

UPDATED : CONSORTIUM STRIKES CAD 1.7BN DEAL FOR ALBERTA TRANSMISSION LINE

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USA & Canada

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UPDATE: This article was updated to give more color on the debt structure.

A consortium including [IST3 Infrastruktur Global](#) will acquire the Alberta PowerLine (APL) from Canadian Utilities and QSI Finance Canada in CAD 1.7bn deal (USD 1.28bn).

The international consortium will acquire up to 100% of APL for approximately CAD 300m and assumption of CAD 1.4bn of debt. Acquirers in the deal include TD Greystone Asset Management, as manager for [Greystone Infrastructure Fund](#) and IST3 Foundation, acting on behalf of IST3 Infrastruktur.

Canadian Utilities (CU) is also offering an opportunity for Indigenous communities along the transmission line route to obtain up to a 40% equity interest in APL. The final ownership mix will be determined upon close of the purchase option for Indigenous communities.

Some of the purchase price will be financed through a private lender's solution advised and arranged by CIBC, according to a source close to the deal.

The transaction is subject to regulatory approvals and expected to close in 4Q19.

Alberta PowerLine is a partnership between Canadian Utilities (80%), an ATCO Company, and Quanta Services Inc (20%), selected in 2014 to design, build, finance, own, operate and maintain the [Fort McMurray West 500kV transmission project](#).

The equity partners will make a 57% return on its investment after collectively investing CAD 190m in the project and getting a CAD 300m equity check in this deal, according to a sellside research note from CIBC Capital Markets. CU earned a bonus payment for completing the project early says the report. Proceeds from this sale plus cash from the recent sale of the company's Canadian thermal power assets are expected to be reinvested into more contracted or regulated utility assets.

The 508-km transmission line, running from Wabamun, Alberta, just west of Edmonton, to Fort McMurray was energized in March 2019, ahead of schedule. CU will remain as the operator of APL over its 35-year contract with the AESO.

The acquiring consortium was advised by CIBC. (exclusive debt advisor and arranger), McCarthy Tétrault (legal), KPMG (tax, financial), Deloitte (financial model), Lummus Consultants

International (technical) and Marsh Canada (insurance). RBC Capital Markets is acting as financial advisor to CU and Quanta Services Inc.

“The acquisition of Alberta PowerLine is a landmark investment for the Greystone Infrastructure Fund. APL is a core, operating asset that will provide stable, contracted long-term income that strongly aligns with our client needs,” said Jeff Mouland, Managing Director & Head of Infrastructure, Infrastructure Investments at TD Greystone Asset Management

As reported, IST3 Infrastruktur Global has advanced to the second round either as a stand-alone bid or with partners, for the acquisition of the Connecticut Service Plazas.

Deal Profile

Fort McMurray West 500kV Transmission Line (Alberta PowerLine) Sale (80% Stake) (2019)

 CANADA | Power | Electricity Transmission | Brownfield

Seller Financial Advisor

Royal Bank of Canada (RBC)

Investor Profile

IST3 Infrastruktur Global FUND

 SWITZERLAND | Unlisted | Open-ended | Equity fund

Greystone Infrastructure Fund FUND

 CANADA | Unlisted | Open-ended | Equity fund

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