



HOULIHAN LOKEY

POWER AND UTILITIES MARKET SNAPSHOT

Quarter Ending September 30, 2020



Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power and Utilities Market Snapshot for the quarter ending September 30, 2020.

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

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>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>GLOBAL ENERGY PARTNERS subsidiary</p> <p>Hamilton Holdings II, LLC</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

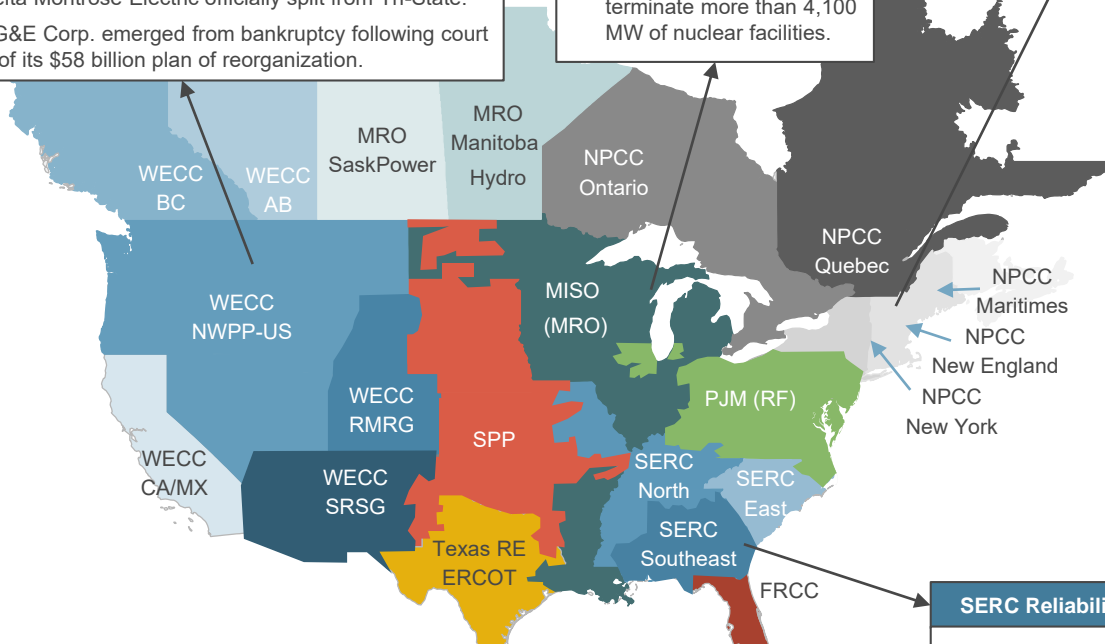
- September 23: Southern California Edison reached a \$1.16 billion settlement agreement with insurance claims related to wildfires and mudslides that occurred during 2017–2018.
- September 8: To stave off wildfires following a Labor Day weekend heatwave, California utilities initiated preventative blackouts that affected more than 1 million residents.
- August 27: California regulators approved 1,106 MW of battery storage for utilities.
- July 1: Delta Montrose Electric officially split from Tri-State.
- July 1: PG&E Corp. emerged from bankruptcy following court approval of its \$58 billion plan of reorganization.

Midcontinent Independent System Operator

- September 28: Ameren filed a plan to achieve net-zero emissions by 2050 and add 3,100 MW of renewables by 2030.
- August 27: Exelon announced intent to terminate more than 4,100 MW of nuclear facilities.

Northeast Power Coordinating Council

- September 10: Equinor agreed to sell a 50% stake in two offshore wind farms to BP for \$1.1 billion.



Overall United States and Canada Market

- September 29: NextEra is seeking to acquire Duke Energy, according to a report in *The Wall Street Journal*.
- September 29: NextEra announced the acquisition of GridLiance Holdco LP and GridLiance GP LLC from The Blackstone Group for approximately \$660.0 million.
- August 27: Energy Capital Partners agreed to sell its 40.0% interest in Terra-Gen to First State Investments.
- August 13: Masdar agreed to acquire a 50% interest in a 1,600 MW U.S. renewables portfolio from EDF Renewables.
- July 24: Centrica PLC agreed to sell Direct Energy LP to NRG Energy for \$3.6 billion.
- July 13: The House Committee on Appropriations passed the 2021 funding bill containing \$49.6 billion for energy and water development programs.
- July 9: COVID-19 reduced U.S. greenhouse gas emissions by 18% year over year between March 15 and June 15.
- July 7: Sunrun agreed to acquire Vivint Solar in an all-stock deal worth about \$3.2 billion.
- July 5: Berkshire Hathaway Energy agreed to acquire Dominion Energy's natural gas transmission and storage business for \$9.7 billion.
- July 2: Engie agreed to sell a 49% interest in a 2.3 GW U.S. renewable portfolio to Hannon Armstrong Sustainable Infrastructure Capital.

SERC Reliability Corp.

- August 3: President Trump fired the Tennessee Valley Authority (TVA) chairman over its plan to outsource a portion of its workforce, and on August 6, the TVA announced that it had rescinded its plan.
- July 21: Santee Cooper received approval for a \$520 million settlement with ratepayers related to the failed V.C. Summer nuclear expansion.
- July 14: Duke Energy and Southern Co. confirmed early discussions with other Southeastern utilities to create a regional energy market.

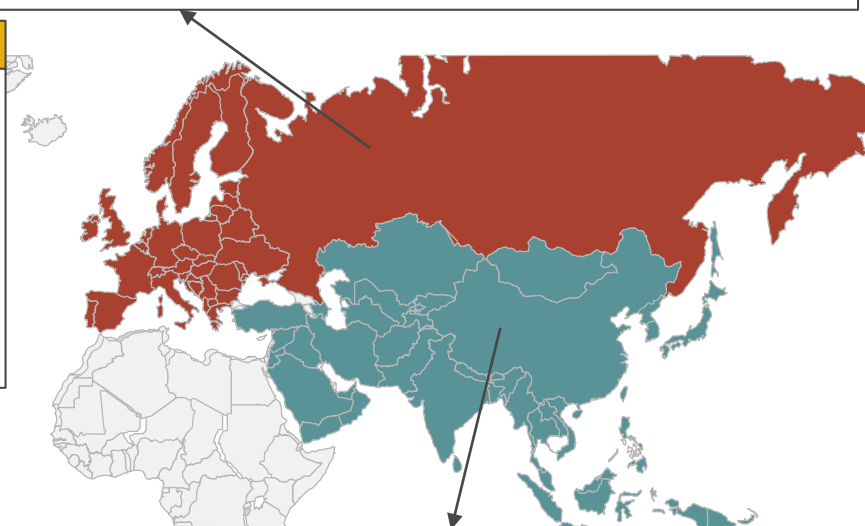
International Update

Europe

- September 25: Total SE announced plans to power its entire operations in Europe with renewable electricity by 2025 after signing what it described as the world's largest corporate offtake agreement. This agreement is part of a deal to build an additional 3.3 GW of solar capacity in Spain.
- September 24: Vortex Energy Investments SARL completed the sale of its controlling stake in a 365 MW solar PV portfolio in the U.K. to a subsidiary of Malaysian utility Tenaga Nasional Bhd. in a transaction valued at €500 million.
- September 18: The European Investment Bank approved €12.6 billion in new project financing across Europe and around the world, including €3.0 billion for renewable energy and energy transition.
- September 10: COVID-19 could cut near-term profits of German merchant solar plants in half, according to Aurora Energy Research.
- September 3: Germany announced plans to tender 40 GW of wind and solar by 2025.
- August 10: PPL Corp. launched a formal process to sell its U.K. utility business, Western Power Distribution PLC.
- July 16: EDP announced its acquisition of Spanish utility Viesgo Infraestructuras Energeticas SL from Macquarie Group for €2.0 billion.
- July 3: Gulf Energy Development Public Co. agreed to acquire a 50.0% stake in a 465 MW German offshore wind farm.
- July 1: RWE and E.ON completed the final step of the €40.0 billion asset swap to revamp German power sector.

Latin America

- September 18: Iberdrola S.A. announced the acquisition of 400 MW of wind farms in Brazil from PEC Energy for an undisclosed amount.
- August 28: Vestas Wind Systems A/S announced it will supply 409 MW of wind turbines for certain projects in Piauí, Brazil.
- July 20: Brookfield Renewable Partners agreed to acquire a 1,200 MW solar development project in Brazil that will require an estimated \$200 million equity investment to complete.



Asia

- September 17: Iberdrola S.A. announced a deal to acquire Japanese renewable energy developer Acacia Renewables and enter into a joint venture with Macquarie Group to co-develop a 3.3 GW portfolio of offshore wind projects in Japan.
- August 23: Chinese coal miner Shanxi Coal International Energy Group will lead a \$461 million joint venture to build a 3 GW solar manufacturing plant.

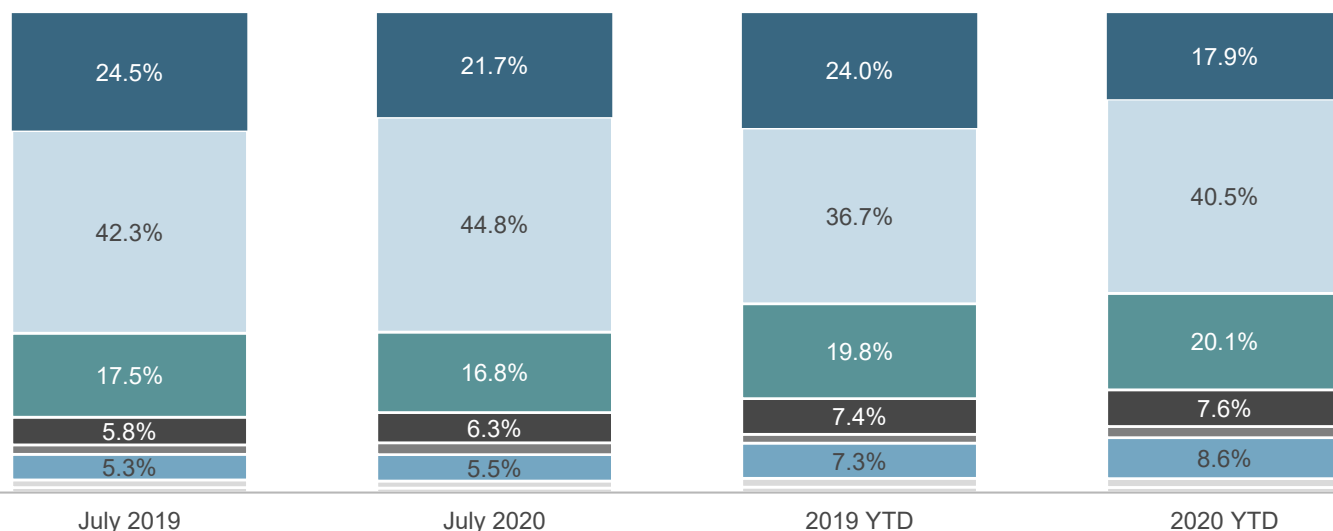
Overall Global Market

- August 12: Robust demand for renewable energy from private enterprises and public institutions around the world continued to climb with roughly 8,900 MW of new power purchase agreements signed globally through July. Demand has increased despite a severe pullback in corporate America's clean energy appetite partially triggered by the global COVID-19 pandemic, according to BloombergNEF.
- July 23: The global pipeline of offshore wind projects grew 30% over the past 12 months to reach 159 GW. The U.K. leads the rest of the world with a 38.9 GW pipeline, but more countries outside Europe have seen an influx of developers jockeying for GW-scale projects, according to RenewableUK.

U.S. Generation

U.S. Generation Fuel Mix (%)

Other Other Renewable Wind Solar Conventional Hydroelectric Nuclear Natural Gas Coal



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

	July 2020	YoY Change	YoY % Change	2020 YTD	YoY Change	YoY % Change
Coal	89.7	(11.3)	(11.2%)	414.0	(157.1)	(27.5%)
Natural Gas	185.4	11.1	6.3%	935.6	61.8	7.1%
Nuclear	69.4	(2.8)	(3.9%)	464.2	(8.0)	(1.7%)
Other	3.8	(0.4)	(10.3%)	24.6	(2.5)	(9.2%)
Conventional Hydroelectric	26.0	2.2	9.4%	176.5	(0.9)	(0.5%)
Solar	10.3	2.1	25.9%	54.0	10.4	23.9%
Wind	22.7	0.7	3.1%	197.7	22.8	13.0%
Other Renewable	6.1	(0.5)	(7.5%)	42.1	(1.5)	(3.4%)
Hydroelectric Pumped Storage	(0.7)	(0.1)	(10.3%)	(2.9)	(0.3)	(10.9%)
Total Generation	413.4	1.1	0.3%	2,308.7	(75.0)	(3.1%)
Total Renewable Generation	65.1	4.5	7.4%	470.3	30.8	7.0%
Total Nonrenewable Generation	348.3	(3.4)	(1.0%)	1,834.4	(105.8)	(5.4%)

As of September 28, 2020.

"Other renewable" includes wood, black liquor, other wood waste, biogenic municipal solid waste, landfill gas, sludge waste, agriculture byproducts, other biomass, geothermal, and wind.

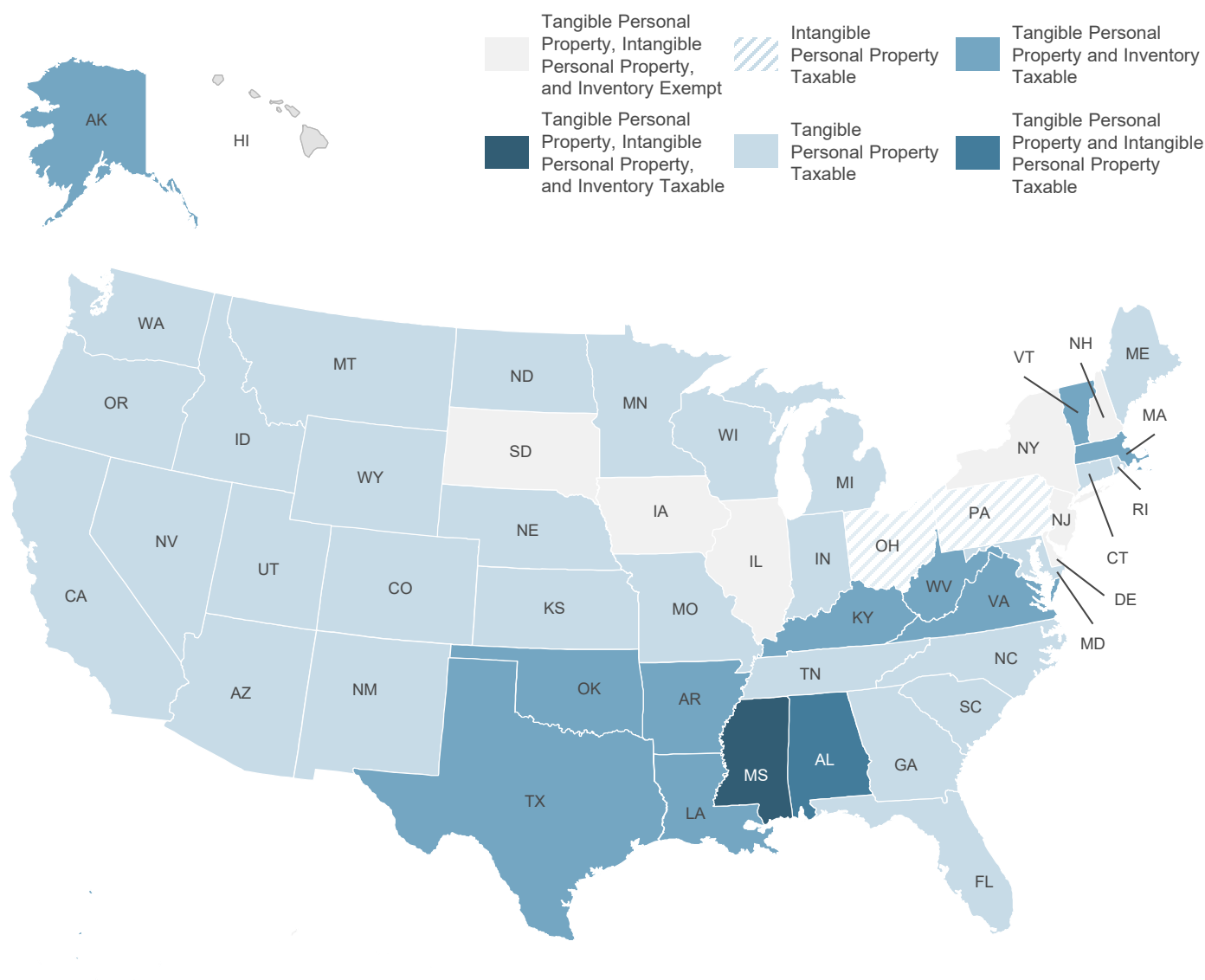
"Other" includes petroleum liquids, petroleum coke, blast furnace gas, manufactured and waste gases derived from fossil fuels, nonbiogenic municipal waste, batteries, hydrogen, purchased steam, sulfur, tire-derived fuel, and other miscellaneous energy sources.

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

Summary

Houlihan Lokey provides property tax consulting, including expert witness testimony and valuation services. Please contact Daniel Beaulne (DBeaulne@HL.com) or Heather Bolner (HBolner@HL.com) for additional information.

Taxable Business Personal Property by State



Power and Utilities Property Tax Considerations

(cont.)

Property Tax Detail by State

	Intangible Personal Property	Inventory	Tangible Personal Property	Valuation Date	Tax Year	Personal Property Rendition Deadline
Alabama	Taxable	Exempt	Taxable	10/1	10/1 – 9/30	1/1
Alaska	Exempt	Taxable	Taxable	1/1	1/1 – 12/31	Varies
Arizona	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	4/1
Arkansas	Exempt	Taxable	Taxable	1/1	1/1 – 12/31	5/31
California	Exempt	Exempt	Taxable	7/1	7/1 – 6/30	4/1
Colorado	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	4/15
Connecticut	Exempt	Exempt	Taxable	10/1	10/1 – 9/30	11/1
Delaware	Exempt	Exempt	Exempt	Varies	Varies	Exempt
District of Columbia	Exempt	Exempt	Taxable	1/1	10/1 - 9/30	7/31
Florida	Exempt	Exempt	Taxable	7/1	1/1 – 12/31	4/1
Georgia	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	1/1 – 4/1
Hawaii	Exempt	Exempt	Exempt	Varies	7/1 – 6/30	Exempt
Idaho	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	3/15
Illinois	Exempt	Exempt	Exempt	6/1	1/1 – 12/31	Exempt
Indiana	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	5/15
Iowa	Exempt	Exempt	Exempt	1/1	1/1 – 12/31	Exempt
Kansas	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	3/15
Kentucky	Exempt	Taxable	Taxable	1/1	1/1 – 12/31	5/15
Louisiana	Exempt	Taxable	Taxable	1/1	1/1 – 12/31	Varies
Maine	Exempt	Exempt	Taxable	4/1	4/1 – 3/31	Varies
Maryland	Exempt	Exempt	Taxable	1/1	7/1 – 6/30	4/15
Massachusetts	Exempt	Taxable	Taxable	1/1	7/1 – 6/30	3/1
Michigan	Exempt	Exempt	Taxable	12/31	1/1 – 12/31	2/20
Minnesota	Exempt	Exempt	Taxable	1/2	1/1 – 12/31	Exempt
Mississippi	Taxable	Taxable	Taxable	3/1	1/1 – 12/31	4/1
Missouri	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	3/1

Power and Utilities Property Tax Considerations

(cont.)

Property Tax Detail by State

	Intangible Personal Property	Inventory	Tangible Personal Property	Valuation Date	Tax Year	Personal Property Rendition Deadline
Montana	Exempt	Exempt	Taxable	First Monday in August	1/1 – 12/31	3/1
Nebraska	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	5/1
Nevada	Exempt	Exempt	Taxable	7/1	7/1 – 6/30	7/31
New Hampshire	Exempt	Exempt	Exempt	4/1	4/1 – 3/31	Exempt
New Jersey	Exempt	Exempt	Exempt	10/1	Varies	Exempt
New Mexico	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	Varies
New York	Exempt	Exempt	Exempt	3/1	7/1 – 6/30	Exempt
North Carolina	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	First business day in January – 1/31
North Dakota	Exempt	Exempt	Taxable	2/1	1/1 – 12/31	Exempt
Ohio	Taxable	Varies*	Varies*	First Monday in August	1/1 – 12/31	Varies
Oklahoma	Exempt	Taxable	Taxable	1/1	1/1 – 12/31	3/15
Oregon	Exempt	Exempt	Taxable	1/1	7/1 – 6/30	3/15
Pennsylvania	Taxable	Exempt	Exempt	Varies	Varies	1/1 – 1/15
Rhode Island	Exempt	Exempt	Taxable	12/31	12/31 – 12/30	1/31
South Carolina	Exempt	Exempt	Taxable	12/31	1/1 – 12/31	4/30
South Dakota	Exempt	Exempt	Exempt	11/1	1/1 – 12/31	Exempt
Tennessee	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	3/1
Texas	Exempt	Taxable	Taxable	1/1	1/1 – 12/31	4/1 – 4/15
Utah	Exempt	Exempt	Taxable	5/22	1/1 – 12/31	Varies
Vermont	Exempt	Taxable	Taxable	4/1	4/1 – 3/31	4/1
Virginia	Exempt	Taxable	Taxable	1/1	1/1 – 12/31	5/1
Washington	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	4/30
West Virginia	Exempt	Taxable	Taxable	7/1	7/1 – 6/30	7/1 – 10/1
Wisconsin	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	3/1
Wyoming	Exempt	Exempt	Taxable	1/1	1/1 – 12/31	3/1

* Due to phase out of underlying tax base, the tax effectively on personal property has become moot except as it relates to certain utilities.
Source: 2019 U.S. Master Property Tax Guide.

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 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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