

European Onshore Wind Deal of the Year 2013: Infinis

21/02/2014

A month before launching its Initial public offering, UK renewables developer Infinis refinanced a portfolio of 16 onshore wind farms in the UK, 14 of them subject to existing debt. Infinis closed out ten existing facilities and the associated interest swaps from nine lenders. The developer, which at the time the IPO closed was wholly owned by Terra Firma portfolio, closed a single new senior debt facility of £296 million (\$490 million), which reduced both interest expense and complexity.

Completing the financing was key, due to the parent companys IPO, which completed on 20 November, says Will Cooper, group treasurer and head of financial planning and analysis at Infinis. The IPO involved the sale of 30% of Infinis, and brought in £234 million in proceeds for Terra Firma.

Infinis operates a portfolio of onshore wind, landfill gas and hydro plants in the UK. Its total installed capacity is 621MW. Project Cumulus, the name for the exercise, involved the refinancing of a number of smaller financings on operational wind farms.

The 16 wind farms have multiple landlords and a structure involving negotiations with landlords would have been costly and time consuming, Cooper added. The wind farms, predominantly in England and Scotland, have a total capacity of 274MW, and two have capacities in excess of 50MW. The oldest parts of the portfolio date to 2004, originally through acquisitions, and later through construction. Tenors on the previous ten facilities had varied and some were in the range of 10 to 15 years.

National Australia Bank structured and led the financing, and Royal Bank of Scotland and Santander joined it as mandated lead arrangers and lenders. National Australia Bank took the largest ticket, whilst the other banks have broadly equal participations. After financial close they syndicated a portion down to Siemens Financial Services, which participated in a previous facility for three of the wind farms, in England and Northern Ireland, and was looking to come in again.

The new debt priced competitively at 210bp over Libor. The facility has an amortisation profile of over 18 years and a bullet repayment after 7 years. The banks also provided a £5 million revolving credit facility and a £10 million debt service reserve facility. National Australia Bank and RBS, provided an £18 million letter of credit. These ancillary facilities have bullet repayment after seven years.

The UK renewables market underwent considerable regulatory change in 2013. In June, the Department for Energy and Climate Change (DECC) published draft contract for difference (CfD) strike prices for the 2017 Electricity Market Reform. However, Infinis Cumulus portfolio would not be affected by the changes, as its assets are already operational. They

Infinis Wind Holdings Limited
STATUS
Financial close 10 October 2013
DESCRIPTION
Refinancing of a 274MW UK onshore wind portfolio.
SIZE
£329 million
SPONSOR
Terra Firma
MANDATED LEAD ARRANGERS
NAB (structuring bank), RBS, Santander
BORROWER S LEGAL ADVISER
Ashurst
LENDERS LEGAL ADVISER
Norton Rose Fulbright
TECHNICAL ADVISER
Garrad Hassan
INSURANCE ADVISER
Marsh
MODEL BUILD
Climate Change Capital
MODEL AUDIT
Mazars
FINANCIAL FORECASTING CONSULTANT
Poyry

benefit from the renewables obligation certificate regime, which guarantees that they will receive those certificates for 20 years post-commissioning.

Of the wind farms, 15 benefit from 1 ROC per MWh whilst one will receive 0.9 ROCs per MWh. The 10% reduction in support was introduced in April 2013, because the DECC projected reductions in the costs associated with onshore wind technology.

In 2013 the average value of 1 ROC was about £43 per MWh, almost half of projects total revenue per MWh. The revenues for onshore wind farms include wholesale revenues, and government support from both ROCs and CCL exemption certificates (worth £5.24 per MWh from April 2013).

In 2013 Infinis constructed 52.5MW of installed onshore wind capacity and already has consents for a further 100MW of capacity. Infinis plans to build between 130MW and 150MW of UK onshore wind over the next three years, out of a potential 600MW onshore wind pipeline. Infinis will hope to apply simpler structures on future financings by leaning on relationship lenders to obtain competitive terms.

Thank you for printing this article from IJGlobal.

As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.

If you have been given this article by a subscriber, you can contact us through www.ijglobal.com/sign-in, or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.