

DATE

November 23, 2021

SECTORS

Infrastructure

DEAL TYPE

Debt Advisory & Restructuring

DEAL LOCATIONS



DEAL TEAM



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Director

DC Advisory advised SEEIT on the refinancing of Värtan Gas



Background

- Located and headquartered in Stockholm, Sweden, Värtan Gas AB (VGAB) is the city's independent and regulated gas Distribution System Operator (DSO) with a long history of supplying and distributing gas to the city's population
- The majority of volumes consist of renewable biogas - sourced primarily from the city's wastewater facilities - and are distributed to a diverse customer base in and around the city
- VGAB operates two business units:
 - Gasnätet Stockholm AB (GSAB), the regulated DSO which distributes gas through two networks (city gas and vehicle gas), totalling c.540 km and supported by a 200 tonne storage terminal at Högdalen with 100 MW of regasification capacity, along with another 40 tonne reserve storage facility at Frihamnen
 - Stockholm Gas AB (SGAB), currently the sole gas supplier on the GSAB network
- In October 2020, DC Advisory (DC) advised SDCL Energy Efficient Income Trust (SEEIT) on its acquisition of VGAB share capital
- SEEIT is a listed company that invests exclusively in the energy efficiency sector
- Sustainable Development Capital LLP (SDCL) is the fund manager of SEEIT

Process

- DC was engaged by SEEIT in March 2021 to provide advice on the refinancing of the existing debt package consisting of bank facilities

- DC ran a comprehensive and competitive refinancing process across both bank and institutional funding sources, leading a number of detailed work streams, including:
 - financial modelling & due diligence update;
 - advice on debt structuring;
 - support in full documentation negotiations; and
 - overall process management
- This helped to address a number of key objectives, including:
 - Implementing an investment grade implied steady state financing platform that provides sufficient flexibility and capex funding to enable VGAB to deliver its business plan
 - Locking in favourable pricing and a covenant profile suitable for the stable, mature nature of the business

Outcome

- DC delivered a market leading outcome in meeting VGAB'S refinancing objectives, the primary features of which were:
 - Raising new institutional term facilities across a mix of long-dated tenors, with capex funding secured via a flexible floating rate tranche
 - Negotiating a highly tailored documentation package and covenant suite that ensures flexibility for VGAB to deliver its business plan
 - Securing attractive pricing on the facilities for the long-dated tenors secured, a result of a competitive process with lenders
- The outcome is a flexible financing package with competitive terms designed to facilitate VGAB's business plan