

Project Finance Group Of The Year: Akin Gump

By **John Kennedy**

Law360, New York (February 3, 2017, 9:28 PM EST) -- Renewable energy projects are among the most complicated pieces of infrastructure to finance, but it's that complexity that most interests the lawyers at Akin Gump Strauss Hauer & Feld LLP, who worked on more than a dozen of the world's largest renewable projects last year, landing the firm among Law360's 2016 Project Finance Groups of the Year.

Working from nine offices in Europe, the Middle East and across the U.S., Akin Gump's 53 project finance lawyers combined to advise SunPower Corp. on eight solar projects in California and Nevada, Northleaf Capital on investing millions of dollars in a solar and wind portfolio in Texas, and Abu Dhabi Water and Electric Authority and Abu Dhabi Water and Electric Co. on one of the largest solar installations in the Middle East, among other projects, the firm said.

"From the smallest projects in the world to the largest projects in the world, in all corners of the world, our practice ... really covered the waterfront in 2016," said Daniel P. Sinaiko, a partner in the firm's Los Angeles office.

One of the most work-intensive projects the firm tackled was representing SunPower in seven construction and permanent debt financings and eight tax equity financings over nine months, raising more than \$1.6 billion to aid in the development of eight utility-scale solar projects.

Some of the projects involved multiple layers of financing and were "extremely complicated," Sinaiko said, adding that the wide variety of counterparties involved upped the ante, as different strategies were required to reach an agreement.

"That work was very interesting, very challenging and gave us an opportunity to really help our clients achieve key business objectives," Sinaiko said. "We had to give a very broad range of advice for a broad range of issues in terms of trying to maximize value and extract as much as possible for the company."

Edward W. Zaelke, chair of the firm's global project finance practice, also noted how rare it was for a firm to be involved in so many renewable projects at once.

"Doing one or two of these a year would be a lot," Zaelke said. "Having done eight in a year across the



board for SunPower was a massive undertaking and probably our largest undertaking of 2016.”

Akin Gump has also been called upon more and more by private equity groups seeking to invest in solar and wind energy. One such project involved Northleaf, a Toronto-based company that decided to invest in APEX Energy's Texas-based renewable projects at an earlier stage than usual, Zaelke said.

“Normally these pension funds show up and the project's all done and they step in, take a minority interest and clip coupons for 20 years,” Zaelke said. “But the industry's gotten more competitive, so in order to find good deals, you're having to go upstream and having to invest in a project that's not yet built.”

Akin Gump has been working in the project finance industry for decades — it was previously recognized by Law360 as a project finance group of the year in 2012 — and 30 years ago, financing deals didn't involve as many players as they do now, Sinaiko said.

Many lenders are accustomed to being the “top guy” — the one that gets paid first if something goes bad. Now, transactions involve numerous lenders that are used to being at the top, so lawyers have to consider all their concerns and convince the one that's actually at the top that it's necessary to have the others around, said John J. Marciano III, a partner in the firm's D.C. office.

“The transactions are getting more fun from our perspective,” Marciano said, adding that one of the key developments last year was an evolution in the solar and wind industries that helped the deals maintain more structure than in the past — something he attributes to markets growing more comfortable with such deals.

The firm's experience led to it landing a job with ADWEA and ADWEC, which had, for 20 years prior, used a different firm for all power projects, Zaelke said. The contracts haven't been signed yet, he noted, but he said that what was originally going to be a 350-megawatt solar park has since become a more than 1,000-megawatt installation.

“Being immersed in the wind and solar space, knowing the players, certainly gives us a distinct advantage in helping our clients solve their problems,” he said.

Although the firm did work on some nonrenewable energy projects — its Houston lawyers specialize in liquefied natural gas — about 75 to 80 percent of its work is in wind and solar because these energy sources have become a main focus of the U.S. utility industry and the technology is well-established, Zaelke said.

The practice, which has grown in recent years, gets its strength from dedicating itself to the industry, and its focus on renewables allows it to attract lawyers right out of law school, train them and hold on to them, Zaelke said.

“From the most senior person to the youngest lawyer, I think we all feel that it's exciting,” he said. “We're getting some of the most interesting projects in the world in this space and it's all of us, not one of us, that's doing it.”

--Editing by Bruce Goldman.