

INDUSTRY NEWS

Irradiant Partners, a Kayne Anderson Spinoff, Bets on Clean Energy

Formed last month, Irradiant includes many top professionals from Kayne, and just made a \$100 million investment in a builder of anaerobic-digester plants, its first investment

BY LUIS GARCIA

Irradiant Partners, a new private-capital firm spun off from Kayne Anderson Capital Advisors, is focusing on clean-energy infrastructure, such as waste-processing plants, as it finishes deploying a \$520 million credit fund it took over from Kayne after being hived off.

Austin, Texas-based Irradiant recently put \$100 million to work in Bioenergy Development Co., a developer and operator of anaerobic-digestion plants that use microorganisms to turn organic waste into natural gas and digestate, a material rich in soil nutrients. Bioenergy Devco, as it is known, is also backed by private-equity firms Newlight Partners and Sagewind Capital.

The convertible-debt deal, which was announced last week, was Irradiant's first as an independent firm, said Jon Levinson, its co-chief executive and a former Kayne Anderson managing partner.

Mr. Levinson and Mike Levitt, former chief executive of Kayne Anderson, left the Los Angeles firm earlier this year alongside John Eanes to form Irradiant, which was set up last month. Mr. Eanes is co-CEO at Irradiant with

Mr. Levinson, while Mr. Levitt was named chairman. The trio were followed by 18 other former Kayne Anderson investment professionals, including Seth Zeleznik, previously a managing director at Kayne and holding the same title at Irradiant.

Several of the Kayne Anderson funds the Irradiant team managed at their old firm were transferred to their new firm as part of the spinout. They include credit-focused Kayne Solutions Fund, now renamed Irradiant Solutions Fund, which provided the capital for the Bioenergy Devco investment.

The erstwhile Kayne Solutions fund closed in 2019 at \$520 million and is now about 70% committed, Mr. Levinson said. Irradiant also took over a Kayne private-equity fund that backs solar developers, he added.

Although the credit fund can invest in any sector, Irradiant is finding most opportunities in businesses such as Bioenergy Devco, that help reduce carbon emissions, Mr. Levinson said.

"We spent a lot of time around investments related to energy transition or related to the circular economy," he said. "There are a lot of technologies that are going to be part of that solution and we think

anaerobic digestion is an important one."

Bioenergy Devco, which operates 140 anaerobic digesters overseas, plans to use the Irradiant investment to expand in the U.S. The company is building two plants in Maryland and Delaware and has more than 15 others in earlier stages of development, said Chief Executive Shawn Kreloff. The Maryland plant is expected to be able to process 115,000 tons of organic material annually, with operations beginning next year, he added.

The Annapolis, Md.-based company is looking to capitalize on greater efforts by governments to curb methane emissions, Mr. Kreloff said. Earlier this month, for example, the Biden administration released a methane emissions-reduction action plan that called for, among other things, a decrease in food waste in landfills, which account for 17% of all methane emissions in the U.S., according to the document.

"Anaerobic digestion sequesters all that gas and keeps it out of the atmosphere," Mr. Kreloff said. "It makes a lot of sense to divert food waste from landfills and incinerators and recycle it in anaerobic digesters."