



62,500
879.25
853.53

TAYLOR-DEJONGH

News'nViews

MAY 2010

Taylor-DeJongh's News.....

TDJ AND FINANCIÈRE DE CHAMPLAIN SIGN COOPERATION AGREEMENT

Financière de Champlain (FDC) and Taylor-DeJongh have signed an agreement that encompasses advisory and transaction cooperation across the full range of renewable energy and environmental infrastructure sectors.

TDJ brings to this partnership its expertise in project development, structuring and financing, and FDC adds its expertise in many years of investing in companies with environmental and renewable energy sustainable technologies. Together, the two firms will provide advisory services for the development, structuring and financing (both debt and equity) of renewable energy and environmental projects and companies globally.



Commenting on the cooperation agreement, Nicolas Rochon, Partner at Financière de Champlain said: "This partnership reflects the development strategy of Champlain internationally and in private equity. We are very eager to share our expertise with one of the most recognized U.S. project finance specialists, thus hoping to contribute to the promotion of sustainable development."

TDJ's Chairman & CEO, Terry Newendorp, said: "TDJ has extensive experience in developing and structuring energy projects in the conventional sector, and by virtue of this extraordinary cooperation venture with Financière de Champlain, we are now actively involved in all aspects of the renewable energy market as well: wind, solar, fuel cells and other alternative energy and water projects. By combining TDJ's expertise and skills with an asset manager with over a decade in the environmental and renewable energy industry, we immediately bring "global best practice" talent to our clients."

Selected current transactions in project finance, M&A and corporate finance



OIL & GAS—MIDDLE EAST AND SOUTH AMERICA

TDJ is assisting the shareholders of an oil and gas services company in restructuring its capital, raising new capital and refinancing its assets.



MINING—YEMEN: RECAPITALIZATION OF ZINC PROJECT

TDJ has been selected by ZincOx Resources to advise on the refinancing of the Jabali Project, for which ZincOx has a 52% interest. The scope includes recapitalizing a large scale mining project in Yemen and a rubber grade plant in Belgium. The project is expected to be fully developed within 17 months of refinancing, producing 70,000 tons of zinc oxide per year.

LOUIS BLANCHARD JOINS TDJ

Taylor-DeJongh is pleased to announce that Louis Blanchard has joined the firm as an Associate Director. Mr. Blanchard is working in the oil & gas and renewable energy sectors, and is participating in the firm's business and project development activities globally. In addition, Mr. Blanchard works closely with Financière de Champlain in providing advisory services for renewable energy and environmental projects and companies.



Mr. Blanchard is an investment banker with over seven years of experience specializing in mergers and acquisitions, equity capital markets and project financing for both debt and equity.

I-595 AWARDED DEAL OF THE YEAR

In March 2010, the I-595 Corridor Highway Project was awarded **North American Transport Deal of the Year 2009** by *Project Finance* magazine. Taylor-DeJongh was the financial adviser to the US Department of Transportation's TIFIA lending program on the US\$603.4 million loan, from due diligence and credit review to credit negotiations and financial close. The project is a landmark transaction as it is the first PPP deal to close in Florida and the first availability payment-based concession in the United States.



...And Our Views

ANALYST COMMENTARY (EXCERPT)

Financing Utility-Scale Solar Projects in the United States

Falling module costs and federal subsidies have been pushing the levelized cost of energy (LCOE) for utility-scale solar downward, and large solar projects are becoming competitive with gas-fired peaking plants in the southwest U.S. As utilities focus on meeting state-level Renewable Portfolio Standards (RPS) requirements, the pipeline of utility-scale solar projects under development has expanded significantly.

Without federal incentives, utility-scale solar's LCOE remains higher than that for CCGT, IGCC and coal-fired plants. Solar energy also faces serious cost competition from wind, which has achieved grid-parity. Factors that would make solar energy more competitive include further declines in module costs, a sustained rise in gas prices, and the introduction of a federal RPS or cap and trade legislation. Currently, investor returns in solar projects continue to be driven by temporary government subsidies.

With debt and equity markets still tight, the large pipeline of solar projects may struggle to find willing investors. Some have pointed to private equity to fill the void left by the withdrawal of some tax equity investors. Although PE firms have been financing solar developers who have large cash requirements at the project development stage, they have not been investing in individual projects. The lack of cost-based feed-in-tariffs, which have driven equity returns from utility-scale solar projects in Europe, is one key reason for the observed behavior.

As investors survey their options, key risks include the future of the Treasury cash grant, expiring at the end of 2010; the ITC falling to 10% at the end of 2016; and the uncertain future of the DOE's Temporary Loan Guarantee Program. The DOE's authority to issue Section 1705 guarantees expires September 30, 2011.

The full Analyst Commentary will be available on TDJ's website. To receive a full copy of this and future Commentaries by email, please write to reports@taylor-dejongh.com.

...And Our Views (continued)

PUBLICATIONS

“**Marcellus Reignites Northeast Oil and Gas,**” *Financier Worldwide* energy & utilities e-book, *Powering the World 2010*, February 2010.

“**Government Support for Offshore Wind—What Can the US Learn from Europe?,**” *North American Clean Energy*, forthcoming May/June 2010.

UPCOMING EVENTS

MENA POWER 2010: A Middle East and North Africa Technology and Projects Forum, May 24-26: Jennifer Hara, Vice President, Marketing, will be attending the USTDA-sponsored event to be held in Cairo. More than 30 power projects covering conventional, alternative and interconnection will be presented at the Forum.



SHARING OUR EXPERTISE

Taylor-DeJongh was an exhibitor at **RETECH 2010 (Renewable Energy Technology Conference & Exhibition)**, which drew over 2,500 participants, in Washington, DC in early February. TDJ staff from Washington and Paris discussed with practitioners the key challenges being faced by the renewable energy industry both in the US and abroad.

In March, TDJ was a sponsor and exhibitor of the Infocast **Solar Power Finance & Investment Conference** in San Diego. TDJ CEO Terry Newendorp spoke on the role of private equity in solar, given the challenges of financing solar projects in the US. Also in attendance was TDJ VP William Clark. Hot topics included challenges that both PV and thermal solar companies face in successfully bringing projects to market, government programs to support current project economics, and the continued drive to bring capital costs down.

Jordan-U.S. Investment and Trade Forum: TDJ CEO Terry Newendorp, Director John Sachs and Vice President Paolo Curiel participated in the Jordan-U.S. Investment and Trade Forum in Washington D.C. in April. The event included key Jordanian and American private and public sector leaders, including H.E. Nasser Sunnaa, CEO of Jordan Investment Board (JIB), and H.E. Imad Fakhouri, Minister of Public Development and Mega Projects. Featured topics included renewable energy & green technologies and infrastructure mega projects. TDJ has been a financial advisor to the Government of Jordan and the Aqaba Development Corporation for many years.



Clockwise from top left: TDJ's Terry Newendorp and Laurent Lavigne du Cadet chatting with Craig O'Connor, Director of Renewable Energy & Environmental Exports, U.S. Ex-Im Bank; the RETECH expo floor; TDJ's exhibit.