar power plants to TerraForm Power Inc for \$47.00M USD

On January 8, 2015, SunEdison Inc, a global solar technology manufacturer and solar energy services provider completed a transaction with TerraForm Power Inc an operator of clean energy power plants. SunEdison, has purchased new wind turbines which will provide 1.6 gigawatts of wind energy projects along with U.S. federal production tax credit, and TerraForm will be purchasing these projects once they achieve commercial operation. These wind projects are from SunEdison's acquisition of First Wind. The addition of 1.6 GW of wind energy will further TerraForm as one of the leading renewable energy asset owner in the world. Changes in regulatory requirements and renewable production incentives as well as the seasonality of the industry provide risks for this transaction.

2. Sharp Corp of Japan announced that it has decided to transfer all interests in Recurrent Energy LLC to Canadian Solar Inc. for \$265 M USD.

On February 3 2015, Sharp Corp announced the sale of its North American unit Recurrent Energy to Canadian Solar Inco. Canadian Solar is a company that designs and builds solar projects, starting in 2010. The cross boarder company takeover includes seven late-stage U.S. solar projects with a total of 1 gigawatt of capacity. The deal is scheduled to complete before the investment tax credit is cut from 30% to 10% by the end of 2016. This transaction supports its current projects in Canada, Japan, U.K, China, and South America. The deal illustrated an industry trend towards downstream development activities, in line with industry peers. The transaction is happening for \$265M USD in cash. The sale provides significant growth potential for Canadian Solar.

3. ArcLight Capital Partners LLC announced the sale of Bayonne Energy Center LLC to Macquarie Infrastructure Co LLC for USD 210.00M.

ArcLight Capital Partners LLC, a private equity firm focused on North American energy infrastructure assets, has announced the sale of Bayonne Energy Center LLC, a gas fired electric power plant, to Macquarie Infrastructure Co LLC, a company that owns and invests in a variety of infrastructure businesses, on February 3 2015. This transaction is expected to close by June 30, 2015. Bayonne Energy is projected to generate \$62M in EBITDA annually and increase the contracted power and energy segment of MIC to 15% of total EBITDA in 2015. The increase in cash flow from this new asset is projected to result in higher quarterly dividend. The transaction also sees Macquarie assuming around \$510 M of debt that is set to mature in 2020.

Plummeting Oil Prices and the Effects on the Renewables Industry

By Andrew Lee

The recent decline in oil prices has sparked fears that renewable resources would not be able to remain competitive because consumers will gravitate to the cheaper, more accessible form of energy. Adam Sieminski, head of the Energy Information Administration, disagrees with this notion and argues that oil is not a direct competitor to renewables when it comes to electricity generation because crude oil and renewable energy compete in different markets. A large portion of North America's electricity is generated by coal and natural gas; therefore a decrease in the price of oil will have no direct effect on renewables. Government policies help shield the renewables industry through tax incentives and government energy programs that require a certain percentage of electricity to come from renewable energy.

The volatility in the price of oil may inadvertently benefit the renewables industry due to the possibility of investors moving towards a more stable investment. Many forms of renewable energy have guaranteed inputs from nature, and the non-volatility of these inputs has led to relatively high stable prices.

Dynamic Tidal Power – Fuelling China’s Growth

By Andrew Lee

China is the world’s largest energy consumer. The country relies heavily on coal and hydropower resources; however, more recently, the government has been searching for local renewable energy solutions in order to satiate the growing energy demand. Dynamic Tidal Power (DTP) is a new method of power generation that converts the oscillating motion of tidal waves into storable energy. Concurrent research between China and a global infrastructure design and consulting firm, ARCADIS, is developing this new technology and researching the potential feasibility of tidal power facilities on China’s Eastern and Southern sea borders. A single tidal power facility will produce 5000MW of capacity, the equivalent of six large coal or gas power stations, or 10 million homes. The total amount of theoretical DTP power in China is 80-150 GW, accounting for a significant part of China’s estimated 400GW hydropower capacity.

Featured Company: Greenbacker Renewable Energy Company

By Harrison Reilly

Greenbacker Renewable Energy Company (“Greenbacker”) is a clean and renewables energy investment and transaction company, with 100 years of combined experience in sourcing, constructing acquiring, and financing and operating energy investments. Greenbacker is managed by Franklin Park Holdings; a firm that focuses on investments in the global power and utility sector and has developed, invested in, and managed power projects in the U.S., Asia and Latin America. Greenbacker acts as a center point, by which a pool of investors’ capital is used to acquire and monitor a diversified portfolio of income-producing renewable energy power plants, energy efficiency projects and other sustainable development projects.

Greenbacker focuses on two aspects of renewable energy: investor focus and investor process. Greenbacker's investments generally range from approximately \$1 million and \$100 million. This month, Greenbacker Renewable Energy Company has bought 9.789MW of operating solar facilities in the US from developers MP2 Capital and Blu Leaf Ventures. The solar facilities include 13 ground-mounted and rooftop installations in Colorado, Connecticut, Florida, Hawaii, Indiana and North Carolina. The electricity produced by the portfolio are going to sold under long-term agreements to Duke Energy Progress, Xcel Energy, the City and County of Denver at Denver International Airport, the Orlando Utilities Commission, Kauai Island Utility Cooperative and NIPSCO. The systems are expected to produce enough electricity to power approximately 1,605 homes for one year and approximately 90 percent of the contracted revenues were generated for the project were from investment grade rated Utilities and Municipalities.

GREENBACKER RENEWABLE ENERGY COMPANY LLC AND SUBSIDIARY

CONSOLIDATED STATEMENT OF NET ASSETS

For the Period Ended September 30, 2014

(Unaudited)

	Common Stockholders							
	Shares	Par Value	Paid-in Capital in excess of par value	Accumulated deficit	Accumulated unrealized appreciation on investment	Total Common Stockholders' Equity	Special Unitholder's Equity	Total Members' Equity (net assets)
Balances at December 31, 2013	20,200	\$ 20	\$ 201,980	\$ —	\$ —	\$ 202,000	\$ —	\$ 202,000
Proceeds from Issuance of common stocks	434,053	434	4,082,658	—	—	4,083,092	—	4,083,092
Offering Costs	—	—	(383,581)	—	—	(383,581)	—	(383,581)
Redemption of common stock	(100)	—	(1,000)	—	—	(1,000)	—	(1,000)
Shareholder distributions	—	—	—	(18,908)	—	(18,908)	—	(18,908)
Net investment loss	—	—	—	(89,011)	—	(89,011)	—	(89,011)
Net unrealized appreciation on investment	—	—	—	—	65,492	65,492	16,373	81,865
Balances at September 30, 2014	<u>454,153</u>	<u>\$ 454</u>	<u>\$ 3,900,057</u>	<u>\$ (107,919)</u>	<u>\$ 65,492</u>	<u>\$ 3,858,084</u>	<u>\$ 16,373</u>	<u>\$ 3,874,457</u>

The accompanying notes are an integral part of these consolidated financial statements.