

Cate Street Capital and Starwood Energy Close Financing for a 75 Megawatt Biomass Power Project in Berlin, New Hampshire

PORTSMOUTH, N.H. and GREENWICH, Conn., Sept. 14, 2011 /PRNewswire/ -- Cate Street Capital, Inc. ("Cate Street", a national leader in developing green technology companies), and Starwood Energy Group Global, LLC ("Starwood Energy"), a private investment firm focused on energy projects, have closed financing for a \$275 million biomass power plant ("Berlin Station" or the "Project") in Berlin, New Hampshire and will begin construction immediately.

Berlin Station, a 75 MW facility, will sell energy, capacity and Class I Renewable Energy Credits to Public Service Company of New Hampshire under a twenty-year power purchase agreement. The Project has all required permits and approvals to begin construction and is expected to generate power by late 2013. It will create approximately four hundred construction jobs and forty permanent jobs in the economically depressed area, and once complete, is expected to be among the largest and most environmentally advanced biomass energy plants in the Northeast.

Berlin Station benefits from federal New Markets Tax Credits, a US Treasury program aimed at encouraging investment in projects located in economically distressed areas of the country. The large allocation of New Markets Tax Credits to the project demonstrates both the scale of the project and the importance of the economic and social benefits it brings to the region. The project is also eligible for a Section 1603 Grant in Lieu of Investment Tax Credits and will be one of the last biomass projects to be financed under this program.

Construction debt, which will be converted to term debt, is being provided through a \$200 million private placement of senior secured notes. "The Berlin project was an interesting and complicated multi-party transaction that will provide jobs and great benefit to the community," says Ric Abel, managing director, Electric Finance Group, Prudential Capital Group. Prudential Capital Group, a global provider of private capital, is leading a consortium of lenders providing this senior secured debt.

Equity financing for Berlin Station is provided by Cate Street and by Starwood affiliates. Starwood also provided certain debt-financing to the project.

EA Markets, LLC ("EA Markets") a corporate finance and capital markets advisory firm (headquartered in New York, NY), is a financial advisor to Cate Street and co-placement agent of the senior secured notes. EA Markets was responsible for structuring and financing of the Project.

Babcock & Wilcox Construction Co., Inc., a unit of The Babcock & Wilcox Company ("B&W"), will construct the project on a turn-key basis. A subsidiary of Delta Power Services, LLC, a B&W company, will provide operations and maintenance services post-completion. In conjunction with closing, B&W has been issued a full notice to proceed with construction activities.

"This closing represents the culmination of more than 4 years of development work during challenging economic conditions. This is not only a significant milestone for Berlin Station, but also for the state of New Hampshire, particularly Berlin and the North Country," said Cate Street Capital President John Halle. "We are thankful for the strong leadership of Governor John Lynch, DRED Commissioner George Bald, the Executive Council, Senators John Gallus, Jeannie Forrester and Jeb Bradley, and Berlin Mayor Paul Grenier. All of these leaders played key roles in moving Berlin Station forward."

"We are very excited to be a part of this important project for Cate Street and for New Hampshire and applaud the strong community and state support which has enabled this project to move forward. This project, one of the largest biomass power plants in the US Northeast, will bring significant economic and social benefits to the region and will create a sustainable energy infrastructure asset," said Himanshu Saxena, Senior Vice President of Starwood Energy.

The biomass power plant will sit on the Androscoggin River in downtown Berlin on property that was formerly part of the Fraser Papers pulp mill that closed in 2006. The Project will comply with stringent emissions standards and, in comparison with other solid fuel facilities, will emit 75% less NOx, 90% less mercury and 98% less SO2. The Project will consume approximately 750,000 tons of low-grade wood per year, all of which will be sourced through an environmentally responsible wood fuel procurement program, ensuring CO2-neutrality. The Project will support several hundred jobs for foresters, loggers and chippers. Berlin Station is estimated to inject approximately \$25 million annually into New Hampshire's North Country economy.

"Actively supporting and engaging the community is one of our core principles," said Cate Street Capital Senior Vice President Richard Cyr, "which is why we are committed to hiring and buying locally whenever possible, and to supporting many local projects including a river walk along the Androscoggin, an ATV/snowmobile trail, and a parking lot near a community park."

About Cate Street

CATE STREET CAPITAL, INC., ("Cate Street") a national leader in developing green technology companies, is headquartered in Portsmouth, New Hampshire. Cate Street is focused on finding and supporting green technologies and environmentally sustainable projects for a better world. More information can be found at www.catecapital.com.

About Starwood Energy Group

STARWOOD ENERGY GROUP GLOBAL, LLC ("Starwood Energy"), an affiliate of Starwood Capital Group Global, LLC ("Starwood Capital"), is a private equity investment firm based in Greenwich, CT, that specializes in energy infrastructure investments. Founded in 2005, Starwood Energy is an active investor in power generation, renewable energy and high-voltage power transmission projects in North America. Starwood Energy has built and acquired a portfolio of natural gas fired power generation, a portfolio of high-voltage power transmission projects in various phases of development and operations, and a growing portfolio of renewable energy power generation projects. More information can be found at www.starwoodenergygroup.com.

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