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A Green Street Company

IJGlobal Awards 2021 – Asia Pacific Deal Winners

David Doré

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IJGlobal is delighted to announce the winners of the IJGlobal Awards 2021, giving recognition to a slew of fantastic greenfield financing and refinancing deals that reached financial close in Asia Pacific during the 2021 calendar year.

The winners were announced yesterday evening at a gala dinner at ParkRoyal Collection in Singapore where the energy and infrastructure community gathered to celebrate achievements during 2021 and commiserate with the runners-up.

Sze Toh Yuin Munn, NextGen's head of content for Asia Pacific, and Jamie Rayat, editor of awards research, hosted the awards.

We thank those who attended the sumptuous evening and congratulations to all who submitted, were shortlisted and – most of all – the winners.

Asia Pacific Deals of the Year

Renewables Portfolio Financing Deal of the Year

Adani Green Energy Rajastjan Solar PV and Onshore Wind Portfolio (1.69GW) 2021

Adani Green's strategy was to fully fund its under-construction hybrid asset portfolio under a single umbrella financing. The facility was an important element of the sponsor's overall capital management plan and was key to fully funding its growth aspirations as all 12 banks had also signed an agreement with Adani Green to establish a framework of agreed principles and procedures under which the company will engage with the financiers to raise financing efficiently and expeditiously for future projects. The transaction – dubbed Project Emerald – was the largest project financing deal to date in India's renewable energy sector and among the largest in Asia Pacific. It was the first certified green hybrid project loan in India. The highly bespoke facility managed the various complexities associated with having 4 different co-borrowers with 5 distinct offtake contract tie-ups and 2 separate off takers housed under a single umbrella agreement. Participants structured Project Emerald to enable a capital markets take-out. The first-of-its-kind facility had a 4-year door-to-door tenor tightly structured with US dollar mini-perm financing with a go-to-market covenant to facilitate a bond takeout within 2.5-3 years. The facility had a typical ring-fenced structure with limited sponsor support to mitigate cost overruns during construction and a standard security package comprising pledge of borrower shares along with first ranking charge / assignment of project assets, cash flows and accounts, and rights under the project documents. Financing was for projects awarded from India's first initial auctions held for setting up hybrid energy capacity. The $1.35 billion senior debt revolving project finance facility was funding India's largest hybrid cluster development, which is under construction strategically in the heart of the Thar Desert near Jaisalmer.

Power Portfolio Financing Deal of the Year

Adani Gujarat and Maharashtra Transmission Line Portfolio 2021

Adani Transmission’s marquee deal – dubbed Project Swift – was the largest project financing deal to date in India’s transmission sector and one of the largest in Asia. The sponsor structured a first-of-its-kind US dollar mini-perm, limited recourse project finance structure in the Indian transmission sector. The unique revolving structure of the $700 million facility provided capex funding of $1.1 billion on a fully drawn basis. The facility – much like in Project Emerald – was an important element of the sponsor’s overall capital management plan to fully fund its growth aspirations as all 8 banks had also signed an agreement with the sponsor to establish a framework of agreed principles and procedures under which Adani Transmission will engage with the financiers to raise financing efficiently and expeditiously for future projects. Project Swift fully financed the under-construction transmission projects in 4 SPVs in Gujarat and Maharashtra to establish a green corridor and strengthen the overall grid. Three-fourths of the projects were under the Tariff Based Competitive Bidding (TBCB) framework and the other was under the Regulated Asset Base (RAB) framework. Due to the critical nature of the transmission network, regulations allowed for the pooling of transmission revenue under the respective regulator’s purview to completely mitigate counterparty risks. The 2 TBCB projects under the Central Electricity Regulatory Commission will receive revenue from the central pool and the remaining TBCB and HVDC projects will receive revenue from the state pool of Maharashtra. As the projects will assist in the evacuation of renewable energy and stabilisation of grid infrastructure, an independent ESG adviser affirmed the financing transaction as a green loan.

Sustainability-Linked Loan of the Year

AirTrunk Refinancing 2021

AirTrunk refinanced its A$2.1 billion ($1.6bn) debt using a sustainability-linked loan (SLL). The refinancing was the largest SLL in global data centre history, the first SLL by a data centre operator in Asia Pacific, and the second largest SLL completed in Australia for any sector. The loan was the first of its kind in the region to use operating power usage effectiveness (PUE) as a sustainability KPI. The Australia-headquartered hyperscale data centre operator said the KPIs will be independently assessed. The joint sustainability structuring advisers for AirTrunk's ground-breaking SLL were Credit Agricole CIB and Deutsche Bank. Norton Rose Fulbright and Gilbert + Tobin were the borrower’s and lender’s legal counsel, respectively. The SLL, which was an amendment to a loan solely arranged by Deutsche Bank rather than fresh financing, was still bound by the previously arranged tenor and matures in 2025. AirTrunk is a data centre specialist that develops and operates data centre campuses across Apac. At closing, the company was majority owned by Macquarie JV – Macquarie Asia Infrastructure Fund 2 (MAIF2) and the Public Sector Pension Investment Board – which acquired an 88% stake in April 2020 for A$1.9 billion.

DFI Deal of the Year

Almaty International Airport Upgrade and Expansion

The operator of Central Asia’s largest airport closed the financing package on the $780 million upgrade and expansion of the Almaty International Airport. Subsidiaries of Istanbul Stock Exchange-listed TAV Airports (85%) and emerging markets investment manager VPE Capital (15%) owned Almaty International Airport JSC, the airport operator expanding the airport infrastructure and improving service levels at Kazakhstan’s busiest airport. Amid the Covid-19 pandemic, 4 development finance institutions – IFC, European Bank for Reconstruction and Development (EBRD), Eurasian Development Bank (EDB), and DEG – provided the operator with financing. The funding supported the construction of a new international terminal at the airport. Global Environmental Facility also provided a $600,000 grant to help the new airport terminal to be the first Excellence in Design for Greater Efficiencies (EDGE) Advanced-certified airport in Central Asia. The sponsors’ aim was to contribute to the sustainable economic and social development of the Almaty region, creating employment and facilitating a global reach for local businesses.

Oil & Gas Deal of the Year

Barossa FPSO

Santos operated the Barossa gas field 300km offshore Darwin. A consortium had the contract for the construction, connection, and operation of its floating production storage and offloading (FPSO). BW Offshore, ICMK Offshore Investment – a 50:50 JV of Itochu and a subsidiary of Meiji Shipping – and Macquarie held the FPSO contract. It represented the largest capex component of the roughly $3.6 billion Barossa offshore gas and condensate project to backfill Darwin LNG. The Barossa FPSO services contract had an initial 15-year production period, with options to extend the production period for 10 more years. The contract value based on the initial 15-year production period was $4.6 billion. Barossa FPSO's financing package attracted 9 international banks which provided a 14-year combined construction and long-term debt facility of $1.15 billion. Equity partners in the Barossa gas field provided $240 million. About $1bn in pre-payments by Santos and the Barossa equity partners during the construction period were also financing the asset. The BW Offshore-led consortium is building the FPSO in South Korea and Singapore before towing and permanently locating it in the field where it will process natural gas prior to its transport via pipeline to Darwin LNG. Condensate will be stored on the FPSO for periodic offloading. At closing, initial gas production from the FPSO was expected during 1H 2025.

Securitisation of the Year

Bayfront Infrastructure Capital Securitisation 2021

Despite being in a unique infrastructure asset-backed security (IABS) format, Project Tembusu was very much an infrastructure deal, having exposure across 8 infrastructure sectors. Bayfront Infrastructure Management's $401.2 million BIC II innovated the novel securitisation asset class to address the infrastructure financing gap in Asia Pacific. BIC II set out to truly establish IABS as a new securitisation asset class, following the debut issuance by BIC three years earlier. BIC II had new features to reflect the specific characteristics and differences of infrastructure debt compared to other securitised products, including broadly syndicated loan collateralised loan obligations (BSL CLOs). Bayfront, owned by Clifford Capital Holdings and Asian Infrastructure Investment Bank (AIIB), had extensive investor engagement which started with a non-deal roadshow in October 2020, well in advance of the deal pricing in June 2021. Bayfront convinced investors of IABS' differentiated credit profile and distinguished how they should be assessed in terms of relative value. BIC II demonstrated pricing outperformance compared with BIC, its precedent deal issued in July 2018. BIC II had an overall weighted average margin of 141bp across its 5 classes of rated notes, compared to 161bp across BIC's 3 classes of rated notes. The premium over US dollar denominated BSL CLOs for the senior AAA-rated tranche in BIC II was reduced to only 5-10bps, from ~30-35bp in BIC, a reflection of the benefits from Bayfront's extensive investor engagement and education, as well as the inclusion of the sustainability-class notes to create pricing tension. BIC II was the world's first publicly issued securitisation to incorporate a sustainability tranche via the Class A1-SU notes. The sustainability-class notes delivered a 5bp green premium compared with the conventional senior notes. BIC II introduced the unique structuring solution of over-collateralisation to address commingling and prepayment risks associated with having the sustainable assets backing the Class A1-SU notes in the same general portfolio as other assets. BIC II incorporated a unique undrawn commitments account feature to allow for the inclusion of assets which had yet to be fully drawn because a few projects in the underlying portfolio were still under construction. This allowed Bayfront to issue BIC II at an opportune market window when market conditions were favourable, facilitating an optimal pricing outcome without having to wait for the loans to be fully funded.

Floating Solar Deal of the Year

Cirata Reservoir Floating Solar PV Plant (145MW)

Masdar and PLN subsidiary Pembangkitan Jawa-Bali Investment's 145MWac Cirata floating solar PV power project will be Indonesia's largest floating solar project, representing an important step towards achieving the renewable targets of the government of Indonesia. The transaction set benchmarks and precedents for the floating solar PV industry in terms of efficient private procurement, EPC, risk allocation, and bankability structures. The deal was the first IPP in Indonesia to be financed by commercial banks on an uncovered basis, a critical milestone in the development of the Indonesian energy market. This is also the first renewable project to be done under a presidential regulation which requires a PLN subsidiary to hold a 51% stake in the project company to facilitate local capacity building and knowledge transfer. The $143 million solar farm is among a few in Indonesia where long-term commercial financing with a 14-year repayment period was raised without any ECA or insurance cover. The participation of the state-owned enterprise PJBI conflicted with World Bank's policy on negative pledge. Moreover, the Ministry of Energy and Mineral Resources did not allow the transfer of shares to another party during the construction period, which raised bankability issues with lenders. These challenges required the development of bespoke synthetic security arrangements and corporate governance arrangements, including overcoming the restrictions on granting security over the project company's assets and PJBI's shares in the project company under the World Bank negative pledge. The result is a bankable alternative arrangement which will form the basis for future transactions of this nature. Initially, local regulation only allowed tourism, water sports, and fishing activities in such water bodies. The government subsequently accepted the sponsors' proposal to the Ministry of Public Works and Housing to allow 5% of the water's surface to be used for generating energy from solar PV. This project serves as a model for Indonesia to harvest solar energy with FPV modules from its dam and reservoir water surfaces. Such FPVs can potentially generate an additional 28 GW of solar energy in the country.

Frontier Market Deal of the Year

InfraZamin Pakistan

Pakistan has a significant unmet need for long-term local currency financing for infrastructure projects. The country's financial system is characterised by low levels of financial participation and development. Generally, only the largest corporate groups have access to formal finance channels. The banking sector controls more than 75% of all financial assets, and the top 20 corporate borrowers are estimated to account for 30% of all lending in Pakistan and about half the total corporate lending. InfraZamin Pakistan – owned by InfraCo Asia of the Private Infrastructure Development Group (PIDG) and Karandaaz Pakistan – aims to catalyse infrastructure development by filling a gap in the credit markets by providing credit guarantees. The company seeks to significantly transform banking and capital markets for infrastructure financing in Pakistan by mobilising first-time local borrowers and investors. The increased participation from new and existing investors, new financial structures and guarantee products will ultimately attract an increased flow of finance to infrastructure with progressively lower levels of guarantees required. InfraZamin Pakistan issues credit guarantees for greenfield and brownfield infrastructure-related debt instruments based on the company's AAA long-term rating by Pacra and attracts private capital investors who otherwise will not participate in lending to infrastructure-related sectors in Pakistan. PIDG's GuarantCo provided a facility of PRs8.25 billion ($50 million) to InfraZamin Pakistan to address gaps in the local infrastructure financing market through more use of credit guarantees. The 23-year contingent capital facility allows InfraZamin Pakistan to issue local currency credit guarantees against debt financing for infrastructure projects in renewable energy, healthcare, transport, and digital communications. The contingent capital that GuarantCo provided can be leveraged up to 10 times. On this scale, guarantees can be truly transformational for local capital markets, as InfraCredit Nigeria, which GuarantCo set up with the Nigeria Sovereign Investment Authority in 2017, has proven.

Energy Storage Deal of the Year

Kaban Green Power Hub Wind Farm (157MW)

Neoen brought its A$370 million ($268m) Kaban wind farm in Queensland to financial close in September 2021 despite trials and tribulations. The asset is a cornerstone project for the northern Queensland Renewable Energy Zone, a large area dedicated to supporting renewable projects and assisting the state in its aspirations to supply 50% of its power from renewables by 2030. The asset will power more than 95,900 homes, generate 457GWh of affordable clean energy each year and create 250 direct jobs during construction. The French renewable energy developer initially planned to fund the project through a A$280 million loan from Northern Australia Infrastructure Facility (NAIF) that would have also financed a 100MW energy storage system. It would have been NAIF's first investment in a renewable energy project. All the necessary approvals were close to being secured when the Federal Resource Minister stepped in to block the loan, dealing the project a major blow. "We were a couple of days away from financial close when this happened, it was completely unexpected," said Yves-Eric Francois, chief financial officer of Neoen Australia, at the time. "We spent the best part of 7 months negotiating the deal and it would have been their first investment in renewables, so they had a lot of work to do on due diligence. Because of the unexpected change, they were quite disappointed when the deal fell through." Although Neoen postponed the battery's development, the energy complex still had widespread support from the Queensland government which worked closely with Neoen to rework the project. Most notably, CleanCo agreed to turn its PPA with Kaban wind farm into a capacity payment agreement (CPA) in a first for the state-owned utility. Neoen's 15-year CPA with CleanCo dramatically de-risked the project making it attractive to lenders. A syndicate of 5 lenders provided the financing, with Neoen retaining 100% equity interest. The financing was arranged as a hard mini-perm with a 5-year tenor. The project also involved financing the development of a 320km transmission line upgrade, in partnership with state utility Powerlink Queensland, which will benefit households from Cairns to Townsville. This aspect of the transaction made the project stand out compared to other renewables transactions. Despite the 100MW battery not being a part of this primary financing, the state government, which remains a strong proponent of the complex, has approved the energy storage system and it is likely to reach financial close in the coming years.

Water Deal of the Year

Kolkata Sewage Treatment Plants and Pumping Stations Pipeline Renovation and Upgrade PPP 2021

Chennai-headquartered water specialist WABAG and Kathari Water Management's Rs5.75 billion ($75 million) hybrid annuity model (HAM) concession under the Namami Gange programme administered by the National Mission for Clean Ganga (NMCG) was critical for the revered Ganges River. Scope of work included EPC of new sewage treatment plants, renovation and upgrading of existing sewage treatment plants, rehabilitation of pumping stations and other associated infrastructure in Kolkata. A combination of NMCG grant, equity and debt financed this important project. NMCG grant funded 40% during construction while debt and equity made up the remaining 60%. IFC and Tata Cleantech Capital took up the debt component. Kathari Water Management, a wholly owned subsidiary of EverSource Capital, through Green Growth Equity Fund (GGEF), was an equity partner. India's National Investment and Infrastructure Fund (NIIF) and UK's Foreign, Commonwealth & Development Office (FCDO) were GGEF's anchor investors. The EPC portion of the project was 2 years, followed by O&M of 15 years. Once complete, the project with a wastewater treatment capacity of 187 million litres per day will contribute to reducing the discharge of untreated sewage into the revered Ganga River from the state of West Bengal by around 15%. This was WABAG's first HAM project. The involvement of IFC, EverSource Capital and Tata Cleantech Capital enhanced private sector engagement in this critical space, promoted market competitiveness, and demonstrated the bankability and replicability of similar projects in 11 Indian states in the Ganges basin and across the country.

Onshore Wind Deal of the Year

Lien Lap (48MW), Phong Huy (48MW) and Phong Nguyen (48MW) Wind Portfolio

Project Lotus, sponsored by Renova and Power Construction No 1, was Vietnam's first and largest internationally project financed wind power project on a significantly limited recourse basis, where lenders do not have access to any bank guarantees or ECA cover. Asian Development Bank ADB mobilized long-term US dollar financing from a unique lender group of development finance institutions, commercial banks from Asia Pacific, and an institutional investor from outside the region. None had any pre-existing relationship with the sponsors while only one had experience in Vietnam. The D5.8 trillion ($252.4 million) project, comprising the development of a 3-asset wind power portfolio, represented a major step forward in the fast-emerging sector of wind project finance in Vietnam and is set to catalyse further private sector funding from existing and new players into the sector in the future. It is one of the largest wind power projects developed to date in Vietnam and will move the country one step closer to its goal of having 6GW of wind generation capacity by 2030. The creative structuring solutions addressed common shareholding across 3 separate projects, PPA risk mitigation strategies, and the potential for delays in achieving the FIT deadline, as well as innovative project account structures to address the needs of certain institutions. The financing structure attracted international lenders and mobilised long-term US dollar financing at a reasonable cost which was otherwise not available onshore in Vietnam due to legal restrictions and currency availability. Project Lotus, therefore, stood out in contrast to most of the project finance transactions in developing Asia which are sponsor-led club financings. The project provided a replicable model for private sector investments in the country's wind market. The transaction underscored the continuing rise of regional sponsors and their financiers, particularly in the renewables space, and their ability to mobilise the full strength and suite of the regional infrastructure financing and advisory ecosystem.

Social Infrastructure Deal of the Year

New Footscray Hospital PPP

Plenary Health consortium, sponsored by Plenary and Sojitz, made the single largest health infrastructure investment in Victoria to date. The A$1.872 billion ($1.4bn) New Footscray Hospital PPP had Western Health as the public operator of all clinical services and Plenary Health contracted by the Victorian government to finance, design, construct, and maintain the hospital for 25 years following construction completion. The achievement of financial close in March 2021, which began procurement in July 2019, was a testament to the collaborative and pragmatic approach taken by Plenary Health and the state of Victoria to the various challenges posed throughout the process, including the challenges in the debt markets that were presented by Covid-19 during the procurement process. The transaction was the first PPP to close in Australia since the advent of Covid-19 and the pandemic environment required finding solutions to new risks, including the treatment of pandemics. Plenary Health financed the hospital on an 80:20 debt-to-equity basis. Plenary provided about 70% of the equity with Sojitz supplying the remaining 30%. Facilities in the A$1.5 billion debt package had 7-year tenors. Six commercial lenders arranged the primary financing. The debt was sold down to 7 banks. Footscray Hospital is a greenfield development with a 504-bed capacity next to Victoria University's Footscray Park campus and will serve Melbourne's western suburbs. It replaces the ageing Footscray Hospital on Gordon Street that was built in the 1950s. The state government said the new facility was needed to sufficiently cater to Melbourne's western suburbs which are forecast to grow by around 500,000 residents during the next 20 years.

Transport Deal of the Year

Melbourne North East Link (Watsonia-Bulleen Segment) (7KM)

The Melbourne North East Link Central Package PPP was a genuine pathfinder PPP transaction. The Spark consortium is developing the AU$11.1 billion ($8.03bn) PPP portion of the Melbourne North East Link – the largest ever investment in Victoria's road network. The transaction reflected the largest PPP deal to close in Australia and New Zealand, and one of the largest in the world. The innovative delivery structure incorporated collaborative contracting elements under an incentivised target cost (ITC) regime within an availability PPP model (ITC-PPP). The ITC-PPP model will provide the state with an increased level of visibility over costs and timing, which will enable earlier identification of any cost overruns, and a collaborative approach to the resolution of unexpected issues with the project company. The ITC-PPP model reflected a truly innovative and market-leading approach to managing project risk in delivery that may set the blueprint for future mega projects globally. The structure demonstrated a pragmatic response by the project sponsors – these 7 of 9 consortium members provided equity WeBuild, GS Engineering & Construction, CPB Contractors, John Laing, DIF, Pacific Partnerships, and Capella Capital – and industry to work together to develop a risk allocation that reflected market conditions which was ultimately bankable. The financing solution of the Central Package PPP achieved a private debt finance target of AU$4.5bn. The A$4.44bn debt package arranged across 4 tranches attracted 24 lenders including insurance companies. Tenors ranged from 9 year 1 month to 19 year 10 months.

Telecoms Deal of the Year

SATRIA Satellite PPP

SATRIA Satellite PPP – dubbed Project Space Dream – was Indonesia's first multi-functional satellite PPP. The Pasifik Satelit Nusantara (PSN)-led consortium supported the government's goal to provide connectivity to more than 149,000 public service points across the archipelago. The project harnessed satellite-based connectivity to bring significant social and economic benefits to remote parts of Indonesia. Satellite-based connectivity was the only feasible access technology to cost-effectively address these remote locations. Satria has a throughput capacity of 150 billion bits per second (Gbps), three times the capacity of the 9 telecommunication satellites that Indonesia uses. Project Space Dream was a unique transaction that demonstrated the country's robust investment climate for large-scale, innovative telecommunication infrastructure, despite the ongoing global pandemic. The $550 million deal was the most significant and strategic investment in PSN's corporate history, a domestic pioneer, and one of the largest satellite supply contracts for Thales globally. The $436 million debt package attracted 2 development finance institutions and 2 commercial banks including HSBC. The 2-tranche financing package had a 61/39 sweet-and-sour mix, or combination of covered and uncovered facilities, comprising a $267 million Bpifrance-covered syndicated loan and $169 million uncovered facilities. Each facility had a 12-year tenor. It was Asian Infrastructure Investment Bank's first private sector financing in Indonesia and the first satellite financing by AIIB and Korea Development Bank globally. Project Space Dream, sponsored by PSN, Pintar Nusantara Sejahtera, Nusantara Satelit Sejahtera and Dian Semesta Sentosa, was also the first project finance transaction into Indonesia for Santander.

Power Primary Financing Deal of the Year

Shirin CCGT Power Plant (1.5GW) IPP

Acwa Power's Shirin CCGT power plant complex in Uzbekistan was the first large IPP in Central Asia. The project, dubbed Sirdarya 1, was the country's first billion-dollar IPP financed on a project finance basis. It set a new benchmark and allowed the authorities to show that their framework was bankable. The transaction had some of the highest involvement of commercial banks in a private deal in Uzbekistan. The project established a precedent for inter-creditor arrangements between DFIs, MIGA-covered senior lenders and MIGA-covered hedge providers. It was also the first transaction to have an environmental undertaking from the authorities to decommission existing Soviet-era assets. The project benefited from more than half of the debt from a MIGA hedging guarantee which was a premiere in the region. The MIGA hedging guarantee was structured in a unique manner allowing credit spread optimisation and attracting hedging liquidity in emerging markets. The transaction was the first of its kind to secure approval from JP Morgan as an orphan hedge provider to provide interest rate swap with MIGA political risk insurance for IRS. The sponsor worked with JPM on the analysis of taking project risk, financing documentation, and MIGA cover and complied with the hedging ratio requirement under the financing documentation. While traditionally the region has relied on DFI funding for infrastructure projects, the Sirdarya 1 transaction demonstrated significant commercial bank appetite by raising $450 million under a MIGA cover. Financing also comprised a $260 million equity bridge loan from First Abu Dhabi Bank. The 18-year debt package attracted 4 commercial banks and 4 DFIs. Sirdarya 1 was AIIB's first private sector investment in Uzbekistan.

Biomass Deal of the Year

Tahara biomass power plant (112MW)

The 112MW Tahara biomass power plant, sponsored by JFE Engineering, Chubu Electric Power, Toho Gas and Tokyo Century, had project financing for Japan's largest biomass power plant. Biomass power generation is a renewable energy source, whose output is easily adjusted and capable of stably producing power. The sponsors had been actively developing Tahara to serve as a core power source. Biomass power plants can regulate the amount of power output and are not significantly influenced by weather conditions. The project company is importing the wood chips from Vietnam and the US to fuel the plant. A closing, the planned commercial operation date was September 2025. Mizuho and the Development Bank of Japan arranged a roughly $500 million debt package. The power plant will use Valmet's boiler technology, which enables more efficient electricity generation and promotes the effective use of fuel. The plant's estimated annual power output is about 770,000MWh, supplying supply power to 25,000 households. The project will have a positive impact on Japan’s energy transition.

Solar Deal of the Year

TEESS Chinese C&I Solar PV Portfolio (170MW) 2021

The 170MW commercial and industrial solar PV portfolio sponsored by TEESS – a 50/50 joint venture between TotalEnergies and Envision – was the first non-recourse C&I solar project financing in China’s renewable sector. TEESS closed on the first part of a total $80 million non-recourse debt for the solar portfolio. Four French offshore lenders provided a 5-year US dollar denominated loan to an onshore entity under SAFE regulation. Unique debt sizing and structuring considered off-taker counterparty risks and potential fluctuations in retail price. The deal was also the first green financing project in the country within the C&I industry as the structured aligned with principles issued by APAC LMA and certified by an independent ESG agency. The debt financing structure was cost-competitive and can be easily duplicated with the aim to tap into the liquidity of the international lending market during a coordinated syndication process. The funding was structured as a cross-border term loan with swap fully hedging the interest rate and foreign exchange risks. TEESS intends to replicate the green loan structure for the remaining 500MW distributed generation PV projects to be in operation by around 2022. The innovative structure encompassed the complexity of a multi-locational pool of assets and the diversified C&I offtakers from different industries. The structure also provided a new tool of non-recourse portfolio project financing for China’s growing C&I renewable sector.

Offshore Wind Deal of the Year

Zhong Neng Offshore Wind Farm Phase I (298MW)

China Steel and Copenhagen Infrastructure Partners’ 298MW Zhong Neng offshore wind farm was the first offshore wind project in Taiwan to be financed primarily by Taiwanese state-owned and commercial banks, making it a watershed project for the country's offshore wind sector. The transaction signalled an unlocking of a deeper pool of domestic capital for offshore wind projects in Taiwan, which was a welcome development for the large pipeline of projects that support its ambitious path to net zero emissions by 2050. Zhong Neng was China Steel’s entry into the offshore wind market. The NT$45 billion ($1.6 billion) debt package attracted 20 lenders. The debt package had a 20-year tenor and a single tranche in local currency. Taiwanese lenders were happy to participate in Zhong Neng because China Steel was viewed as a strong local player, bolstered by the Ministry of Economic Affairs (MOEA) as its largest shareholder. Zhong Neng had a high localisation requirement that limited the involvement of ECAs, which cover the export of goods and services. The government placed a strong emphasis on local content, which included equipment and components, operations and management, and financial institutions. ECAs were needed to provide risk cover to support commercial bank participation and yet, conversely, the localisation requirements limited the scope for ECA involvement. Zhong Neng overcame that by tapping into a new source of liquidity – state-owned banks.

Winners of the coveted IJGlobal Awards 2021 were:

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