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Caithness reaches close on 1.8 GW CCGT project

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Caithness Energy this morning closed the financing of the 1,850 MW Guernsey Power Station project in southeastern Ohio.

The roughly \$1.6 billion financing comprises a \$950 million construction-plus-five-year senior term loan and more than \$600 million of equity, part of which Caithness Energy is filling in with mezzanine debt and preferred equity.

AMP Capital is providing \$300 million of mezzanine debt, while BlackRock has agreed to fund up to some \$280 million of preferred equity, it is understood.

The combined-cycle, natural gas-fired generation project is backed by a five-year revenue put with Morgan Stanley, which was also the sponsor's financial advisor on the equity raise. It also has a 10-year natural gas netback agreement with Equinor.

Investec was the sole bookrunner and a coordinating lead arranger on the senior debt tranche, which also included a \$125 million revolving credit facility. Almost two dozen banks participated in that tranche, which was more than two times oversubscribed.

The credit facilities were priced at LIBOR plus 300 basis points, as reported.

Other coordinating lead arrangers for the senior debt were: Credit Agricole, Industrial and Commercial Bank of China, KEB Hana Bank, NH Investment & Securities and Nomura, which was also a co-syndication agent alongside Investec.

China Merchants Bank, DB Insurance, KB Kookmin Bank, and Societe Generale were the joint lead arrangers.

Kirkland & Ellis was the legal counsel to the lenders, while Morgan Lewis advised the sponsors.

Gemma Power Systems is the engineering, procurement and construction contractor for the project, which will utilize GE 7HA.02 gas turbines.

Spokespersons and officials at Caithness Energy, AMP Capital, BlackRock and the banks either declined to comment or did not immediately respond to requests for comment.

Construction is expected to begin shortly, with commercial operations scheduled for the second half of 2022.

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