

Chile's Santiago Solar obtains project finance

Wednesday, 19 October 2016 (5 hours ago) by Thomas Muskett-Ford

Larrain y Asociados in Santiago, Philippi Prietocarrizosa Ferrero DU & Uría (Chile) and Linklaters in New York have helped Franco-Chilean renewables company Santiago Solar obtain project finance worth US\$119 million for a 115-megawatt solar plant.

Sumitomo Mitsui Banking Corporation and DNB Bank granted Santiago Solar a syndicated loan worth US\$112 million, turning to Morales & Besa in Santiago and Milbank, Tweed, Hadley & McCloy LLP in New York. The first disbursement is expected to occur before the end of next month.

Banco de Crédito e Inversiones, relying on its in-house team, provided a US\$6 million loan to offset the project's valued added tax costs, as well as two bank guarantees worth US\$1 million to cover potential loan repayment delays.

Linklaters and PPU also advised French power company EDF, which shares its stake in Santiago Solar with Chilean project developer Andes Mining and Energy. French firm BCTG Avocats is also thought to have assisted EDF, but the firm did not confirm counsel prior to publication.

The deal required extensive real estate and environmental work. "It used to be critical to get environmental permits before you looked for finance, but now the process runs parallel with the financings," notes José Miguel Carvajal, who led the Morales & Besa team. The shift in legal work is a result of the tough project deadlines the Chilean government makes concessionaries meet. More than 100 documents were signed on the deal's closing.

Santiago Solar will use the loan's proceeds to build a solar plant north of Chile's capital. The 115-megawatt development will be one of the country's largest plants when finished.

The transaction comes less than a month after EDF bought a 50 per cent stake in Santiago Solar with help from PPU. The French company paid US\$25 million for a 50 per cent stake in the company and agreed to contribute US\$25 million to the construction's financing.

Renewables projects in Chile have taken off in recent years as new technology drastically reduces the developments' price. However, there are growing concerns about future projects' bankability. Some lawyers are particularly preoccupied over the low purchase prices agreed in Chile's latest electric auction. Myriam Barahona, a partner at Morales & Besa, admits that this is something the banks are now talking about. However, she does not discount the possibility of financing projects at such low prices. "It will be very difficult, but will depend on the quality of the project," she says.

Counsel EDF Chile and Santiago Solar

Linklaters

Partner Vijaya Palaniswamy and associates Eamon Nolan, Nathan Santamaria and Cristina Gonzalez in New York

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Partner Roland Estevez and associates Tim Fitzpatrick and Lindsay Hall in New York

Morales & Besa

Partners José Miguel Carvajal, Carlos Silva and Myriam Barahona, and associates Sebastián Leyton, Ignacio Menchaca, Ignacio Delpino, Aldo Cardinali, Isabel Cabeza, María Francisca Estrougo, Nicolás Zegers, and Pedro Pablo Valenzuela in Santiago

This article was updated on 19/10/2016 to include PPU's counsel to Santiago Solar and EDF.

Comments

There are currently no comments.
