



HOULIHAN LOKEY

# POWER AND UTILITIES MARKET SNAPSHOT

Quarter Ending September 30, 2021



# Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power and Utilities Market Snapshot for the quarter ending September 30, 2021.

We have included relevant news, recent M&A transaction announcements, and other industry insights to help you stay ahead in this evolving industry. We hope you find this quarterly update to be informative and that it serves as a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please don't hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

Regards,  
Houlihan Lokey's Power & Utilities Group

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## Our Power & Utilities Group Service Offerings:

- Mergers and Acquisitions
- Capital Markets
- Board Advisory Services
- Financial Restructuring
- Portfolio Valuation and Fund Opinions
- Corporate Valuation Advisory Services
- Transaction Advisory Services
- Dispute Resolution Services
- Transaction Opinions



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

## Corporate Finance

| 2020 M&A Advisory Rankings<br>All U.S. Transactions |       |  |
|---|-------|--|
| Advisor   | Deals |  |
| 1 Houlihan Lokey                                    | 210   |  |
| 2 Goldman Sachs & Co                                | 172   |  |
| 3 JP Morgan   | 132   |  |
| 4 Evercore Partners                                 | 126   |  |
| 5 Morgan Stanley                                    | 123   |  |

Source: Refinitiv (formerly known as Thomson Reuters)

**No. 1** U.S. M&A Advisor

**Top 5** Global M&A Advisor

**Leading** Capital Markets Advisor

## Financial Restructuring

| 2020 Global Distressed Debt & Bankruptcy<br>Restructuring Rankings |       |  |
|--|-------|--|
| Advisor  | Deals |  |
| 1 Houlihan Lokey   | 106   |  |
| 2 PJT Partners Inc   | 63    |  |
| 3 Lazard   | 50    |  |
| 4 Rothschild & Co  | 46    |  |
| 5 Moelis & Co  | 39    |  |

Source: Refinitiv (formerly known as Thomson Reuters)

**No. 1** Global Restructuring Advisor

**1,400+** Transactions Completed

Valued at More Than \$3.0 Trillion

Collectively

## Financial and Valuation Advisory

| 2001 to 2020 Global M&A Fairness<br>Advisory Rankings |       |  |
|---|-------|--|
| Advisor   | Deals |  |
| 1 Houlihan Lokey                                      | 956   |  |
| 2 JP Morgan   | 876   |  |
| 3 Duff & Phelps                                       | 802   |  |
| 4 Morgan Stanley                                      | 599   |  |
| 5 BofA Securities Inc                                 | 542   |  |

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

**No. 1** Global M&A Fairness Opinion  
Advisor Over the Past 20 Years

**1,000+** Annual Valuation  
Engagements

## Selected Transactions

|  |   |  |   |   |
|--|---|--|---|---|
| <p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>   | <p>has confirmed a prepackaged Chapter 11 Plan of Reorganization</p> <p>Company Advisor</p>   | <p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>         | <p>has been acquired by</p> <p>Sellside Advisor</p>   | <p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>  |
| <p>has completed the sale of its 50% indirect interest in a 1,740 MW portfolio of two combined cycle natural gas-fired power plants to</p> <p>Sellside Advisor</p> | <p><b>Project Odyssey</b></p> <p>has completed the sale of a 100% interest in the 600 MW Altura Cogeneration facility and a 50% interest in the 550 MW Cedar Bayou 4 facility, both of which are natural gas-fired CCGT power plants located in Texas, to</p> <p>Sellside Advisor</p> | <p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Secured Creditor Advisor</p> | <p>has been acquired by a wholly-owned subsidiary of</p> <p>Sellside Advisor &amp; Fairness Opinion</p> | <p>subsidiary</p> <p><b>Hamilton Holdings II, LLC</b></p> <p>has completed an out-of-court restructuring and capitalization</p> <p>Creditor Advisor</p> |

# United States and Canada Update

## Western Electricity Coordinating Council

- August 20: A subsidiary of Clearway Energy Inc. agreed to purchase a 50% stake in Dominion Solar Projects III Inc.'s 530 MW solar portfolio in Utah for \$335 million.
- September 8: Recurrent Energy LLC sold an 80% interest in the 350 MW/1,400 MWh Crimson storage project in Riverside County, California, to Axiom Infrastructure Inc.

## PJM Interconnection

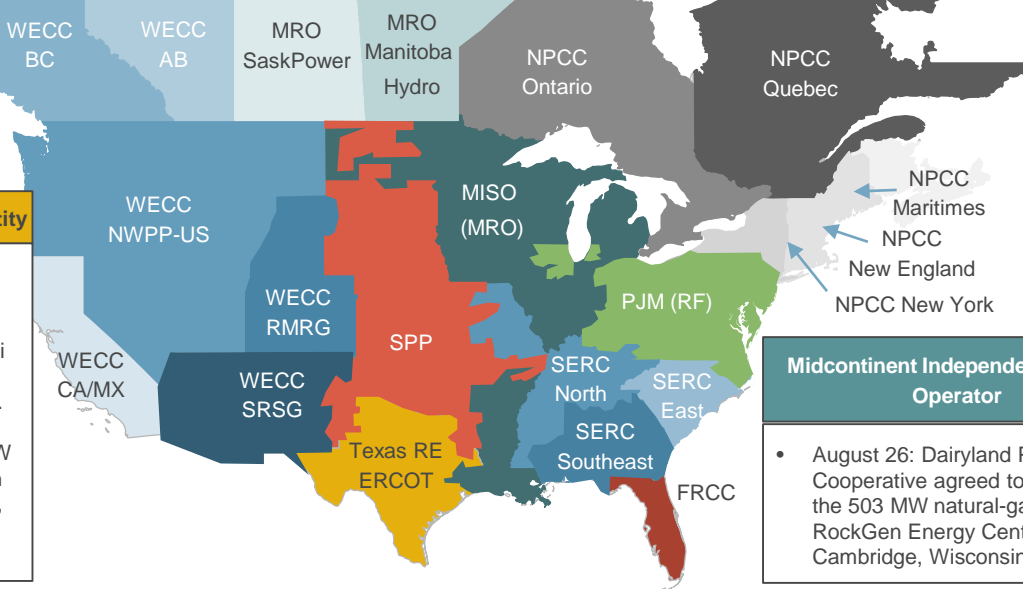
- July 8: PJM Interconnection's board signed off on a proposal to adjust the grid operator's minimum offer price rule for its capacity market to prevent the exercise of market power.
- September 27: PPL Corp. acquired an ownership interest in a proposed underground high-voltage direct-current transmission line, intended to connect the Midcontinent ISO and PJM Interconnection regional energy markets.

## SERC Reliability Corp.

- July 8: The Georgia Public Service Commission unanimously approved Georgia Power Co. purchase agreements for 970 MW from five solar projects.
- July 29: Gulf Pacific Power completed its acquisition of the 677.4 MW, gas-fired Sandersville Energy Facility located in Washington County, Georgia.

## Texas Reliability Entity

- August 11: BKV Corp., the Denver-based subsidiary of Thai energy company Banpu Public Co. Ltd., agreed to acquire a 758 MW power generation facility in Temple, Texas, for \$430 million.



## Midcontinent Independent System Operator

- August 26: Dairyland Power Cooperative agreed to acquire the 503 MW natural-gas-fired RockGen Energy Center in Cambridge, Wisconsin.

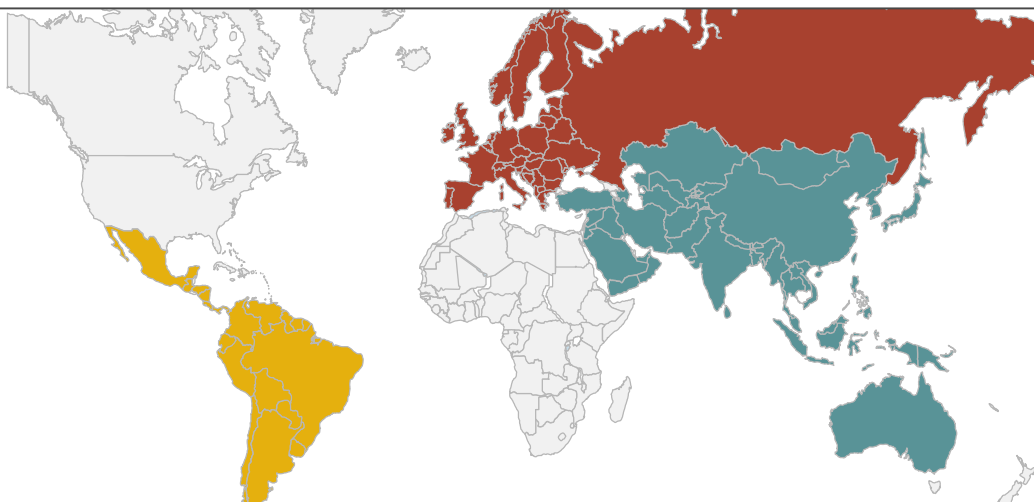
## Overall United States and Canada Market

- July 5: EQT Infrastructure V agreed to acquire Cypress Creek Renewables LLC from HPS Investment Partners LLC-managed funds and Singapore's Temasek Holdings Ltd. Financial terms of the deal were not disclosed.
- July 7: Macquarie Asset Management and the Ontario Teachers' Pension Plan Board announced the acquisition of a 31.6% ownership interest in Puget Sound Energy from the Canada Pension Plan Investment Board.
- July 9: ArcLight Capital Partners LLC closed its first continuation fund, ArcLight Renewable Infrastructure Fund SM SPV LP.
- July 14: EQT AB signed an all-cash deal to purchase waste-to-energy facility operator Covanta Holding Corp. for \$5.3 billion.
- August 9: EDF completed the sale of its 49.99% interest in Constellation Energy Nuclear Group to Exelon Generation for \$885 million.
- August 10: The U.S. Senate voted 69-30 to pass the \$1.0 trillion Infrastructure Investment and Jobs Act, which would provide \$550 billion in new government spending to rebuild roads, bridges, and other infrastructure and fund climate and clean energy programs.
- August 12: Public Service Enterprise Group Inc. announced the sale of PSEG Power LLC's 6,750 MW non-nuclear generation fleet to ArcLight Energy Partners for approximately \$1.92 billion.
- August 19: The Federal Energy Regulatory Commission authorized NRG Energy Inc. to sell its interests in nine subsidiaries, representing more than 4.9 GW of generating capacity, to a subsidiary of private investment fund ArcLight Energy Partners Fund VII.
- September 8: Duke Energy Corp. completed the first phase of its sale of an 11.05% minority stake in Duke Energy Indiana LLC to an affiliate of Singapore sovereign wealth fund GIC Private Ltd. in an all-cash deal valued at \$2.05 billion.
- September 23: The Federal Energy Regulatory Commission approved PPL Corp.'s acquisition of Rhode Island utility Narragansett Electric Co. from National Grid PLC unit National Grid USA for \$3.8 billion, plus the assumption of approximately \$1.5 billion of debt.

# International Update

## Europe

- July 5: HydrogenOne Capital Growth PLC plans to list on the London Stock Exchange, targeting a £250 million capital raise for clean hydrogen investments.
- July 9: The French state completed a \$1.18 billion deal to acquire an additional 16.59% stake in uranium producer Orano S.A. from Areva S.A. and Caisse des Dépôts et Consignations.
- July 27: Eni S.p.A. signed an agreement with Azora Capital S.A. to acquire a portfolio of nine renewable energy projects totaling more than 1.2 GW in Spain for an undisclosed amount.
- July 28: CEZ a.s. closed the €355 million sale of its Bulgarian assets to Eurohold Bulgaria AD.
- August 2: SSE PLC agreed to sell its 33% stake in gas distribution utility Scotia Gas Networks Ltd. to a consortium formed by the Ontario Teachers' Pension Plan Board and Brookfield Super-Core Infrastructure Partners for approximately £1.23 billion.
- August 5: The Investment Management Corp. of Ontario acquired 100% of Birmingham, U.K.-based independent power producer Green Frog Power Ltd. Financial terms were not disclosed, but IMCO stated plans to invest up to \$500 million into the company.
- August 23: China Three Gorges (Europe) S.A. completed the acquisition of a 100% equity stake in a 450 MW collection of wind and solar plants in Spain for €500 million.
- August 31: EIG Global Energy Partners completed its acquisition of a 1.3 GW gas plant in the U.K. from EDF Energy Ltd.
- September 17: A joint venture between ReneSola Ltd. and Eiffel Investment Group SAS completed the acquisition of its first 200 MW solar portfolio in Europe.
- September 21: Glennmont Partners reached a deal to buy a 473 MW solar portfolio in central and southern Spain from Grupotec for an undisclosed amount.
- September 27: Al Gore's Generation Investment Management LLP agreed to invest up to \$600 million in Britain's Octopus Energy Ltd. in exchange for up to a 13% stake.
- September 28: Quinbrook Infrastructure Partners Pty. Ltd. acquired a 350 MW solar-plus-battery storage project in Kent, U.K. Financial terms of the deal were not disclosed.



## Latin America

- July 9: Innergex Renewable Energy Inc. closed its acquisition of the remaining 50% stake in Chile-based renewable energy company Energía Laima S.p.A. for \$71.4 million.
- July 15: AES Andes S.A. announced that fund manager Global Infrastructure Partners acquired a 49% stake in a 734 MW portfolio of wind, solar, and battery assets in Chile for \$441 million.

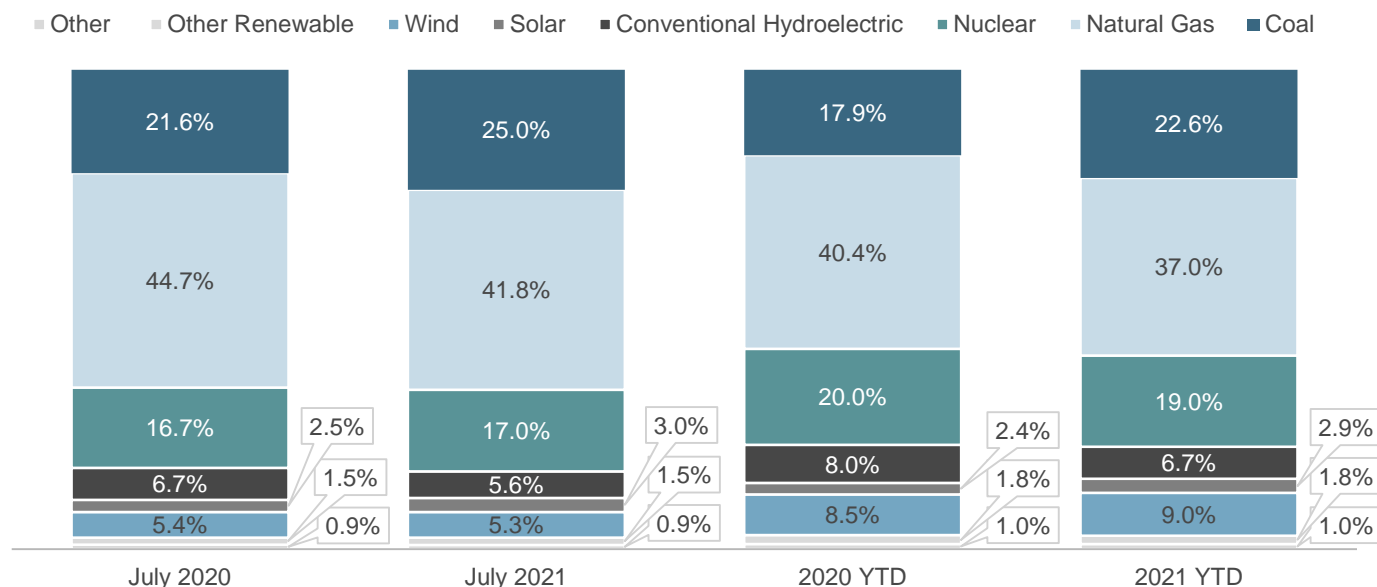
## Asia-Pacific

- July 14: Copenhagen Infrastructure Partners has entered into an agreement to sell a 25% minority stake in the 595 MW Changfang and Xidao offshore wind farm in Taiwan to Global Power Synergy Public Co. Ltd. for an undisclosed amount.
- July 30: Omers Infrastructure agreed to acquire a stake of approximately 19.4% in New Delhi-based Azure Power Global Ltd. for \$219 million from International Finance Corp. and IFC GIF Investment Co. I.
- August 12: Aker Offshore Wind AS and Mainstream Renewable Power Ltd. agreed to jointly acquire a 50% stake in Progression Energy's 800 MW floating offshore wind farm in Japan.



# U.S. Generation

## U.S. Generation Fuel Mix (%)



## U.S. Generation by Fuel Type (Million MWh)

|                                      | July 2021    | YoY Change   | YoY % Change  | 2021 YTD       | YoY Change  | YoY % Change |
|--------------------------------------|--------------|--------------|---------------|----------------|-------------|--------------|
| Coal                                 | 101.6        | 11.8         | 13.1%         | 538.5          | 124.3       | 30.0%        |
| Natural Gas                          | 169.1        | (16.3)       | (8.8%)        | 880.8          | (54.2)      | (5.8%)       |
| Nuclear                              | 68.8         | (0.6)        | (0.8%)        | 452.5          | (11.7)      | (2.5%)       |
| Other                                | 3.5          | (0.2)        | (6.4%)        | 24.0           | (0.1)       | (0.3%)       |
| Conventional Hydroelectric           | 22.6         | (5.1)        | (18.3%)       | 159.8          | (24.8)      | (13.4%)      |
| Solar                                | 12.0         | 1.5          | 14.3%         | 69.0           | 14.1        | 25.8%        |
| Wind                                 | 21.4         | (0.8)        | (3.8%)        | 213.6          | 16.6        | 8.4%         |
| Other Renewable                      | 6.2          | 0.1          | 1.9%          | 41.8           | (0.9)       | (2.1%)       |
| Hydroelectric Pumped Storage         | (0.7)        | 0.0          | 0.1%          | (2.8)          | 0.1         | 3.3%         |
| <b>Total Generation</b>              | <b>404.7</b> | <b>(9.6)</b> | <b>(2.3%)</b> | <b>2,377.2</b> | <b>63.4</b> | <b>2.7%</b>  |
| <b>Total Renewable Generation</b>    | <b>62.2</b>  | <b>(4.3)</b> | <b>(6.5%)</b> | <b>484.2</b>   | <b>5.0</b>  | <b>1.0%</b>  |
| <b>Total Nonrenewable Generation</b> | <b>343.0</b> | <b>(5.3)</b> | <b>(1.5%)</b> | <b>1,893.0</b> | <b>58.4</b> | <b>3.2%</b>  |

Sources: U.S. Energy Information Administration, SNL Energy.

Note: As of September 24, 2021.

"Other renewable" includes wood, black liquor, other wood waste, biogenic municipal solid waste, landfill gas, sludge waste, agriculture byproducts, other biomass, geothermal, and wind. "Other" includes petroleum liquids, petroleum coke, blast furnace gas, manufactured and waste gases derived from fossil fuels, nonbiogenic municipal waste, batteries, hydrogen, purchased steam, sulfur, tire-derived fuel, and other miscellaneous energy sources.

# About Houlihan Lokey

Houlihan Lokey (NYSE:HLI) is a global investment bank with expertise in [mergers and acquisitions](#), [capital markets](#), [financial restructuring](#), and [valuation](#). The firm serves corporations, institutions, and governments worldwide with offices in the United States, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm’s commitment to client success across its advisory services. Houlihan Lokey is the No. 1 M&A advisor for the past six consecutive years in the U.S., the No. 1 global restructuring advisor for the past seven consecutive years, and the No. 1 global M&A fairness opinion advisor over the past 20 years, all based on number of transactions and according to data provided by Refinitiv.

## Locations



## Industry Expertise

| Product Expertise                | Dedicated Industry Groups         | Financial Sponsors                               |
|----------------------------------|-----------------------------------|--|
| Mergers and Acquisitions         | Business Services                 | Active Dialogue                                  |
| Capital Markets                  | Consumer, Food, and Retail        | With a Diverse Group of More Than 1,000 Sponsors |
| Financial Restructuring          | Data and Analytics                | Private Equity Firms                             |
| Financial and Valuation Advisory | Energy                            | Hedge Funds                                      |
| Private Funds Advisory           | Financial Institutions            | Capital Alliances                                |
|                                  | Healthcare                        |  |
|                                  | Industrials                       |  |
|                                  | Real Estate, Lodging, and Leisure |  |
|                                  | Technology, Media, and Telecom    |  |

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