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CAREY AND OTHERS GUIDE CHILEAN RENEWABLES BUY

DLA Piper, Clifford Chance and Carey guide Chilean renewables buy

Lily Squires

Canada's Innergex Renewable Energy has hired DLA Piper LLP in London and Santiago to acquire Chilean energy group Aela and its portfolio of wind farms from UK investment fund Actis and Irish business Mainstream Renewable Power, a deal worth US$686 million.

The sellers turned to Clifford Chance LLP in London and Carey in Santiago.

The acquisition was agreed on 3 February and is expected to close in the second quarter of 2022. It is subject to regulatory approval by the Chilean antitrust authority Fiscalía Nacional Económica.

Upon closing, Innergex will acquire holding companies Aela Generación and Aela Energía, indirectly purchasing the 332-megawatt portfolio of wind projects.

Aela is a joint venture between Actis and Mainstream. The sellers have stated that this was a planned exit.

The portfolio of assets includes three wind farms that hold two long-term power purchase agreements (PPAs). Under the contracts, the projects sell power to 25 local utility companies. The PPAs expire in 2036 and 2041, respectively.

The acquisition will expand Innergex's Chilean portfolio to a 655-megawatt capacity, including wind, hydro and solar. The newly acquired assets are estimated to generate revenues of US$67 million in the first year after the deal closes.

The Chilean government has set out ambitious national decarbonisation plans, including phasing-out coal-powered energy plants. The Andean nation hopes to achieve net-zero carbon status by 2050.

These sustainable goals have encouraged significant investment in

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the nation's renewable energy sector in recent years. At the end of 2021, renewables group InterEnergy issued US$48 million worth of notes, the first private placement by a portfolio of renewable assets under Chile's distributed generation Pequeños Medios de Generación Distribuida (PMGD) regime. Madrid-based Matrix Renewables raised US$315 million in a financing deal to develop Chilean renewables projects at the end of last year too. Back in October, Swiss private fund manager SUSI Partners acquired a portfolio of solar and wind assets in Chile from local renewables developer Biwo Renovables.

Headquartered in Québec, Innergex operates solar, wind and hydroelectric power plants in Canada, Chile, France and the US. In 2020, it bought a solar farm in northern Chile for US$66 million. Two years prior, Innergex entered the Latin American market when it completed a joint venture partnership with Chilean group Energia Llaima worth US$110 million and acquired a hydroelectric plant for US$210 million.

With US$12 billion worth of assets under management, Actis regularly invests in Latin American infrastructure and renewable energy projects. It agreed to acquire three Brazilian power transmission assets from Portugal's EDP Energias for 1.3 billion reais (US$237 million) back in October. Earlier in 2021, the London-based fund divested Mexican power group Saavi Energia to US investment group Global Infrastructure Partners (GIP), a deal worth some US$275 million.

Mainstream operates in Egypt, Ghana, the Philippines, Senegal, South Africa and Vietnam, as well as Chile. In June, the renewables group obtained a US$178 million loan to build a wind and solar project in Chile. Carey was also involved in that deal.

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Counsel to Aela, Actis and Mainstream Renewable Power

In-house counsel to Aela – Diego Corp

Clifford Chance LLP

Partner Nicholas Hughes and associates Jonathan Dillon, Mayowa Kalesanwo, Sam Monk and Miguel de Seixas Baptista in London

Carey

Partners Claudio Lizana, Manuel Alcalde and Fernando Noriega, and associates Sofia Bobadilla, Manuel José Barros, Daniela Pfeffer, Loreto Ribera, Tomás Hernández, Diego Ibarrola, Valentina Mendoza, Ximena Jirón, Daniela León and Fernanda Valdés in Santiago