Caithness lines up mezz, preferred equity for 1.8 GW CCGT

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Caithness Energy has lined up mezzanine debt and preferred equity for the 1,850 MW Guernsey Power Station project in Ohio, according to industry sources.

AMP Capital and BlackRock, Inc. are each providing the mezzanine debt and preferred equity, respectively, the sources said.

Morgan Stanley is Caithness Energy’s advisor on the equity raise.

Meanwhile, syndication for the senior debt is expected to reach close this Thursday, the sources noted.

The senior debt, which makes up roughly 60% of the capital structure, comprises a $950 million construction-plus-five-year term loan and a $125 million revolving credit facility. The financing was priced at LIBOR plus 300 basis points and oversubscribed by over two times, it is understood.

Investec is the sole bookrunner, as well as a co-syndication agent on the senior debt alongside Nomura. Industrial and Commercial Bank of China (ICBC), KEB Hana Bank, NH Investment & Securities and Nomura are coordinating lead arrangers.

China Merchants Bank and KB Kookmin Bank are joint lead arrangers.

A portion of Guernsey’s output will be hedged through a five-year revenue put option, as reported. Equinor, formerly known as Statoil, is expected to enter a 10-year natural gas netback agreement with the project.

Officials and spokespersons at Caithness, AMP Capital, BlackRock and the banks either declined to comment or did not respond to requests for comment.

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