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Exclusive

Beal Bank touts merchant power appetite

Beal Bank is touting its appetite for big-ticket merchant power plant financings; making it a rarity in an increasingly PPA-focused project finance market.

Merchant power fits the Dallas-based bank's underlying lending criteria, Steve Harvey, executive v.p. at Beal Bank affiliate CSG Investments, tells *SparkSpread*.

"We like durable assets, dirt and iron-type collateral, which a power plant certainly is", he notes.

Beal Bank can write tickets of up to \$700 million per merchant power transaction with tenors of up to 10 years; without syndication or market flex-risk, according to a series of advertisements this week in the *Wall Street Journal*.

The bank's focus is on combined-cycle gas turbine operating merchant plants, for which it will provide refinancing or acquisition finance. Beal Bank will not, however, take construction risk through lending to development projects.

Commenting on the dearth of power purchase agreements, Harvey notes, "It's a challenging time to commit to the long-term sale of power, which creates opportunity for us."

Beal Bank earlier this year provided a \$160 million revolver to MACH Gen, as first reported by SparkSpread on Feb. 9.

Other recent transactions include providing a \$205 million term loan and revolver to Odessa Power last October.

Beal Bank had capital in excess of \$945 million and assets in excess of \$3.8 billion as of March 31, according to its website.

Beal Bank USA, a separately chartered bank affiliate, had total capital of \$1.9 billion as of March 31.

The bank, which is owned by Andy Beal, famously stopped lending during the

height of the last credit cycle, between 2004 and 2007, and subsequently emerged stronger than many of its larger competitors.

“People think that [J.P. Morgan’s CEO] Jamie Dimon is the shrewdest banker in the country, but he’s not: Andy Beal is,” says another source.

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