



Buyer Universe and Key Driving Factors in Wind Power M&A Transactions

Wind Power Finance & Investment Summit
San Diego

February 4, 2014



Table of Contents

- U.S. Wind Power M&A Landscape
- Fundamental Market Drivers
- Active Buyers
- Key Factors Driving Buyer Market
- Buyer Universe Analysis
- Project Development Stages vs. Buyer Types
- Appendix: Wind Power Acquisitions Closed in 2013



U.S. Wind Power M&A Landscape

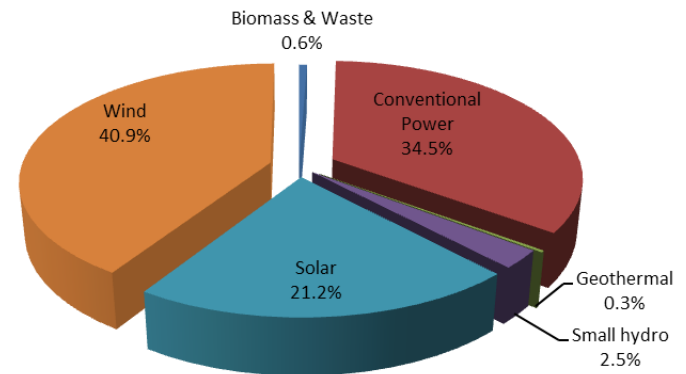
- Growing market with structural limitations, which induce assets changing hands at a steady pace
- M&A momentum remained steady in wind project acquisitions in recent years
 - Wind dominates the market: >40% of power project acquisitions
 - Outpaced conventional power even in an uncertain environment
 - 30 – 35 transactions per year
- Corporate M&A in wind power tapering down
 - 2012 was a record year - 10 transaction with \$10.5 billion in disclosed value
 - 2013 had a dismal year with 6 transactions and \$1.8 billion in disclosed value
 - Regulatory uncertainty key factor

Power Acquisition Transactions by Subsector

	2012		2013	
	MW	# Deals	MW	# Deals
Biomass & Waste	417	9	81	4
Conventional Power	49	1	4,787	7
Geothermal	378	1	35	1
Small hydro	116	4	351	1
Solar	4,948	39	2,939	37
Wind	6,916	34	5,664	34
Grand Total	12,823	88	13,857	84

Source: BNEF, Alyra

2013 Power Acquisition Deal Breakdown - MWs



Source: BNEF, Alyra



Fundamental Market Drivers

- “The main driver for future growth of renewable sector over this timeframe [2013-2030] is a shift from policy support to falling costs and natural demand” (BNEF)
- Between 2009-2013, dramatic positive changes in wind power economics
 - Wind turbine prices fell 40% while efficiency of the turbines improved over 15%, contributing to a 40% decline of Levelized Cost of Energy (LCOE), from \$0.92 to \$0.65/kWh (BNEF)
 - Wind can now compete without PTC at \$65/MWh power price in average wind speed sites (NREL)



Fundamental Market Drivers, continued

- As natural gas continues to replace coal for baseload power, concerns are rising about over-dependence on natural gas and the resulting exposure to commodity price volatility; thus utilities are increasingly buying renewable power for risk management
 - Lacking fuel cost, wind provides a stable, fixed-cost power, which acts as a natural, long-term (up to 20 year) hedge against energy price volatility
 - 80.8% of wind power projects in 2012 were built in states without any near-term demand under state RPS requirements (BNEF)
- Growth of natural gas fueled power generation is complementary to wind power
 - Flexibility of gas-fired power generation to ramp up or down makes it a natural fit to variable resources like wind and solar



Active Buyers

US Strategics

ConEd
Duke
Exelon
MidAmerican
NextEra
NJR
NRG
PGE
Sempra

Foreign Strategics

Abengoa
Abu Dhabi Elec.
AQN
Brookfield
E.On
EDF
EDPR
Enbridge
Enel
Eurus
Gestamp
Iberdrola
Kruger
Longyuan
Terna
Three Gorges
TransAlta

IPPs

Apex
Atlantic Power
EverPower
First Wind
Invenergy
Juwi
Pattern
Tenaska

Financials/ YieldCos

BlackRock
DE Shaw
Denmark Pension
Fiera-Axiom
First Reserve
GE EFS
GS
Investec
Macquarie
Marubeni
Starwood
Sumitomo

Family Offices/ Mini Strategics

Hartz Capital
Olympus

YieldCos



Key Factors Driving Buyer Market

- Foreign investors expected to significantly increase investments
 - European renewables markets retracting
 - European financial sectors/banks are still recovering
 - U.S. energy markets remain vibrant, buoyed by the expansion of oil and gas sectors
 - Asian sovereigns/institutions/utilities have been actively bidding in the U.S. and started winning deals last year

- Electric utilities dominated the wind power acquisition activity
 - Substantial tax capacity of utilities gave them competitive advantage since 2012, as the cash grant expired
 - May continue to be very active acquirers in the near-term, if the tax advantage for utilities are unchanged



Key Factors Driving Buyer Market, continued

- Emerging investor class: yield-focused long-term financial/institutional equity investors
 - Infrastructure funds and Canadian/U.S. YieldCos - flurry of investments in 2012 and 2013
 - Investors hunting for stable, high single-digit return in a constrained, low interest rate environment
 - Good fit with operating or construction ready assets with power contracts
 - Selling cash equity tranches to finance development activities – development funding is extremely hard to raise currently

- OEMs were chasing margin downstream, to protect/expand market share
 - Not long-term asset owners – have to sell at NTP/COD: improves supply of assets
 - High quality assets – either construction ready or newly operating: perfect fit with the emerging yield focused financial buyers
 - Highly sensitive to regulatory uncertainty – most wind OEMs shut down development in 2013



Buyer Universe Analysis

	US Strategies	Foreign Strategies	IPPs	Financials	Family Offices/ Mini Strategies
Strengths	<ul style="list-style-type: none"> • Strong balance sheet • Tax appetite • Low cost of capital • Strategic focus – term. value 	<ul style="list-style-type: none"> • Strong balance sheet • Low - medium cost of capital • Strategic focus – term. value 	<ul style="list-style-type: none"> • Excellent dev. expertise • Strong teams • Fast process • Low overhead 	<ul style="list-style-type: none"> • Excellent fin. structuring expertise • Substantial capital to invest • Range of products 	<ul style="list-style-type: none"> • Long-term value oriented • Relatively fast process • Reasonable return expectations
Weaknesses	<ul style="list-style-type: none"> • High overhead • High transaction size threshold • Slower process 	<ul style="list-style-type: none"> • No tax appetite • Unfamiliar reg. risk - new entry • Slow process 	<ul style="list-style-type: none"> • No tax appetite • Limited capital • High cost of capital • Shorter inv. horizon 	<ul style="list-style-type: none"> • Limited inv. horizon • Need tax/strat. partners • Relatively higher transaction cost 	<ul style="list-style-type: none"> • Typically, no tax appetite • Limited capital • Prefers control
Best Fit	<ul style="list-style-type: none"> • Projects with high pre-const. capital • Large – medium size projects • Joint ventures 	<ul style="list-style-type: none"> • Larger projects • Late stage projects 	<ul style="list-style-type: none"> • Regional plays • Market dislocation plays • Medium size projects • Early to mid dev. stage 	<ul style="list-style-type: none"> • Large – medium size projects • Const. ready or operating project 	<ul style="list-style-type: none"> • Const. ready or operating project • Smaller or highly structured transactions



Project Development Stages vs. Buyer Types

Dev. Stages:	Early Stage	Mid Stage	Construction Ready	Operating
Key Factors	<ul style="list-style-type: none"> • High mortality rate • High return potential • Boots on the ground and local knowledge are key 	<ul style="list-style-type: none"> • Moderate dev. risk • Contract execution and technical skills are key 	<ul style="list-style-type: none"> • Mostly construction risk • Cost of capital, seller objectives and financing availability are key 	<ul style="list-style-type: none"> • Operational risk (typically low) • Cost of capital and length of investment horizon and strategic fit are key
Who Buys and Why?	<ul style="list-style-type: none"> • IPPs: Typically skilled at greenfield development and have local presence; Matches risk/reward factor. • Strategics: Selective – to diversity or for strategic reasons. 	<ul style="list-style-type: none"> • IPPs: Opportunistic acquisitions; Mostly larger IPPs. • Foreign Strategics: Quick access to new market. 	<ul style="list-style-type: none"> • Strategics: Natural fit and highly competitive; one-stop solution • Infra Funds / YeildCos: Highly competitive for larger deals where seller wants to retain sponsor equity 	<ul style="list-style-type: none"> • Strategics: Better for mega portfolios; Operating overhead and view on terminal value are key. • Infra Funds / YeildCos: Better for single asset or mid-size portfolios



Appendix: Wind Power Acquisitions Closed in 2013

Transaction	MW	Value \$MM	Closing Date	Acquirers
Shady Oaks Wind Farm	109.5	148.9	1/2/2013	Algonquin
Invenergy projects - minority share		500.0	1/8/2013	Caisse de Depot
Shiloh Wind Farm IV	102.5		1/8/2013	Marubeni
Spinning Spur III Wind Farm	194.0		1/8/2013	EDF
Lakefield Wind Farm	205.5		1/9/2013	Abu Dhabi National Energy
Spearville Wind Farm III - Cash Equity	100.8		1/15/2013	Eurus + BlackRock
El Paso Wind Farm	294.0		2/28/2013	Golden West Power Partners
Fair Wind Power Wind Farm	30.0		2/28/2013	Exelon
Walnut Ridge Wind Farm	210.0		3/26/2013	Geronimo
Buffalo Dunes Wind Farm	250.0		3/31/2013	Enel
Pheasant Run Wind Farm	149.6		3/31/2013	NextEra
Buffalo Dunes Wind Farm	250.0	40.0	4/8/2013	GE EFS
Spinning Spur II	161.0		4/24/2013	EDF Renewable Energy Inc
Hereford Wind Farm	200.0		7/22/2013	EDF Renewable Energy Inc
Blue Mountain Wind Farm	80.0		8/3/2013	Greenbriar Capital
Stephens Ranch Wind Farm	376.0		8/12/2013	Starwood Energy
Midway Farms Wind Farm	165.0		8/19/2013	Apex
Lower Snake River Wind Farm II	266.8		8/20/2013	PGE
Osage County Wind Farm	150.0		9/19/2013	TradeWind Energy
Broken Bow Wind Farm II	73.1		9/26/2013	Sempra
Pleasant Hill Wind Farm	20.0		9/30/2013	Ralls Corp
Two Dot Wind Farm	9.7		10/23/2013	NJR Clean Energy Ventures
Juhl Honda Ohio Wind Farm	3.2		11/1/2013	ConEd
Longhorn Wind Farm	200.0		11/4/2013	EDF Renewable Energy Inc
Highland Wind Farm	500.0		11/6/2013	MidAmerican
Lundgren Wind Farm	250.0		11/6/2013	MidAmerican
Macksburg Wind Farm	117.0		11/6/2013	MidAmerican
Wellsburg Wind Farm	138.6		11/6/2013	MidAmerican
Horizon Wheatfield Wind Farm	96.6		11/25/2013	Fiera Axium
Windthorst-2 Wind Farm	68.0		12/6/2013	BlackRock Inc
NextEra Wyoming Wind Farm	144.0	102.0	12/20/2013	TransAlta Renewables
Anderson Wind Farm	15.0		12/24/2013	BayWa
Pattern Grand Renewable & Panhandle II	335.8	202.4	12/24/2013	Pattern Energy Group
Pioneer Green Energy Miami Wind Farm	288.6		12/24/2013	Invenergy
Keechi Wind Farm	110.0	200.0	12/30/2013	Enbridge
	5,554.8	544.4		

Source: BNEF, Alyra



Alyra Renewable Energy Finance LLC

A firm imbued with a singular focus and rich experience in renewable energy, Alyra provides financial advisory services exclusively to the renewable energy sector. The firm specializes in acquisitions, joint ventures, structured tax equity and project finance transactions and typically represents strategic investors in such transactions. Clients include the leading energy companies and institutional investors in North America and Europe.

As of December 2013, Alyra has advised on over \$6 billion and closed \$530 million renewable energy M&A transactions.

Alyra was founded in January 2004 by Mohammed Alam, following his energy banking career with Fortis Capital Corp. where he led a range of origination, structuring and restructuring of renewable and conventional power transactions. Before Fortis he worked at GE Capital Markets Group, GE's internal investment banking group, performing investment structuring and financial advisory in Latin American energy and infrastructure transactions. Earlier, he began his finance career at Brown Brothers Harriman, focusing on emerging markets research.

Mr. Alam is involved in supporting clean energy growth through his roles in the public bodies and advocacy. In December 2010, Mr. Alam was appointed by U.S. Commerce Secretary Gary Locke as a member of the Renewable Energy and Energy Efficiency Advisory Committee, to advise the U.S. Commerce Secretary on issues related to the global competitiveness of the U.S. renewable energy industry. In March 2011 Mr. Alam was part of the Antarctic Renewable Energy Expedition, led by polar explorer Robert Swan, OBE, and his environmental advocacy organization, 2041.

Mr. Alam holds a Master's degree in Public and Private Management from the Yale School of Management where he was one of three recipients in his class for the Scholastic Excellence Award. He also holds a Bachelor's of Science degree, summa cum laude, from the University of Massachusetts, with various scholastic and leadership honors and distinctions, including the valedictorian nomination. Mr. Alam frequently speaks at major international energy conferences and is an author of published articles for leading energy publications.

RECENT ENGAGEMENTS

- Advisor to Aspenall Energies regarding the acquisition of wind power projects.
- Exclusive Advisor to ARRCO Wind regarding the sale of 550 MW wind power portfolio.
- Advisor to Duke Energy regarding the acquisition of Catamount Energy.
- Exclusive Advisor to Duke Energy regarding the acquisition of Tierra Energy's 1 GW wind power development assets.
- Advisor to NRG Energy regarding the acquisition of a 109 MW operating wind power project.
- Exclusive Advisor to Spinnaker Energy regarding the buyout of a 707 MW wind and solar power development portfolio.
- Exclusive Advisor to Project Resources Corp. regarding the sale of Rock Aetna Wind.



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