

IJInvestor Awards 2024 – Power & Transmission, North America

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Capital Power's acquisition of 2 contracted combined-cycle US gas generation facilities was awarded Power & Transmission Acquisition of the Year in North America, judges were impressed with the execution of a complicated deal.

One judge said: "Strong results realized through strategic partnership for assets critical to support low-carbon, reliable energy to Arizona and California."

The transaction saw Edmonton-based Capital Power acquire the assets from Beal Financial Corporation subsidiary CSG Investments.

The \$1.1 billion deal established a 50/50 partnership between Capital Power Investments and a BlackRock Diversified Infrastructure affiliate fund to acquire the 1,092MW Harquahala natural gas-fired generation facility in Maricopa County, Arizona.

Under the JV, first announced November 2023, Capital Power and BlackRock are responsible for funding 50% of the cash consideration for the Harquahala Acquisition. Capital Power is responsible for the operations and maintenance and asset management for which it will receive an annual management fee after close.

Additionally, the transaction saw Capital Power take 100% of the equity interests in CXA La Paloma, owner of the 1,062MW La Paloma natural gas-fired generation facility in Kern County, California – the assets valued at an estimated \$680 million.

PEI served as CSG's financial adviser. PEI also played a crucial role in the sale of CSG's Eastern assets to Gate City Power, which is backed by Haslam and Tudor Jones Family Offices. The Eastern assets, which were sold in a different tranche, are Athens and Millennium.

A critical infrastructure asset, the Harquahala plant supports the reliability of Arizona's electricity grid. The company said that the purchase of Harquahala would "add further growth opportunities in the Western Electricity Coordinating Council (WECC) market." The company noted that this opportunity is "particularly attractive given...Phoenix's rapid growth."

Capital Power said the acquisition of La Paloma and the partnership in Harquahala's gas generation assets marks a significant milestone in its strategic growth. These plants are well positioned to bolster our current portfolio and align with our commitment to providing reliable, affordable power solutions that support a balanced approach to the energy transition.

Meanwhile, BlackRock said the acquisition is consistent with its strategy of partnering with high-quality operators to acquire and manage contracted infrastructure that is essential to meet the growing demand for efficient, affordable and reliable energy.

Advisers:

- PEI Global Partners – financial to CSG
- JP Morgan – financial to Capital Power
- TD Securities – financial to Capital Power
- Winston & Strawn – legal to Capital Power
- Simpson Thacher & Bartlett – legal to Capital Power
- White & Case – legal to CSG
- Sidley Austin – legal to GEPIF III Trident
- Norton Rose Fulbright – legal to New Harquahala Generating Company

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