



HOULIHAN LOKEY

POWER AND UTILITIES MARKET SNAPSHOT

Quarter Ending September 30, 2019



Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power and Utilities Market Snapshot for the quarter ending September 30, 2019.

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,

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Our Power & Utilities Group service offerings include:

- Mergers and Acquisitions
- Capital Markets
- Board Advisory Services
- Financial Restructuring
- Portfolio Valuation and Fund Opinions
- Tax and Financial Reporting Valuation
- 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

2018 M&A Advisory Rankings All U.S. Transactions

Advisor	Deals
1 Houlihan Lokey	207
2 Goldman Sachs & Co	197
3 JP Morgan	154
4 Morgan Stanley	135
5 Jefferies LLC	117

Source: Thomson Reuters

No. 1 U.S. M&A Advisor

Top 10 Global M&A Advisor

Leading Capital Markets Advisor

Financial Restructuring

2018 Global Distressed Debt and Bankruptcy Restructuring Rankings

Advisor	Deals
1 Houlihan Lokey	63
2 PJT Partners Inc.	45
3* Moelis & Co.	36
3* Lazard	36
3* Rothschild & Co.	36

Source: Thomson Reuters

* Denotes tie

No. 1 Global Restructuring Advisor

1,000+ Transactions Completed

Valued at More Than \$2.5 Trillion
Collectively

Financial Advisory

1999 to 2018 Global M&A Fairness Advisory Rankings

Advisor	Deals
1 Houlihan Lokey	1,073
2 JP Morgan	971
3 Duff & Phelps	728
4 Bank of America Merrill Lynch	660
5 Morgan Stanley	659

Source: 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 pre-packaged Chapter 11 plan of reorganization of its IPH GenCo subsidiary</p> <p>Creditor Advisor</p>	<p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>	<p>has completed a term loan financing at its wind power subsidiary</p> <p>Invenergy Wind Power LLC</p> <p>Financial Opinion</p>	<p>has been acquired by Danielson Holding Corporation pursuant to a Chapter 11 Plan of Reorganization</p> <p>Creditor Advisor</p>
<p>REMA Subsidiary</p> <p>has confirmed a "pre-arranged" Chapter 11 Plan of Reorganization</p> <p>Secured Noteholder Advisor</p>	<p>has confirmed a Chapter 11 Plan of Reorganization</p> <p>Creditors Committee 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>Hanwha Chemical</p> <p>Sellside Advisor & Fairness Opinion</p>	<p>Entergy New Orleans</p> <p>has confirmed its Chapter 11 Plan of Reorganization</p> <p>Secured Noteholder Advisor</p>

Tombstones included herein represent transactions closed from 2004 forward.

United States and Canada Update

Western Electricity Coordinating Council

- September 9: Suncor Energy announced plans to invest C\$1.4 million in an 800 MW cogeneration facility.
- August 14: CAISO warned that CA could face a capacity shortfall of 4,700 MW in 2022.

PG&E Related Developments

- September 27: PG&E noteholders proposed alternate US\$29.2 billion reorganization plan.
- September 23: PG&E reached a settlement resolving all insurance subrogation claims.
- September 9: PG&E entered Chapter 11 bankruptcy.
- August 16: Court left PG&E with sole right to submit bankruptcy plan.

Midcontinent Independent System Operator

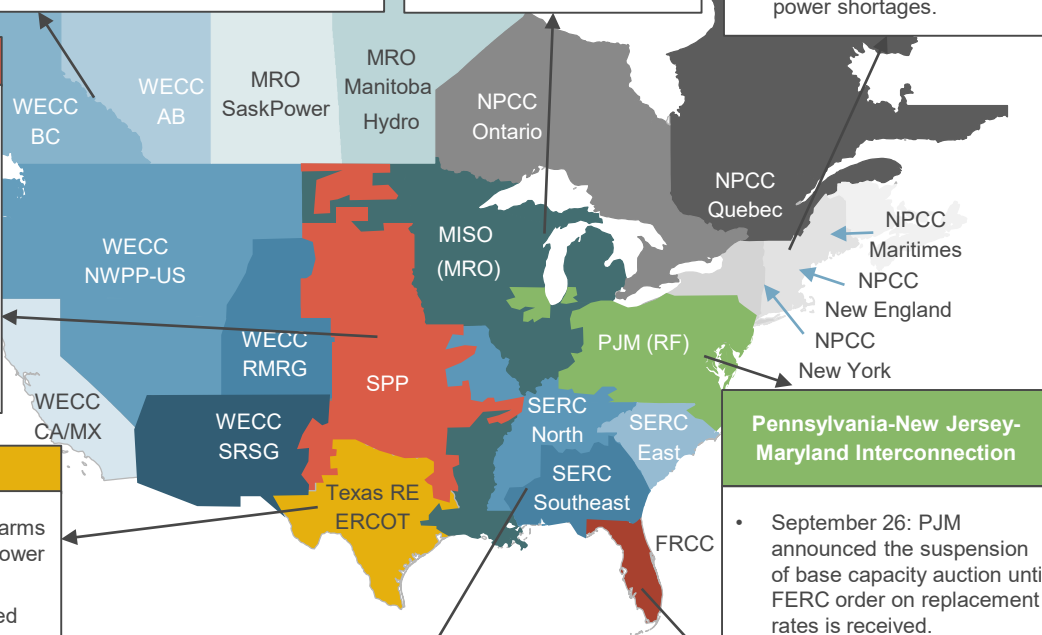
- August 30: GridLiance's attempt to expand into MISO by purchasing six transmission lines was denied by FERC.
- July 15: National Grid closed an acquisition of a utility scale wind and solar developer in MN (Geronimo Energy) for US\$100 million.

Northeast Power Coordinating Council

- September 30: Vineyard Wind submitted a proposal to build up to 1,200 MW of wind offshore CT.
- July 30: TC Energy agreed to sell three natural gas plants to Ontario Power for C\$2.9 billion.
- July 13: Amid a severe heat wave in New York City, 73,000 customers lost electricity due to ConEd power shortages.

Southwest Power Pool, RE

- September 9: Three power organizations announced plans to join SPP's Western imbalance market when it is launched in 2021.
- July 15: AEP is seeking approval to purchase three wind farms (1,485 MW) for US\$2 billion.



Texas Reliability Entity

- September 9: Texas wind farms added almost 500 MW of power in July.
- August 20: Vistra announced acquisition of Texas energy retailer (Ambit Energy) for US\$475 million.
- August 15: ERCOT saw record demand on its system, triggering the second emergency alert in a week.

SERC Reliability Corporation

- September 7: Santee Cooper announced plans to add solar power, pay down nuclear debt, and cut coal generation.

Florida Reliability Coordinating Council

- September 24: Florida utility JEA outlined acceptable ownership structures it would consider from bidders.

Pennsylvania-New Jersey-Maryland Interconnection

- September 26: PJM announced the suspension of base capacity auction until FERC order on replacement rates is received.

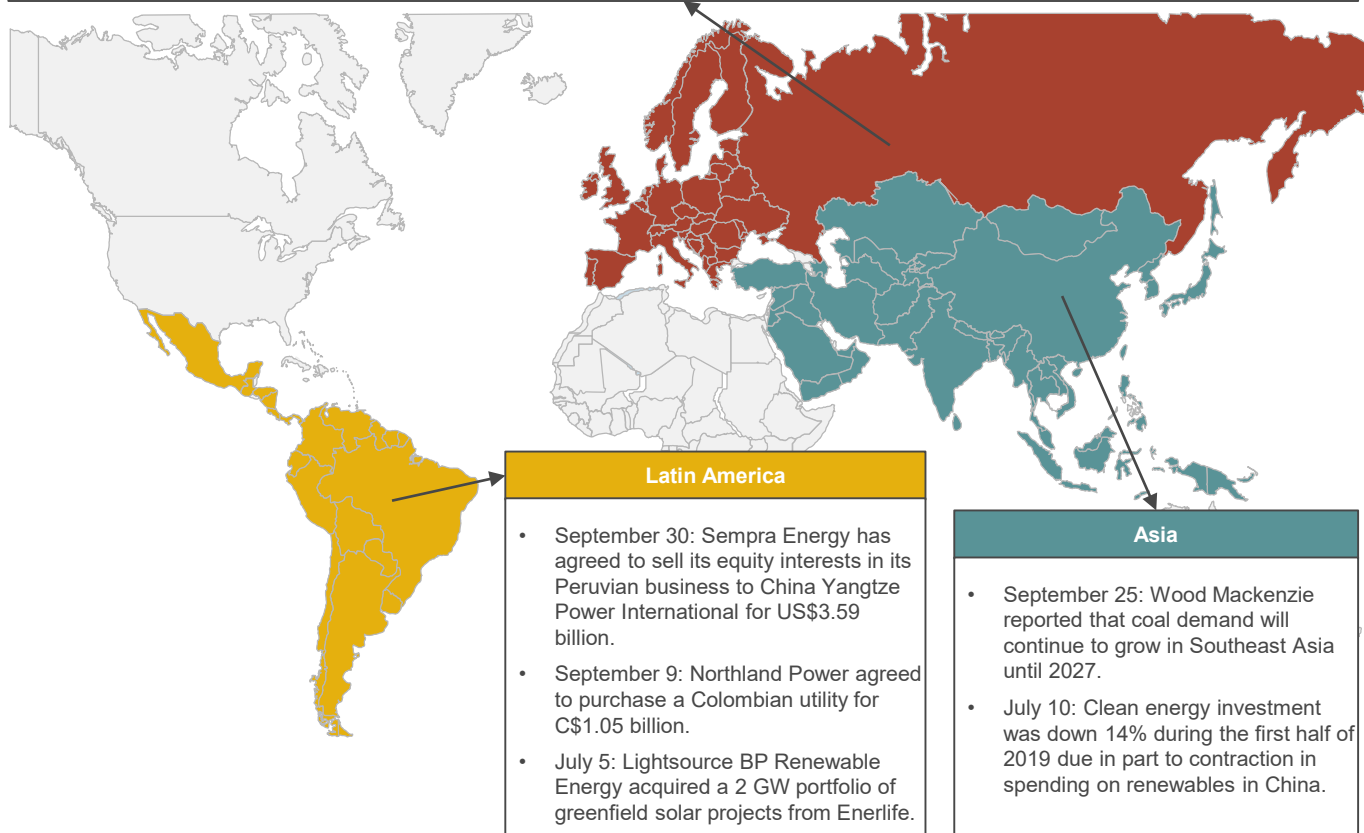
Overall United States and Canada Market

- September 17: Duke Energy set 2050 net-zero emissions target and announced plans to double its renewable portfolio by 2025.
- August 16: LS Power agreed to sell two natural gas-fired plants (1,643 MW combined) to Argo Infrastructure Partners.
- August 13: Pattern Energy Group Inc. confirmed that it has drawn takeover interest from third-parties.
- July 31: Entergy plans on adding 7,000 MW to 8,000 MW of new renewable and gas generation from 2022 to 2030.
- July 22: AltaGas agreed to sell a 322 MW portfolio of generation assets to TerraForm Power for US\$720 million.
- July 15: Vistra completed the acquisition of Crius Energy for US\$378 million plus US\$108 million of debt.

International Update

Europe

- September 25: EDF warned that its U.K. nuclear plant could cost an extra US\$3.6 billion and face more construction delays.
- September 6: Enel launched process to sell ~€1 billion of renewable assets in Romania.
- August 23: Russia launched the first floating nuclear power plant (70 MW Akademik Lomonosov).
- August 22: Multiple groups are competing to become strategic investors in 2,000 MW Bulgarian nuclear project (~€10 billion cost), which is expected to be completed by 2030.
- August 12: Iberdrola to sell 40% interest in U.K. wind project for £1.6 billion to the Green Investment Group (Macquarie Group Ltd.).
- July 31: Veolia to sell its district energy assets in the U.S. to Antin Infrastructure Partners for US\$1.25 billion.
- July 9: The £2 billion auction for Electricity North West has been stalled in the U.K.
- July 3: Brookfield Renewable Partners agreed to acquire 50% stake in X-Elio (which develops, designs, constructs, and operates PV plants) for US\$500 million.

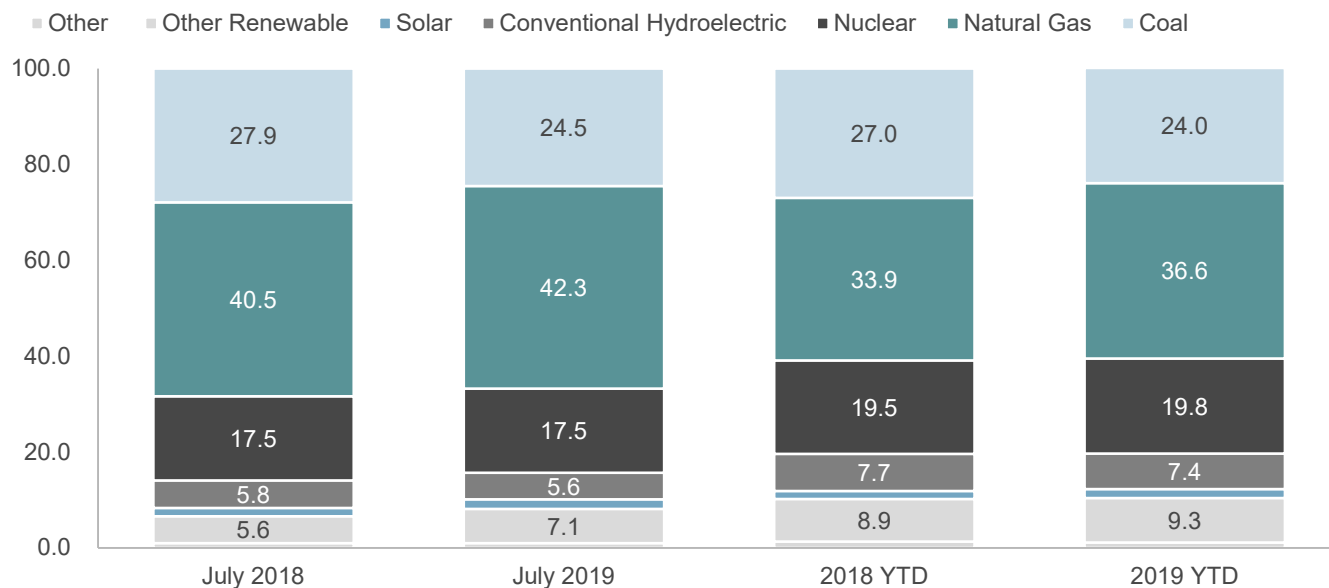


Overall Global Market

- September 24: The U.S. EIA projected there will be a 50% increase in world energy consumption between 2018 and 2050.
- September 20: Google signed a package of renewable power purchase agreements for 1,600 MW of power.

U.S. Generation

U.S. Generation Fuel Mix (%)



U.S. Generation by Fuel Type (million MWh)

	July 2019	YoY Change	YoY % Change	2019 YTD	YoY Change	YoY % Change
Coal	101.0	(14.5)	(12.5)%	571.1	(86.0)	(13.1)%
Natural Gas	174.1	6.8	4.1%	871.3	46.7	5.7%
Nuclear	72.2	(0.3)	(0.4)%	472.2	(2.9)	(0.6)%
Other	4.0	(0.1)	(2.6)%	25.7	(4.9)	(16.1)%
Conventional Hydroelectric	22.9	(1.1)	(4.6)%	176.7	(10.3)	(5.5)%
Solar	8.3	1.3	19.0%	44.3	3.5	8.6%
Other Renewable	29.2	6.3	27.3%	221.4	5.6	2.6%
Hydroelectric Pumped Storage	(0.6)			(2.6)		
Total Generation (Net of Pumped Storage)	411.6	(1.5)	(0.4)%	2,382.7	(48.3)	(2.0)%
Total Renewable	60.4	6.5	12.0%	442.4	(1.1)	(0.3)%
Total Non-Renewable	351.2	(8.1)	(2.3)%	1,940.3	(47.1)	(2.4)%

As of June 25, 2019.

"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.

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

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 [ranked](#) as the No. 1 M&A advisor for all U.S. transactions, the No. 1 global restructuring advisor, and the No. 1 global M&A fairness opinion advisor over the past 20 years, according to Thomson Reuters. For more information, please visit www.HL.com.

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HLI

LISTED

NYSE

Industry Expertise

Product Expertise	Dedicated Industry Groups	Financial Sponsors
Mergers and Acquisitions	Business Services	Active Dialogue
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Financial Advisory	Energy	Hedge Funds
	Financial Institutions	Capital Alliances
	Healthcare	
	Industrials	
	Real Estate, Lodging, and Leisure	
	Technology, Media, and Telecom	

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