

Partnership to buy some GDF SUEZ assets in the U.S. for \$3.3bn

Several gas-fired power plants are part of this deal

03/28/2016 by Barry Cassell

Atlas Power Finance LLC, Dynegy Inc., GDF SUEZ Energy North America Inc. (GSENA) and Energy Capital Partners III LLC (ECP III), on March 25 asked the Federal Energy Regulatory Commission (FERC) to approve a transaction by which Atlas Power Finance, a wholly-owned subsidiary of **Atlas Power LLC**, a newly-formed joint venture between Dynegy and ECP III, will purchase GSENA.

Dynegy and ECP III also submitted an application for the approval of a purchase by a subsidiary of ECP III of an approximately 10% interest in Dynegy's common voting shares of stock in order to help fund Dynegy's obligations under the GSENA Acquisition. However, the GSENA Acquisition is not contingent on the commission's approval of the Stock Purchase Transaction. As such, the two applications are being submitted separately.

On Feb. 24, 2016, Atlas Power Finance, a subsidiary of Atlas Power (a newly-formed joint venture between Dynegy and ECP III), entered into an agreement with **International Power S.A.**, a Belgian societe anonyme (or corporation) and indirect subsidiary of **ENGIE S.A.**, for the GSENA Acquisition, which involves the purchase of all of the issued and outstanding stock of GSENA, an indirect subsidiary of ENGIE, for \$3.3bn.

Atlas Power Finance is a wholly-owned subsidiary of Atlas Power, a special purpose entity formed by subsidiaries of Dynegy and ECP III as a joint venture to acquire and own GSENA. Prior to the closing of the GSENA Acquisition, neither Atlas Power nor Atlas Power Finance will own any generation capacity and will not participate in any electric market in any fashion.

GSENA is a Delaware corporation with headquarters in Houston, Texas. GSENA is a wholly-owned indirect subsidiary of ENGIE (f/k/a GDF SUEZ S.A.), a French societe anonyme listed on the Brussels and Paris stock exchanges. Among other things, ENGIE holds ownership interests in a number of energy-related subsidiaries which, internationally, engage in: the production, transmission and distribution of electricity; power marketing; production, transportation and distribution of natural gas; the transport and distribution of liquefied natural gas ("LNG"); and the development and ownership of energy projects. ENGIE's energy-related subsidiaries operate in Europe, North America, South America, Asia, Australia, and the Middle East.

GSENA owns direct and indirect interests in certain energy facilities within the United States, including electricity generation and cogeneration, natural gas and LNG, asset-based trading and origination, and retail energy sales and related services to commercial, industrial, and residential customers.

Among the GSENA assets in the U.S. to be sold in this deal are: **Northeastern Power Co.**, an indirect, wholly owned subsidiary of GSENA, that owns and operates an approximately 62 MW waste coal-fired generation facility located in McAdoo, Pennsylvania, within PJM. **Hopewell Cogeneration Limited Partnership**, an indirect, wholly owned subsidiary of GSENA, owns and operates an approximately 429 MW natural gas-fired cogeneration facility located in Hopewell, Virginia, within the AP South submarket of PJM. **Northeast Energy Associates**, in which GSENA has an

indirect 50% interest, owns and operates a 300 MW natural gas-fired facility near Bellingham, Massachusetts, within the ISO-NE. **NextEra** has operational control of the facility and the output of the Bellingham facility is consistently treated as NextEra controlled generation for purposes of NextEra market power analyses submitted to FERC. **North Jersey Energy Associates**, in which GSENA has an indirect 50% interest, owns and operates a 294 MW (summer seasonal rating) natural gas-fired facility in Sayreville, New Jersey. NextEra has operational control of the facility and consistently treats the output of the facility as NextEra controlled generation for purposes of NextEra market power analyses submitted to FERC. **ANP Bellingham Energy Company LLC**, an indirect, wholly-owned subsidiary of GSENA, owns an approximately 612 MW gas-fired, combined-cycle facility and associated interconnection facilities located in Bellingham, Massachusetts within the ISO-NE.

GSENA will undergo an internal reorganization pursuant to which certain of its subsidiaries that are not being sold to Atlas Power Finance are to be transferred to other ENGIE subsidiaries. For purposes of the commission's review of the GSENA Acquisition, the most relevant aspect of this reorganization is that approximately 1,400 MW of hydroelectric facilities owned by GSENA will be sold to the **Public Sector Pension Investment Board** and are not part of the facilities being acquired by Atlas Power Finance under the GSENA Acquisition.

Additionally, approximately 1,175 MW (summer rating) of owned or controlled capacity is being transferred out of GSENA as part of an internal corporate reorganization before the GSENA Acquisition and will be retained by an ENGIE subsidiary. Completion of this reorganization is a condition of the closing of the GSENA Acquisition.

ABOUT THE AUTHOR

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Barry Cassell is Chief Analyst for *GenerationHub* covering coal and emission controls issues, projects and policy. He has covered the coal and power generation industry for more than 26 years, beginning in November 2011 at *GenerationHub* and prior to that as editor of SNL Energy's *Coal Report*. He was formerly with *Coal Outlook* for 15 years as the publication's editor and contributing writer, and prior to that he was editor of *Coal & Synfuels Technology* and associate editor of *The Energy Report*. He has a bachelor's degree from Central Michigan University.

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