

# Latin American Solar Deal of the Year 2013: San Andrés

14/03/2014

SunEdisons financing for its \$149.9 million San Andrés solar photovoltaic power project is the first merchant solar project in Chile, and the first fully merchant power project anywhere in Latin America. In fact, it may be the first project financing anywhere for a utility-scale solar plant without an offtake contract or subsidies.

The 50MW San Andrés plant benefits from Chiles persistent shortage of cost-effective generating capacity. It dispatches into the Sistema Interconectado Central, which serves well over 90% of the Chilean population. Chiles power markets are merchant, though transparent, and richly-priced, so lenders are comfortable with revenue risk.

SunEdison put together the financing for San Andrés alongside that of another project, the 100MW \$267 million Amanecer plant. Amanecer has a 20-year contract for differences with CAP Minerías Compañía Minera Del Pacífico, an iron ore miner. But the two plants have very similar construction and supply contracts, which SunEdison performs in-house, and the same cast of lenders.

The San Andrés debt financing breaks down into a \$62.9 million loan from the Overseas Private Investment Corporation (Opic), a \$37.5 million loan from the International Finance Corporation (IFC), and a \$25.6 million equivalent Chilean Peso VAT facility from Rabobank. The Amanecer financing consists of a \$147.5 million Opic loan, a \$65 million IFC loan, and a \$45 million Rabobank VAT loan.

Amanecer may have had the more straightforward credit profile, but negotiating its PPA proved to be the biggest hurdle to bringing both deals to market. The contract with CAP signed in late January 2013, a little over two months after site development at both projects started.

The sponsor started the financing process in earnest from March 2013, but did not sign on San Andrés until after the Amanecer deal closed in August. It is likely that the smaller merchant deal could have closed faster than the contracted plant.

SunEdison did not have to spend long getting Opic and the IFC comfortable with construction and panel degradation risk, since both lenders had previously worked with the sponsor, in Bulgaria, India and South Africa, before. Rabobank has worked with SunEdison in North America before, and has a presence in Chile, though it competed on price with local lenders.

The VAT facility only exposes the lender to construction risk, so Rabobank did not have to spend long assessing the projects dispatch profile. But one of the major factors that prolonged the financing process was the unwillingness of the term lenders to share security with the VAT lender.

## San Andrés SpA

Status	Signed 5 November 2013
Size	\$149.9 million
Description	50MW merchant solar photovoltaic power plant, located near Copiapó, in Chiles Atacama Desert
Sponsor	SunEdison
Equity	\$49.8 million
Debt	\$62.9 million OPIC loan, \$37.5 million IFC loan, \$25.6 million equivalent Chilean Peso VAT facility
Lenders	Opic; IFC; Rabobank (VAT)
Sponsor legal counsel	Skadden, Arps, Slate Meagher & Flom (international); Claro & Cia and Arteaga & Gorziglia (Chile)
Lender legal counsel	Chadbourne & Parke (international); Carey & Cia (Chile) Milbank, Tweed, Hadley & McCloy (VAT); Dillon, Bitar, & Luther (COPS placement agent); Reed Smith (account banks)
Environmental Consultant	KAS Engineering
Market consultant	Synex
Independent engineer	Fichtner
Lender insurance adviser	Willis

But conversations with the term lenders tended to focus on the power price curves that sponsors and lenders used, and the ability of the financing to withstand stresses such as a prolonged period of abnormally high rainfall. But with merchant prices, even after a period of softness, hovering around \$160-\$180 per MWh, lenders have a high degree of confidence in the plants underlying economics. The lenders and sponsor signed on the financing on 5 November 2013. The debt funded on 26 November, after Opic issued the certificates of participation that would fund its loan to the plant.

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Paying agent  
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