

# Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

## ● PROJECT FINANCE

### Leyline, Starwood launch energy storage JV

**Leyline Renewable Capital** and **Starwood Energy Group** have partnered to develop standalone battery storage assets in the US. *Page 5.*

## ● MERGERS & ACQUISITIONS

### Michigan utility to shutter, replace thermal plants

**Consumers Energy** plans to retire a clutch of thermal power plants and acquire four gas-fired plants instead. *Page 8.*

## ● PEOPLE & FIRMS

### KKR to develop renewables with ex-Arevon team

**KKR & Co** has partnered with the former **Arevon Energy Management** team to develop renewable projects. *Page 12.*

## IRS pushes out safe harbor deadline for US renewables projects

Taryana Odayar

Developers aiming to qualify their renewable energy projects for federal tax credits will have an extra year to do so, after the **Internal Revenue Service** granted a deadline extension on June 29 to account for pandemic-related construction delays.

The IRS has extended the safe harbor to six years for developers seeking to qualify projects for tax credits on the basis of

having started construction between 2016 and 2019.

Last year, the IRS extended the safe harbor deadline from four years to five years specifically for projects that had started construction in either 2016 or 2017 due to supply chain disruptions caused by the Covid-19 pandemic ([PFR, 5/28](#)). Offshore wind projects and projects located on federal land requiring high-voltage transmission lines [PAGE 6»](#)

## Kayne Anderson execs depart with solar project in tow

Alfie Crooks

Three senior executives at **Kayne Anderson Capital Advisors** have left the firm to launch a renewables investment platform, and are planning to take a North Carolina solar project with them.

The executives leaving the firm are:

- Kayne Anderson's CEO **Michael Levitt**

- Portfolio manager and head of liquid credit strategies **John Eanes**
- Head of opportunistic investments and co-head of renewable infrastructure **Jon Levinson**

The trio have co-founded a renewables-focused advisory firm called **Irradiant** [PAGE 2»](#)

## BlackRock kicks off sale of California cogen

Alfie Crooks

**BlackRock's** Global Energy & Power Infrastructure Fund I has launched a sale process for a 240 MW contracted gas-fired cogeneration plant in California.

BlackRock is seeking buyers for its 91.7% stake in the Crockett Cogeneration facility, which is located at the **C&H Sugar Co** refinery in Crockett, about 25 miles north of San Francisco. The remaining stake in the [PAGE 7»](#)

## Enel plans mergers in Chile, Colombia

Carmen Arroyo

Enel's Latin American subsidiaries are making separate moves to merge some of their affiliates in Chile as well as to consolidate the Enel-owned businesses in Colombia into one single company.

Enel's Santiago-listed subsidiary **Enel Americas** and Colombia's **Grupo Energia de Bogota** (GEB) have already approved the merger of their subsidiaries in Colombia to launch [PAGE 10»](#)



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## NORTH AMERICA PROJECT FINANCE

## Kayne Anderson execs depart with solar project in tow

◀FROM PAGE 1 **Partners**, which they will co-own, according to a US **Federal Energy Regulatory Commission** filing dated June 23.

The filing describes Irradiant's proposed acquisition of an 80 MW solar project in Edgecombe County, called Harts Mill, from Kayne Anderson. The parties have requested FERC approval by July 26 to acquire the asset, which Kayne financed last year, marking its debut solar investment as a sponsor ([PFR, 10/16](#)).

"Applicants are still in the process of negotiating the final doc-

uments regarding the Proposed Transaction, but are filing this Application based upon a draft term sheet (the "Term Sheet") in the interest of time," reads the filing.

**Latham & Watkins** and **Lock Lorde** are acting as legal advisers to Kayne on the transaction.

### BIG THREE

Levitt joined Kayne as CEO in 2016, having previously been vice chairman of **Apollo Global Management**. Levitt had sold his business, credit-focused alternative investment manager **Stone Tower Capital**, to

Apollo in 2012.

Before founding Stone Tower, Levitt worked as a partner at private equity firm **Hicks, Muse, Tate & Furst**. He is also the former co-head of the investment banking division of **Smith Barney**, having started his investment banking career at **Morgan Stanley**.

Meanwhile, Eanes and Levinson both joined Kayne in 2017.

Levinson had been a partner at **TPG-Axon Capital Management** before joining, while Eanes had begun his career at **Lehman Brothers** and later spent a decade at **Ares Management**,

rising to the role of portfolio manager.

### HARTSMILL

The Harts Mill project is located in the **PJM Interconnection** market and has a 15-year power purchase agreement with Indianapolis-based health insurer **Anthem** ([PFR, 10/16](#)).

Kayne bought the project from its developer **SunEnergy1** in 2019 and financed it with a \$118.5 million debt package led by **CIT Bank** and a \$57 million tax equity commitment from **Churchill Stateside Group**, last year ([PFR, 7/7](#)). ■

## BlackRock kicks off sale of California cogen

◀FROM PAGE 1 asset is held by **Osa-Gas USA**.

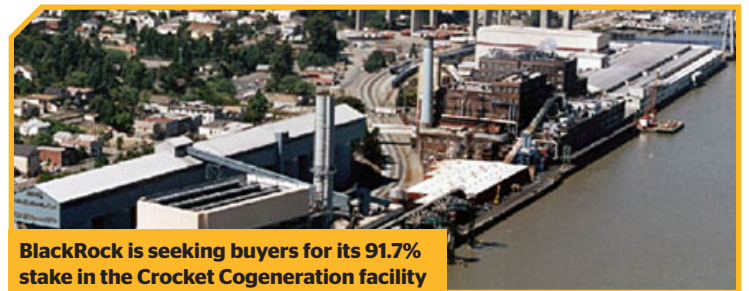
**Guggenheim Securities** circulated marketing materials on behalf of the sponsor toward the end of June. First round bids are due over the summer, sources close to the situation tell *PFR*.

The facility has been online since 1996. It sells its output to **Pacific Gas & Electric Co** under a 30-year power purchase agreement and its steam to C&H under a steam sales agreement. Both contracts are due to expire in 2026.

**Moody's Investors Service** upgraded its rating of Crockett's \$78 million senior secured notes from B3 to B2 on July 8, 2020, to reflect PG&E's emergence from bankruptcy and assumption of its PPA obligations with Crockett.

The rating agency had downgraded Crockett from B1 to Caa3 on January 15, 2019 as PG&E prepared to file for Chapter 11 bankruptcy ([PFR, 1/17/19](#)). It upgraded its rating to Caa1 in September 2019, and to B3 in June 2020.

**S&P Global Ratings** also up-



BlackRock is seeking buyers for its 91.7% stake in the Crockett Cogeneration facility

graded its rating of Crockett's senior notes from CCC+ to B+ on June 23, 2020, in line with PG&E's emergence from bankruptcy.

BlackRock came into owner-

ship of the Crockett facility in 2017, as part of its acquisition of **First Reserve Energy Infrastructure Funds**, the infrastructure equity arm of **First Reserve** ([PFR, 2/7/17, 4/17/17](#)). ■

## NORTH AMERICA MERGERS &amp; ACQUISITIONS

## LS Power closes PSEG solar purchase

**LS Power** has completed its acquisition of the 365 MW Solar Source portfolio from **PSEG Power**.

The 25-project portfolio was acquired by LS Power affiliate **Quattro Solar**, which struck a deal with PSEG at the beginning of May ([PFR, 5/5](#)).

The utility-scale projects are fully contracted and spread across 14 different US states and five different power markets, including:

- **PJM Interconnection** – 12 facilities totaling 198.7 MW (DC) in Delaware, Maryland, North Carolina, New Jersey and Ohio

- **CAISO/ WEIM** – 7 facilities totaling 151.6 MW (DC) in Arizona, California, Oregon and Utah
- **SERC/SW** – 4 facilities totaling 103.3 MW (DC) in Colorado, Florida and Texas
- **NY-ISO** – a 10.6 MW (DC)

facility in New York

- **ISO-NE** – a 3.6 MW (DC) facility in Vermont

**Goldman Sachs** acted as financial adviser to PSEG on the sale, having circulated teasers toward the end of last year, as previously reported ([PFR, 1/8](#)). **Wachtell, Lipton, Rosen & Katz** acted as legal counsel to PSEG. ■