



HOULIHAN LOKEY

POWER AND UTILITIES MARKET SNAPSHOT

Quarter Ending December 31, 2019



Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power and Utilities Market Snapshot for the quarter ending December 31, 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
- 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

2019 M&A Advisory Rankings All U.S. Transactions

Advisor	Deals
1 Houlihan Lokey	184
2 Goldman Sachs & Co	167
3 JP Morgan	141
4 Morgan Stanley	122
5 Evercore Partners	112

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 U.S. M&A Advisor

Top 10 Global M&A Advisor

Leading Capital Markets Advisor

Financial Restructuring

2019 Global Distressed Debt & Bankruptcy Restructuring Rankings

Advisor	Deals
1 Houlihan Lokey	76
2 PJT Partners Inc	43
3 Moelis & Co	36
4 Lazard	29
5 AlixPartners	19

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 Global Restructuring Advisor

1,000+ Transactions Completed
Valued at More Than \$2.5 Trillion
Collectively

Financial and Valuation Advisory

2000 to 2019 Global M&A Fairness Advisory Rankings

Advisor	Deals
1 Houlihan Lokey	1,057
2 JP Morgan	929
3 Duff & Phelps	734
4 Morgan Stanley	621
5 Bank of America Merrill Lynch	612

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 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>Invenery 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

- November 1: CAISO launched its reliability coordinator service across 14 states.
- December 9: Clearway Energy closed acquisition of 527 MW Carlsbad Energy Center from Global Infrastructure Partners III for \$184 million, including the assumption of \$803 million in non-recourse project financing.

PG&E Related Developments

- December 7: PG&E entered into a \$13.5 billion settlement agreement with the victims of California wildfires linked to its electric transmission infrastructure.

Midcontinent Independent System Operator

- November 26: The South Dakota Public Utilities Commission approved a construction permit for Avangrid Renewables LLC to construct the Tatanka Ridge Project, a \$216 million, 155 MW wind farm in Deuel County, South Dakota.

Northeast Power Coordinating Council

- November 19: New Jersey governor Phil Murphy raised the state's offshore wind goal to 7,500 MW by 2035, up from a previous goal of 3,500 MW by 2030.
- November 25: The New York State Energy Research and Development Authority asked the state to authorize a \$573 million solar incentive program to increase solar capacity in the state.
- December 5: Connecticut regulators announced the state selected Vineyard Wind LLC to provide 804 MW of offshore wind power through the company's proposed Park City Wind Offshore project.

Southwest Power Pool, RE

- November 19: Basin Electric Power Cooperative issued a request for proposal seeking up to 500 MW of solar generation in the SPP region.
- December 10: American Electric Power, reached an agreement on the terms under which the company's subsidiary can recover the cost of purchasing a 45.5% ownership stake in three wind projects in Oklahoma.

Texas Reliability Entity

- October 17: Texas regulators approved the construction of two 345 kV transmission lines that allow the city-owned utility of Lubbock, Texas, to join the ERCOT.
- November 1: SoftBank subsidiary SB Energy Global Holdings Ltd. agreed to acquire solar projects from Intersect Power LLC, consisting of 1,050 MWdc in Culberson County and Borden County.

SERC Reliability Corporation

- November 8: Duke Energy Corp. announced plans to issue \$2.5 billion in equity by the end of 2020 in response to delayed revenues from the halted 600-mile Atlantic Coast Pipeline LLC project.
- December 2: Southern Company announced it will exit the American Coalition for Clean Coal Electricity in 2020.

Florida Reliability Coordinating Council

- November 8: Emera Inc. announced it will direct 70% of its spending to Florida over the next three years, including increasing total solar capacity in the state to more than 600 MW.

Pennsylvania-New Jersey-Maryland Interconnection

- December 13: Dominion announced its plan to build a 1,000 MW natural gas plant in Chesterfield County, Virginia.
- December 20: FERC voted to raise the price of power sold by subsidized energy resources into the PJM. As a result, New Jersey and Illinois are considering pulling out of the PJM.

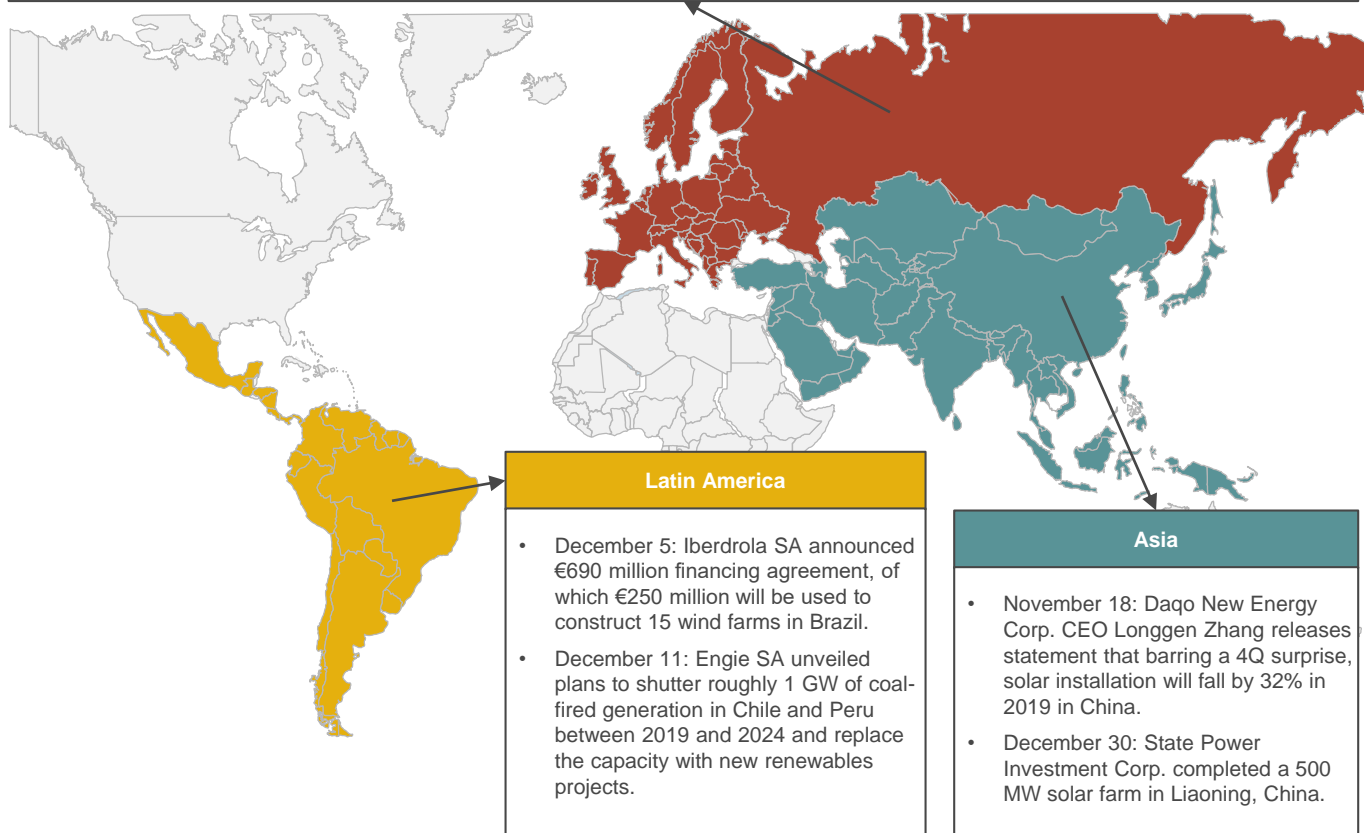
Overall United States and Canada Market

- October 17: FERC opened investigations into whether the ISO New England, PJM Interconnection, and Southwest Power Pool are inappropriately exempting certain transmission projects from the competitive bidding process.
- December 20: President Donald Trump signed a "minibus" appropriations package into law that increased funding for U.S. Department of Energy research efforts and extends the federal wind energy production tax credit by a year through 2020.

International Update

Europe

- October 3: The German government announced it will allocate €1 billion to a compensation fund for utilities phasing out coal, which will be paid out for a total of 5 GW of coal capacity to be closed by 2023.
- December 3: Amazon announced a 149 MW solar farm to be constructed in the southeastern region of Seville, Spain.
- December 11: The European Commission unveiled a slate of climate-related policy proposals to serve as a roadmap to emission cuts. The plan includes a €100 billion funding mechanism to help Eastern European countries still relying heavily on fossil fuels.
- December 18: Italian infrastructure fund Fondi Italiani per le Infrastrutture Societa' di Gestione del Risparmio bought Spanish renewables developer Ronovalia Energy Group SL, whose portfolio consists of 102 MW of installed solar parks and 850 MW in projects under development, for an undisclosed amount at a €700 million valuation.
- December 18: SSE Renewables acquired an onshore wind farm project consisting of 29 turbines with a capacity of 100 MW in County Offaly, Ireland, from developer Green Wind Energy.
- December 23: RWE AG announced it would acquire a 382 MW natural gas-fired power plant in the U.K. from Centrica PLC for €105 million.

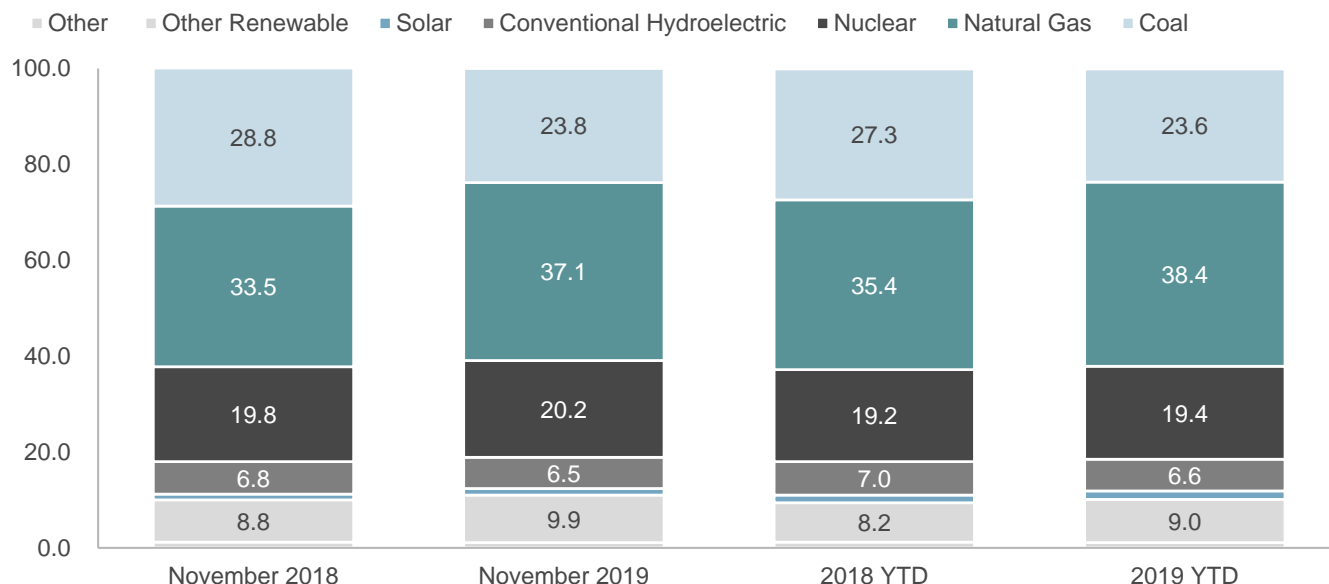


Overall Global Market

- December 3: During the 25th Conference of the Parties to the U.N. Framework Convention on Climate Change, known as COP25, labor unions and the CEOs of more than 70 companies released a joint statement asking for the U.S. to stay in the Paris Agreement on climate change.
- December 16: After more than two weeks of negotiations, delegates from more than 190 countries left COP25 on December 15 without reaching an agreement on how to account for carbon reductions and markets under the Paris Agreement on climate change. Each nation was tasked with bringing an improved emissions reduction plan to COP26 in 2020.

U.S. Generation

U.S. Generation Fuel Mix (%)



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

	September 2019	YoY Change	YoY % Change	2019 YTD	YoY Change	YoY % Change
Coal	85.9	(10.6)	(11.0%)	751.2	(117.8)	(13.6%)
Natural Gas	150.7	9.0	6.3%	1,201.2	73.3	6.5%
Nuclear	65.9	1.2	1.8%	610.0	(2.1)	(0.3%)
Other	3.8	(0.1)	(2.9%)	35.1	(5.0)	(12.6%)
Conventional hydroelectric	16.4	(2.8)	(14.6%)	214.5	(13.8)	(6.0%)
Solar	6.7	0.8	12.8%	58.0	6.0	11.5%
Other renewable	30.5	5.8	23.3%	275.5	15.2	5.8%
Hydroelectric pumped storage	(0.7)			(3.8)		
Total Generation	412.8	7.0	1.7%	3,689.7	(36.8)	(1.0%)
Total Renewable Generation	53.6	3.7	6.9%	548.0	23.6	4.3%
Total Non-Renewable Generation	359.2	3.3	0.9%	3,141.7	(60.4)	(1.9%)

As of November 26, 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 the No. 1 M&A advisor for the past five consecutive years in the U.S., the No. 1 global restructuring advisor for the past six 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 (formerly Thomson Reuters).

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 1000+ Sponsors
Financial Restructuring	Data and Analytics	Private Equity Firms
Financial and Valuation Advisory	Energy	Hedge Funds
	Financial Institutions	Capital Alliances
	Healthcare	
	Industrials	
	Real Estate, Lodging, and Leisure	
	Technology, Media, and Telecom	

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