

Exelon Sells PE Firm 3 Md. Plants For \$400M To Fund Merger

By **Kelly Rizzetta**

Law360, New York (August 09, 2012, 11:11 PM ET) -- Exelon Corp. struck a \$400 million deal with energy-focused private equity firm Riverstone Holdings LLC, which has agreed to take three coal-fired Maryland power plants off Exelon's hands to facilitate its merger with Baltimore's Constellation Energy Group Inc., Exelon announced Thursday.

The Federal Energy Regulatory Commission, U.S. Department of Justice and Maryland Public Service Commission required Chicago-based Exelon, the nation's top energy provider, to sell off the three plants, collectively known as Maryland Clean Coal, as a condition of the Constellation merger, according to a statement from the power plant heavyweight.

The plants are located in Pasadena and Middle River, Md., and encompass 10 generating units with a combined capacity of more than 2,600 megawatts, Exelon said. The plants will go to a new Riverstone portfolio company, Raven Power Holdings LLC.

"The Maryland Clean Coal plants have an experienced workforce and a strong record of safe and environmentally sound operation," Riverstone co-founders Pierre Lapeyre and David Leuschen said in a Wednesday joint statement. "We are very pleased to be adding these plants to our portfolio."

Since 2008, the three plants — which are fueled using straight coal or some combination of coal, oil and natural gas — have undergone environmental overhauls, including the installation of a new scrubber at the larger Pasadena plant, according to Exelon.

Raven Power has agreed to retain all jobs at the plants and maintain comparable levels of pay and benefits, according to the seller.

The sale, which is subject to approval by FERC and DOJ, is expected to close in the fourth quarter of 2012, Exelon said.

In February, MPSC gave conditional approval to Exelon's \$7.9 billion bid for fellow power producer Constellation. Under the Maryland commission's ruling, which incorporated terms from a settlement the companies reached with Maryland Gov. Martin O'Malley, Constellation's Baltimore Gas & Electric Co. unit would keep its headquarters in the city, provide customer rate credits valued at \$112 million in total and spend another \$113.5 million on energy-efficiency programs and assistance to low-income customers.

The merger would bring an estimated 6,000 new jobs to the state, the companies said at the time.

The companies also agreed to develop 285 to 300 megawatts of new generating capacity in the state by 2022, including some renewable energy capacity, according to the commission's February ruling.

“The sale of [the Maryland Clean Coal] plants marks another important milestone in meeting our merger commitments,” Exelon President and CEO Christopher M. Crane said in a statement Thursday. “Until the divestiture is completed, Exelon will continue to run these plants as we have in the past and in compliance with all regulations, and we look forward to a smooth and successful transition to the new owner.”

Exelon is represented in the Maryland Clean Coal sale by Barbara Shander, John McAleese III, Louis Ballezzi, Jared Zane, Kate Moll-Taylor and Alexandra Freidberg of Morgan, Lewis & Bockius LLP, in addition to financial advisers Citigroup Inc. and Goldman Sachs & Co.

Riverstone is represented by Vinson & Elkins LLP.

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