

Energy Group Of The Year: Holland & Knight

By **Morgan Conley**

Law360 (January 24, 2022, 2:03 PM EST) -- Attorneys from the newly combined firm Holland & Knight LLP advised an Exelon Corp. unit through the \$810 million sale of hundreds of U.S. solar facility sites and helped Surge Energy Inc. pick up a significant stake in the Permian Basin for \$420 million, earning the firm a spot among Law360's 2021 Energy Groups of the Year.

The attorneys now in Holland & Knight's energy group shepherded a wide variety of notable matters both before and after the firm merger, finalized in early August, officially brought them all together under one umbrella. Holland & Knight bulked up its oil and gas capabilities by merging with Texas-based Thompson & Knight LLP, creating one of the Lone Star State's largest firms.

The deal with the highest price tag for the firm's energy group last year was its work guiding Exelon Generation Co. through its decision to sell its nearly 600 solar sites nationwide to Brookfield Renewable Partners LP and its institutional partners in an \$810 million deal.

The transaction, which closed in March, marked Exelon Generation's exit from the commercial and industrial solar power space in the U.S. by selling the assets to Brookfield, one of the biggest names in the North American energy sector.

Timothy Moran, who led the Holland & Knight deal team, told Law360 the transaction initially got underway in early 2020, and therefore one of the first major challenges the deal encountered was the COVID-19 pandemic, which "definitely slowed the original schedule to get it done," he said. But eventually, an auction process got underway "that had a tremendous amount of interest" and resulted in the \$810 million deal with Brookfield.

An additional complicated component of the transaction was the extensive tax work that had to be done in connection with the deal, he said. Some of the facilities sold by Exelon had received federal and state tax subsidies while others had not. There were different terms associated with projects that hadn't received certain tax incentives from those that had, Moran explained.

The same month the Exelon matter closed, Houston-based partner Hunter White was celebrating the close of a \$420 million deal he led for Alberta-based client Surge. The transaction, which was finalized March 31, saw a Surge subsidiary acquiring roughly 18,500 net mineral acres of producing properties in



Texas' Permian Basin from Grenadier Energy Partners II LLC.

White said the size and scope of the strategic acquisition naturally made the deal more challenging. He also noted that the Grenadier Energy Partners deal was the first acquisition work the firm had done for Surge.

"And so we were getting to know our client as well in connection with this transaction in an acquisition context," White said. " And since then, we've worked with them on a number of transactions and have enjoyed a very good and strong relationship with them."

Holland & Knight attorneys' accomplishments last year extended well beyond U.S. borders, including a team of energy and tax attorneys advising IPR Energy Group to deploy an innovative financing model and acquisition agreements to acquire the right to explore for and produce oil and gas in Egypt.

The deal required creative and novel solutions to balance the competing objectives of the buyer and seller Pharos Energy PLC, the firm said.

Andrew Derman, a partner in Holland & Knight's Dallas office who leads the firm's international energy practice, quarterbacked the deal team for the transaction. He told Law360 that he found the deal especially interesting because it was structured in a way that IPR paid a small percentage of the overall asking price upfront.

Specifically, IPR agreed to pay roughly \$5 million of the total consideration at closing. The remaining consideration, which is over \$100 million, is paid postclosing and "to a great extent is based on the success of the project," Derman said.

From there IPR and Pharos operate the asset as a joint venture of sorts so that if the buyer is successful, the seller will reap the rewards.

"It opens the door to other transactions where you're trying to marry a seller that is motivated to sell into a market where you just can't put the sign on the door that says 'for sale' and get offers that are at or exceed your expectations," Derman said. "It allows you to perhaps achieve that result with a buyer that is willing to accept the purchase and willing to share the upside but is mitigating its downside risk."

And last year kicked off with the announcement that Finnish energy giant Neste OYJ, a top provider of renewable diesel and sustainable aviation fuel worldwide, finalized its acquisition of a minority stake in Ohio-based chemical recycling technology company Alterra Energy.

Partner Seth Belzley, who is based in both the firm's Denver and Houston offices, led the team of Holland & Knight attorneys that advised Neste in its deal with Alterra.

Belzley told Law360 in an interview that Neste was an early mover in the renewable space and focuses on new technologies geared toward enabling a more circular economy, wherein products are intended to be reused and repurposed.

Acquiring a stake in Alterra was in line with that focus since Alterra developed a proprietary process for taking used plastics, liquefying them and turning them into feedstock that can be used in a chemical or plastics facility in the place of crude oil or other petroleum-derived fuels.

"That, I think, is a very cool part of working for a company like Neste, and particularly in this acquisition, is you see a company that's out there trying to address a real problem that we have right now with plastics," Belzley said.

The Neste deal involved three distinct but related transactions, one being the acquisition that came with a cash infusion for Alterra. The second saw Neste coming on as a partner and as part of the leadership team to help guide the company's future progress. And then lastly, Neste also acquired an exclusive license to use Alterra's proprietary thermochemical liquefaction technology in Europe.

Another notable accomplishment for the Holland & Knight's energy group over the past year has been serving as lead federal regulatory counsel for Orsted North America Inc. as it works to develop seven proposed offshore wind projects in the U.S.

Juan Alcalá, a co-chair of Holland & Knight's energy and natural resources industry sector group, told Law360 that the successes of the firm's energy attorneys over the past year demonstrate the big-picture geographic strength of the practice, pointing to the noteworthy work done both domestically and internationally.

Alcalá highlighted that the firm's combination with Thompson & Knight not only created one of the largest energy practices in the country, but also a team that "covers the entire gamut of energy needs."

"If the end of 2021 was any indication of how things are going to go in 2022, that's, I think, what I'm looking forward to the most, which is that we're just getting started," Alcalá said.

--Editing by Andrew Cohen.