

Markets

America's Biggest Solar Buyer Is a Firm You've Never Heard Of



Sergio Flores/Bloomberg

by **Brian Eckhouse**
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- ▶ Capital Dynamics combines solar assets with fund management
- ▶ Company agrees to buy solar-farm owner for \$977 million

The biggest buyer of solar farms in America is a company you've probably never heard of.

Meet Capital Dynamics, an asset manager that handles \$15 billion. The firm's been snapping up clean-power plants for years, but it wasn't until this month -- when the company agreed to spend almost \$1 billion on a solar business -- that it really landed on mainstream investors' radar.

Now the firm is being called the harbinger

of things to come, heralding the next generation of solar and wind farm owners: funds backed by institutional investors like pensions. Its agreement this month to buy 8Point3 Energy Partners LP is among the biggest in a recent string of clean-energy deals done by infrastructure funds. They're appeasing their investors, who are hungry for the dependable, long-term returns of renewable energy at a time when public-market interest has waned.

Calling Capital Dynamics "the poster child" for clean-energy infrastructure funds, Bloomberg New Energy Finance analyst Nathan Serota says the firm's success lies in the fact that it predicted clean energy assets would turn from public markets to private ownership before most of its rivals had caught on. The company aggressively pursued assets, and it's not done.

"This is not the end for us," John Breckenridge, New York-based managing director at Capital Dynamics, said in an interview. "We're very acquisitive still."

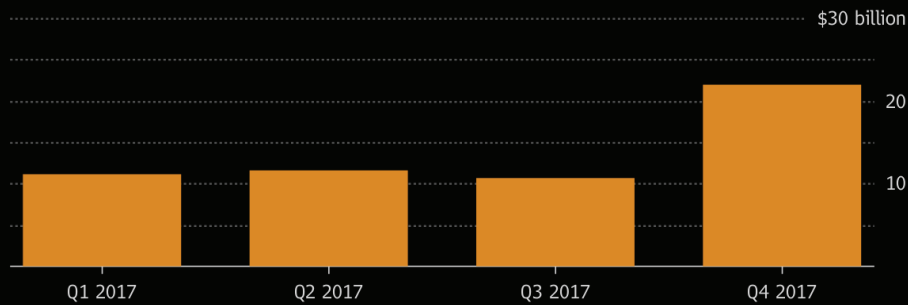
After clinching \$3 billion of clean-power deals last year, Breckenridge said Capital Dynamics is positioned to buy even more. A key part of the firm's strategy hinges on capital from its institutional investors. Such investors like that they can match their long-dated liabilities with the returns of solar and wind farms that can stretch over decades.

Clean-Energy Assets

Another edge that Capital Dynamics has over other asset managers: It has spent years building an in-house team with an expertise in solar and wind farm operations, one that leverages its relationships with tax-equity investors and banks.

Clean-Energy Acquisitions in the Americas

Capital Dynamics announced \$3 billion of renewables deals last year



Source: Bloomberg New Energy Finance

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“They can wrap a string around things and get comfortable with a potential acquisition even if there are a few outstanding items,” said Louise Pesce, a Los Angeles-based banker at Mitsubishi UFJ Financial Group Inc.

Among Capital Dynamics’s clean energy and infrastructure backers are the California State Teachers’ Retirement System and a pension fund for Dutch workers.

Breckenridge said the firm has long believed from the beginning that clean energy was an opportunity for pension funds. “They’re really the right kind of owners,” he said.