

What we did in your summer holiday

Angus Leslie Melville

06/09/2019

It's been a busy summer at *IJGlobal* with a good number of changes to report for those who have been sunning themselves like overfed seals on the golden beaches of wherever your bonus can afford to send you.

One of the editorial changes that you will hopefully have noticed is that we now publish features on stand-out individuals in the market (please stop calling them Living Obituaries).

To date we have written about:

- [Andy Robinson](#) – erstwhile global head of structured finance origination at NordLB who retired earlier this year and leaves a gap in everyone's hearts
- [Graham Vinter](#) – perhaps the most famous lawyer in the infrastructure arena, now lured back from retirement by Covington & Burling
- [Laurie Mahon](#) – the irrepressible CIBC boss with a fascinating infra career who everybody now knows once snogged Motown legend Smokey Robinson
- [Andy Carty](#) – the much-loved Infrastructure UK figure who retires next week to the dreamy flats of Norwich having spent most of his career on the public side of the table

We have a whole list of people lined up to feature in the coming weeks and months, and if you'd like the spotlight to fall on you, feel free to get in touch... to rule yourself out of ever appearing in these pages.

We have been busy on the case study front:

- [KCOM acquisition](#) – MIRA snapping up the British telecoms group for £627 million
- [University of Leicester student housing PPP](#) – Assured Gauranty back again, with Equitix on this UK deal
- [Kahone and Toubé solar PV](#) – 60MW of Scaling Solar in Senegal
- [EDIF II fund analysis](#) – final close on First State Investments' latest vehicle
- [Quebec's Library and Archives Canada P3](#) – Quebec's latest P3 project, this one with Plenary Group
- [Dumat al Jandal](#) – Saudi Arabia's first utility-scale wind farm with EDF and Masdar

And then there are the opinion pieces:

- [Telecoms investment in Africa](#) – it's all wireless
- [Uzbekistan's privatisation programme](#) – sale of the century?
- [Spencer Gulf](#) – Australia's renewables-industry-export vision
- [clean energy in Hawaii](#) – a focus on renewables in the US state
- [data centres](#) – investment challenges
- [toll roads in Texas](#) – is 3C the last one?
- [offshore wind](#) – a focus on the South Korean market

As you can see, while you were slapping on the tanning oil and frolicking in sarongs, we've been rather busy.

Silly season be gone

Having a global product, we never suffer from a silly season as deals plough in one part of the world or another, regardless of whether anyone's there to read our analysis.

As we look to the coming months – with [IJGlobal:Live](#) in Madrid next week, [IJ North America](#) in New York the week after, and the first judging sessions within a fortnight for our inaugural [IJInvestor Awards Night](#) to celebrate secondary market activity – we have a busy time on the cards.

As we enter September, the UK is embroiled in Brexit turmoil. To rub salt into the wounds, England's one PPP project – [Silvertown Tunnel](#) – is now being challenged by the losing bidder, so it's suspended while the case is investigated. You can hardly blame the Hochtief-led team for throwing the baby out with the bathwater. When there's only one project in the pipeline, there's nothing to lose by going to war.

Prevarication on HS2 is vexing. The government has failed to put a bullet in this vanity project's head, rather kicking the can down the road by up to five years while revealing the total cost has now spiralled from £62 billion to a £81-88 billion. Give me strength.

Looking around the world, *IJ* is keeping a close eye on Australian pumped hydro where we see projects approaching the deployment of commercial project finance.

The Queensland government recently committed A\$132 million to a transmission line to connect [Kidston Pumped Storage Hydro Project](#) which is owned 50:50 by Genex Power and utility EnergyAustralia.

Meanwhile, the [Future Generation JV](#) – Salini Impregilo, Clough and Lane – is out in market now trying to raise project finance for Snowy Hydro 2.0 in New South Wales. The same stands true for [Baroota in South Australia](#) with Rise Renewables.

For now, it's worth keeping an eye on:

- [Cultana Pumped Hydro](#) in South Australia
- [Middleback Pumped Hydro Energy Storage](#) in SA
- [Shoalhaven Hydro Expansion](#) in NSW
- [Kanmantoo Copper Mine Pumped Storage](#) in SA
- [Highbury Pumped Hydro Energy Storage Facility](#) in SA
- [Townsville Hydro Storage Plant](#) in Queensland

Staying in APAC, the Myanmar brownfield road PPP programme is sparking interest. They are preparing model term sheets for concession contracts across:

- toll-based PPP contracts
- availability-based contracts
- performance-based O&M contracts

Myanmar hopes to complete a final draft concession contract for the [Yangon Patheingyi](#) toll road concession this month. The Asian Development Bank and Baker McKenzie are forging ahead with this project.

India is rampant across all infrastructure sectors with particular focus on solar, and a shift towards offshore wind. Transit and metro projects are gathering pace in second-tier cities, while the need to invest in airports does not go away.

We are particularly keen to keep a close eye on offshore wind in South Korea and Japan, while tracking developments on wind farms in Vietnam.

Meanwhile in Africa, [Ethiopia's 300MW Scaling Solar](#) tender should be out soon. The IFC's scaling solar programme has

been hugely impactful and transformative for outlying parts of the continent.

In the Middle East, we expect an RFP shortly on Qatar's \$500 million, 280,000m³pd expansion of the [Facility D](#) IWPP in Doha; to be followed – hopefully before long – by an RFP for the [Facility E](#) IWPP.

Saudi Arabia, of course, rages ahead with its renewables agenda with REPDO having set a target of 27.3GW by 2024, rising to 58.7GW by 2030. All the projects under the first round of the National Renewable Energy Programme had reached financial close as of July, and round two – 1,515MW of installed power capacity – is well underway with RFPs out for solar projects under [Category A](#) and [Category B](#).

Turning a brief eye to the US, the P3 market is expecting an uptick in activity next year, but *IJ* has too often predicted good things for this market – yes, 50 different markets – for this to be taken seriously.

Georgia is back in for another swing with [State Route 400](#) and will be holding an industry day in November, followed by an RFQ in the new year. This market had been lively, but it went quiet when the model fell from favour.

Maryland's I-495 and I-270 highways have been split into three phases due to its size. The I-270 widening will take place first before widening the Capital Beltway in Montgomery County. The third phase comprises expansion of the beltway in Prince George's County. An RFQ is due to be issued for the first phase at the end of this year, or Q1 2020.

We are also seeing an uptick in energy projects at US universities like Dartmouth, California Fresno and Iowa. Other universities are currently waiting to see the outcome of these before considering similar projects.

Turning the focus – in this very brief (and not terribly comprehensive) view of the global infra market – to Europe, renewables and energy in general keep the market alive in the primary space. On the M&A front, digital infrastructure dominates conversation across Europe – fibre optic and data centres primary among them, of course.

ESG is all the rage these days and we will increasingly hear this crop up as organisations seek to reinvent themselves as the good guys... or just tidy up shop. From an infra fund point of view, both LPs and fund managers are increasingly keen to be seen to tick that box.

As to fundraising, target size keeps heading north with GIP and Brookfield now both linked to vehicles with a \$20 billion hard cap, and Stonepeak recently emerged to be raising a \$10 billion fund.

That established chestnut of expanding the definition of infrastructure will continue apace as traditional assets are hugely contested and desperation drives fund managers to get creative. A prime example of this was seen recently with MIRA's [Currenta acquisition](#)... a chemical park operator.

Asian money continues to flow into Europe in big volumes, both debt and equity. This is something we are seeing in other markets as well, though at a slightly early stage.

On the energy front, the UK government will soon announce winners of the third round of contracts for difference (CfD), insisting now that it will stick to the initial timetable even though [Banks Renewables](#) and another [renewables developer](#) are requesting a judicial review given that onshore wind had been ruled out of the auction.

In Scotland EDF Renewables just finalised [the debt package](#) for Neart na Gaoithe and is negotiating the sale of a [50% stake](#) – which the company wants wrapped up by the end of this month.

Over in France, Boralex is in the midst of [refinancing a portfolio](#) of 60 renewables assets that amount to just over 1GW equating to around €750 million of debt. The power producers want the deal done and dusted by October with rumour having only European lenders involved.

We can expect to see some healthy flow of privatisations in the Nordic district heating. We have been tracking this closely of late reporting that Fortum announced this summer that it had decided to divest district heating and cooling businesses in [Joensuu, Finland and Pärnu and Tartu, Estonia](#).

DIF, SL Capital and Local Pensions Partnership Investments were quick off the mark having been selected to acquire 100% of Finnish district heating company [Elenia Lämpö Oy](#) a couple of months back.

In the North Sea – apart from offshore wind – we see O&G majors continuing to exit with Total planning to sell \$5 billion of [upstream E&P assets](#) by the end of 2020, and ExxonMobil to sell its Norwegian [upstream asset portfolio](#) for around \$3.1 billion to Vår Energi.

So – having not had a breakthrough summer, we're not expecting things to slow down for the rest of the year.

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.