



HOULIHAN LOKEY

POWER AND UTILITIES MARKET SNAPSHOT

Quarter Ending March 31, 2021



Introduction

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Power and Utilities Market Snapshot for the quarter ending March 31, 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 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 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 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 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>Coso Geothermal Power Holdings</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>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>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

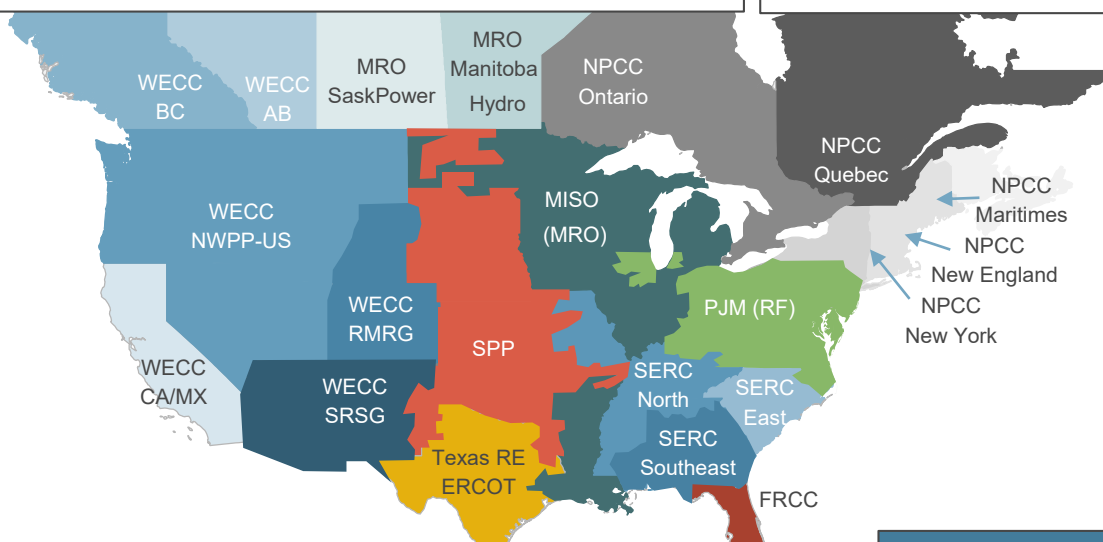
- March 15: GridLiance West LLC announced plans for the Silverado Renewables Connection, a \$1.5 billion electric transmission project, which could eventually provide California access to 6,000 MW of additional renewable energy capacity.

Midcontinent Independent System Operator

- March 16: Wisconsin Electric Power Co. and Wisconsin Public Service Corp. proposed plans to build a 250 MW solar project with a 75 MW battery for a cost of \$446 million.
- January 28: Duke Energy announced the sale of a 20% interest in Duke Energy Indiana to Singapore Sovereign Wealth fund for \$2 billion.

Northeast Power Coordinating Council

- March 18: PPL Corp. announced the acquisition of Rhode Island utility Narragansett Electric Co. from National Grid for \$5.3 billion.
- January 19: BP PLC completed the acquisition of a 50% interest in Equinor ASA's Empire and Beacon wind projects located in Massachusetts and New York for \$1.1 billion.
- January 13: The State of New York gave Equinor ASA the right to deliver power to the state from two wind farms totaling 2,490 MW of capacity.



Overall United States and Canada Market

- March 29: The Biden administration launched a series of coordinated actions to help the country install 30 GW of offshore wind generating capacity by 2030, including more than \$12 billion in annual capital investments.
- March 2: The newly formed Electric Highway Coalition announced a plan to coordinate on a seamless network of direct-current fast-charging infrastructure across the Midwest and Southeast.
- March 1: ArcLight Capital Partners, LLC, announced the acquisition (through Generation Bridge) of 4,850 MW of fossil-fueled assets from NRG Energy for \$760 million.
- February 18: ContourGlobal PLC acquired Western Generation Partners, LLC's natural-gas-fired and combined heat and power assets (1,502 MW), located in the U.S. and Trinidad and Tobago for \$837 million.
- February 4: KKR & Co. Inc. closed the purchase of a portfolio of solar facilities located across the United States as part of its acquisition of the outstanding shares of Global Atlantic Financial Group Ltd.
- January 22: LS Power subsidiary EVgo Services plans to go public through a SPAC, valuing the company at \$2.6 billion market capitalization.
- January 20: The Biden administration launched an executive action announcing that the United States would rejoin the Paris Agreement on climate change.
- January 14: Atlantic Power announced an agreement to be acquired by I Squared Capital Advisors for ~\$961 million.

SERC Reliability Corp.

- January 26: The South Carolina House of Representatives voted to continue to pursue the sale of the state-owned utility Santee Cooper under legislation that also calls for changes in leadership and oversight.

Texas Reliability Entity

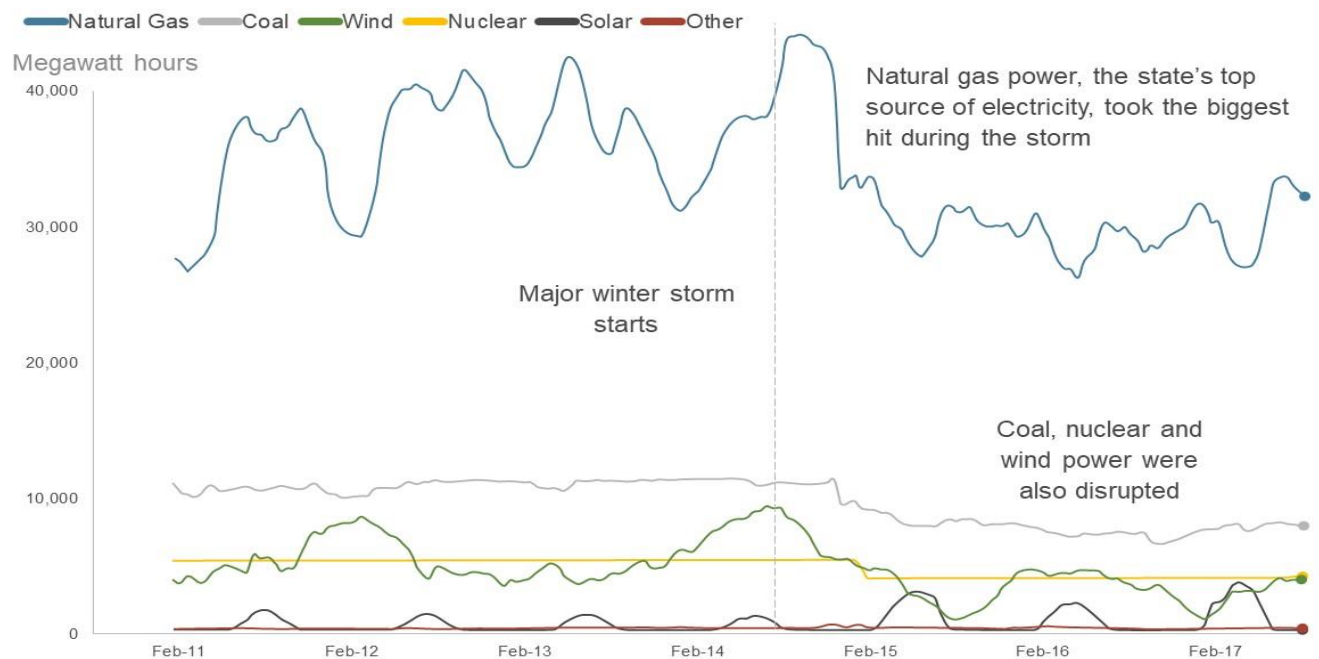
- January 5: NRG Energy Inc. closed its acquisition of Texas-headquartered retail electricity supplier Direct Energy LP for \$3.6 billion.
- February: Due to multiple winter storms, the state of Texas suffered a massive energy generation failure, which affected more than 4.5 million homes and businesses between February 10 and 20 (see following page for additional information).

2021 Texas Power Crisis Fallout

Background

- As a result of three severe winter storms that swept across the United States from February 10 through 20, the state of Texas suffered a massive electricity generation failure, which resulted in shortages of food, water, and heat. According to Electric Reliability Council of Texas (ERCOT), the Texas power grid was seconds or minutes away from complete failure when the rolling blackouts were ultimately implemented.
- More than 4.5 million homes and businesses were left without power, with some outages lasting several days. Property and economic damages are currently estimated at \$195 billion to \$295 billion, which would make the power crisis the costliest disaster in Texas history. Wholesale market prices on the power grid were more than \$9,000 per megawatt hour, according to ERCOT data.

Texas Power Generation During the Storm



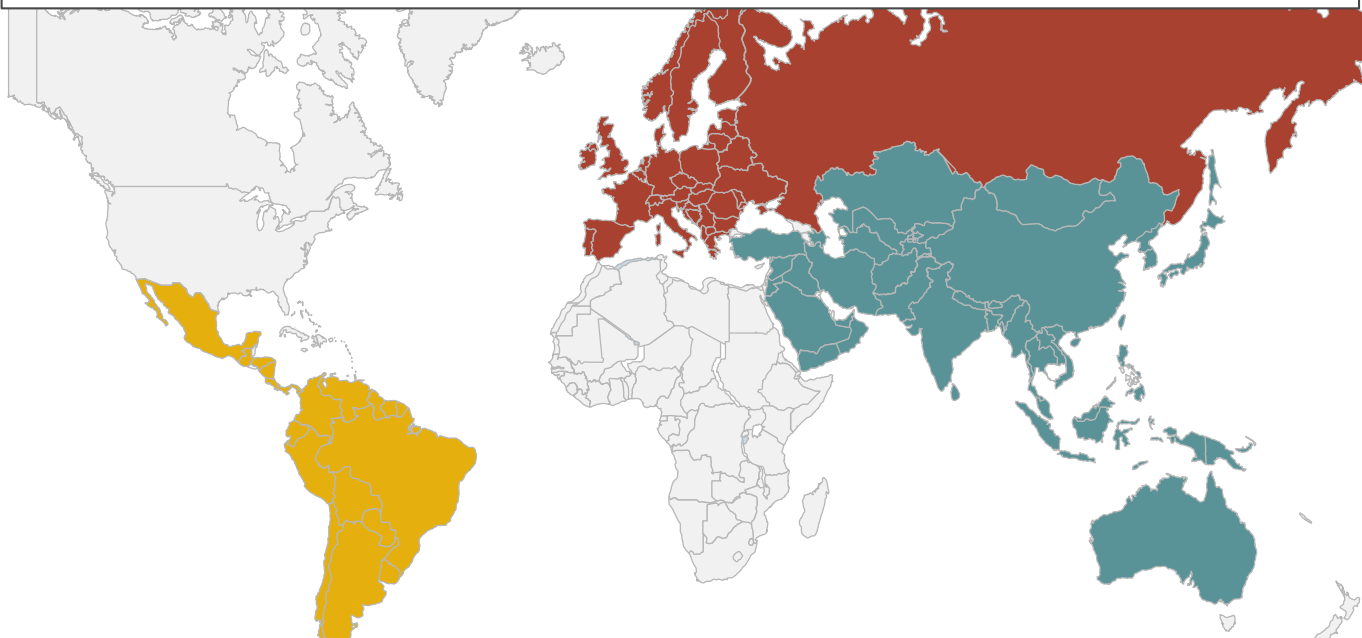
Fallout

- March: Griddy Energy, Just Energy Group Inc., and Brazos Electric Power Cooperative, Inc., voluntarily filed for Chapter 11 bankruptcy as a result of the Texas grid disruption.
- March 30: The Texas House of Representatives passed a series of six bills that would require changes to certain aspects of the power market and regulatory framework applicable to ERCOT.
- March 17: NRG Energy, Inc., announced an estimated interim financial loss of \$750 million related to the freeze in Texas.
- March 3: ERCOT's Board of Directors voted out president and CEO Bill Magness.
- March 1: DeAnn Walker, the chair of the Public Utility Commission of Texas, resigned as pressure for accountability following the failure of Texas' electric grid increased through the investigation hearings.
- February 26: Vistra Corp. announced preliminary estimates of a one-time adverse financial impact of \$900 million to \$1.3 billion related to the arctic freeze in Texas.
- February 24: Texas Governor Greg Abbott promised sweeping emergency legislation and investigations to ensure the events associated with the weeklong Arctic freeze would not repeat in the future. Governor Abbott announced he was working with Texas lawmakers on several fronts, including electricity rate relief, an overhaul of ERCOT, and a mandate to fund the winterization of the state's power infrastructure.

International Update

Europe

- March 18: PPL Corp. agreed to sell its U.K. electricity distribution business, Western Power Distribution PLC, for £7.8 billion.
- March 8: Endesa SA announced an agreement to acquire a portfolio of 11 planned solar projects in Spain, totaling 519 MW, from Arena Power for €350 million.
- February 8: Veolia Environnement S.A. filed a tender offer to acquire the entire capital of Suez S.A. at €18 per share cumulative dividend. If the tender offer is opened, it will require the merger control approval by the European Commission. On March 21, Ardian and Global Infrastructure Management LLC made a €11.9 billion binding offer to acquire Suez S.A.'s water and waste assets in France, but Veolia Environment S.A. said it is not interested in breaking up the company.
- January 29: Scatec ASA closed the acquisition of Statkraft Norfund Power AS for a total equity value of \$1.20 billion.
- January 26: IFM Global Infrastructure Fund made a public offer for a 22.7% stake in Spanish electricity and natural gas utility Naturgy Energy Group S.A. for €5.06 billion.
- January 19: Nuveen Investments agreed to acquire London-based renewable energy fund manager Glennmont Partners.
- January 19: Aker ASA agreed to acquire a 75% equity stake in Mainstream Renewable Power Ltd.
- January 8: Credit Agricole Assurances S.A. has agreed to buy a 30% stake in solar photovoltaics developer EF Solare Italia for €600 million.
- January 6: The European Commission approved Brookfield Asset Management Inc. and Mansa Investments Sp. z.o.o.'s acquiring of the Polish wind and solar energy developer Polenergia S.A.



Latin America

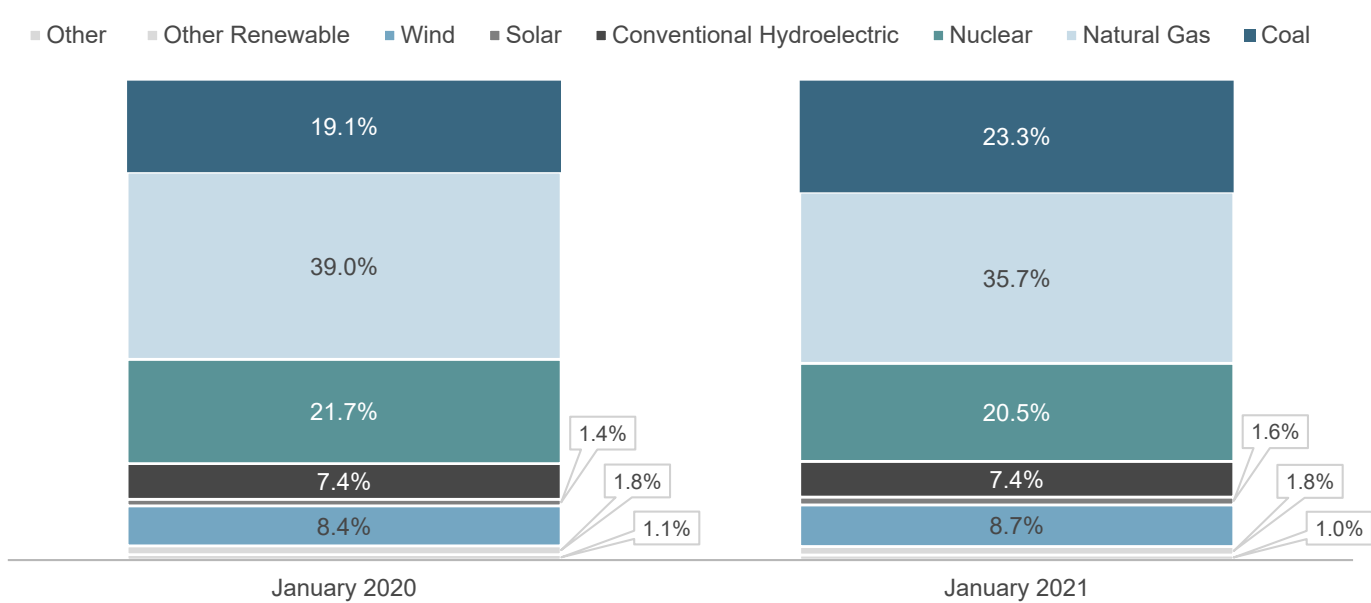
- March 30: Alfa Desarrollo S.p.A. agreed to acquire Colbun Transmission S.A. for \$1.3 billion.
- January 25: Peruvian Opportunity Company S.A.C. launched a public offer to acquire a 13.7% stake in Luz del Sur S.A.A. for approximately \$570 million, or \$8.5 per share.
- January 18: The Canada Pension Plan Investment Board agreed to acquire an unknown stake in water utilities company Igua Saneamento S.A. for \$664 million Brazilian Real.

Asia-Pacific

- March 19: Orsted A/S has begun installation work for a 900 MW offshore wind farm located off the coast of Changhua County, Taiwan.
- March 17: Acciona S.A. and metals group Korea Zinc Co. Ltd. agreed to jointly develop the 923 MW MacIntyre wind farm in Queensland, Australia, with ownership stakes of 70% and 30%, respectively.
- January 18: Total SE has acquired a 20% minority interest in Adani Green Energy Ltd. as part of a \$2.5 billion deal that also includes the acquisition of a portfolio of solar assets.

U.S. Generation

U.S. Generation Fuel Mix (%)



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

	January 2021	YoY Change	YoY % Change
Coal	81.8	16.7	25.7% ⁽¹⁾
Natural Gas	125.3	(7.8)	(5.9%)
Nuclear	71.8	(2.3)	(3.2%)
Other	3.7	(0.1)	(3.1%)
Conventional Hydroelectric	26.2	0.8	3.3%
Solar	5.7	1.1	23.1%
Wind	30.4	1.9	6.6%
Other Renewable	6.3	0.0	(0.1%)
Hydroelectric Pumped Storage	(0.4)	0.0	(12.5%)
Total Generation	351.2	10.2	3.0%
Total Renewable Generation	68.6	3.8	5.9%
Total Nonrenewable Generation	282.6	6.5	2.4%

Note: As of March 29, 2021.

(1) Per the EIA, the recent extreme cold weather in much of the country has contributed to an increase in coal use for power generation in addition to the increase in natural gas prices. "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, non-biogenic 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 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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