

Canadian energy group enters LatAm renewables market

Christina McKeon Frutuoso

26 July 2018

() () () ()

Honorato | Delaveau has helped Chilean energy company Energía Llaima and its Canadian partner Innergex acquire the 140 megawatt Duqueco hydroelectric project for US\$210 million.

Duqueco's sellers, I Squared Capital and Orazul Energy, relied on Larraín y Asociados for the deal, which closed on 5 July.

Innergex and Llaima now own 100% of the hydro project located on the Duqueco river, 60 kilometres east of the Chilean city of Los Angeles. The project involves two dams, which produce 85 megawatts and 55 megawatts of power. Its output is currently sold through fixed price power purchase agreements that will last until 2020.

As part of the deal, holding company Itaú granted a 15-year credit line worth US\$130 million to Energía Llaima for the acquisition. Honorato | Delaveau advised Energía Llaima for the financing, while Spoerer & Valdes is thought to have led the borrower's counsel, but its role could not be confirmed prior to publication. The bank is understood to have relied on in-house counsel.

The deal comes shortly after Innergex bought a 50% stake in Energía Llaima. As part of the tie-up, Innergex promised to contribute US\$90 million toward the purchase of the Duqueco dam. The deal marks the Canadian company's first venture into Latin America.

Counsel to Energía Llaima

For the acquisition

Honorato | Delaveau

Partners José Luis Honorato and Gonzalo Delaveau

For the financing

Honorato | Delaveau

Partner Jose Luis Honorato

Counsel to Duqueco

In-house counsel - Ignacio Herrera

Larraín y Asociados

Partners Arturo Bulnes and Jorge Granic; of counsel Cristián Araya; and associates Teresita Vinagre and Jose Pedro Ruiz

Practice area: Corporate and M&A, Banking & finance

Country: Chile

Industry: Renewable energy