
AMERICAS RENEWABLES DEAL OF THE YEAR:

EDWARDS SANBORN

Terra-Gen's nearly US\$1bn green loan financing for a solar and storage project in California was the top power project financing this year for the Americas based on its massive size and a mix of elements that epitomise the evolution of the US power markets over the past few years.

The second phase of the Edwards Sanborn solar storage facility in Kern County, California was financed with US\$959m in senior secured credit facilities comprising a US\$460m construction and term loan facility, a US\$403m tax equity bridge facility and a US\$96m construction and revolving letter of credit facility. BNP Paribas, CoBank, ING and Nomura led the construction and term financing, and US Bank provided the tax equity commitment. The seven-year deal features significant deleveraging through mandatory amortisation and an excess cashflow sweep to a target debt balance.

The second phase of the project comprises 410MW of solar and 1.7GWh of battery storage. The first phase of 345MW of solar and 1.5GWh of storage was financed in July 2021 and is fully operational.

Terra-Gen expects both the solar and storage components of the second phase to be fully operational by Q3 2023. The project generates revenues via a diverse portfolio of offtake contracts with eight counterparties, including contracts with Edison International, Southern California Edison, community choice aggregators Clean Power Alliance and East Bay Community Energy, and coffee maker Starbucks.

The project is the largest single solar and battery energy storage project to be financed to-date. It will play a critical role in balancing California's power grid with substantial renewable sources to provide system stability and meet the state's decarbonisation goals. The project is well positioned to take advantage of California Independent System Operator (CAISO) market dynamics of increasing renewable penetration, energy price volatility and system reliability needs. Terra-Gen is advancing development on future phases of the project that will include more than 2GW of incremental solar and storage to be interconnected to the CAISO grid and subsequent phases will begin to be financed in 2023 and come online in 2024.



Latham & Watkins served as counsel to Terra-Gen and Milbank served as lenders' counsel. Reed Smith served as real estate and project documents counsel. Rock Creek Energy Group served as federal energy regulatory counsel, Cox Castle & Nicholson acted as environmental and permitting counsel and Sheppard Mullin was local energy regulatory counsel. Shipman & Goodwin served as collateral agent's counsel, Leverage Law Group acted as counsel to the tax equity investors, Halling Meza was real estate counsel to the lenders and tax equity investors, and Buchalter served as environmental and permitting counsel to the lenders and tax equity investors.