

Press release

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### **Partners Group to acquire Middle River Power and a 1.9 GW portfolio of natural gas power plants in the US**

- The portfolio of assets is operated by Middle River, which has pioneered a strategy of developing on-site battery storage systems at natural gas-fired plants
- Middle River, which is included in the sale, will continue to operate and manage these energy transition-focused assets in California
- The portfolio benefits from thematic tailwinds, including demand growth and the increasing penetration of intermittent renewables

Partners Group, one of the largest firms in the global private markets industry, acting on behalf of its clients, has agreed to acquire a 1.9 GW portfolio of 11 natural gas power plants ("the Portfolio") in California from the Avenue Golden Continuation Fund, L.P., as well as Middle River Power ("Middle River"), the company that operates the assets. The transaction values the Portfolio and Middle River at an enterprise value of USD 2.2 billion.

The Portfolio includes nine simple-cycle peaking facilities and two combined-cycle gas turbine plants with a combined capacity of 1.9 GW. Middle River has pioneered a strategy whereby it develops on-site battery energy storage systems ("BESS") at its existing gas-fired power plants to create Hybrid Energy Centers. The BESS, which are charged by surplus renewable energy from the grid, store energy that can be discharged when needed, reducing the overall carbon footprint of the peakers while enhancing reliability. The creation of these Hybrid Energy Centers has enabled the Portfolio and Middle River to unlock longer-term contracts of up to 15 years with utilities. Middle River also provides asset management services to third party owners of power plants totaling around 4.8 GWs of capacity outside of California.

The Portfolio is set to benefit from thematic tailwinds such as the growing penetration of intermittent renewable sources in the generation mix, which means natural gas-fired plants and BESS are becoming increasingly critical for ensuring grid reliability. Partners Group will leverage its deep experience in building power and renewables platforms to execute a transformational value creation plan for Middle River and the Portfolio. Key initiatives will include constructing new Hybrid Energy Centers, advancing the pipeline of standalone battery projects, optimizing assets technically and commercially, and strategically acquiring add-on plants where Middle River can replicate its hybridization strategy.

Todd Bright, Partner, Co-Head Infrastructure Americas, Partners Group, says: "We identified the Portfolio and Middle River through our development of a 'power transition' thematic, which is focused on making the most out of existing generation assets on the grid to meet growing demand. These assets can serve as anchors for redevelopment through the use of surplus interconnection capacity and other infrastructure in the development of new co-located generation and load. The transformation of the Portfolio into Hybrid Energy Centers is emblematic of this power transition thematic. We look forward to working with Mark Kubow, the Middle River management team, and our operating directors."

Mark Kubow, Chief Executive Officer, Middle River Power, comments: "California is a global leader in driving the clean energy transition, and we expect Middle River to accelerate its contribution towards the state's reliability, affordability, and decarbonization goals. We look forward to our new partnership with Partners Group, which has significant operational experience in building infrastructure platforms, to leverage our existing energy infrastructure to redefine the future of the grid."

Patrick Langan, Managing Director, Infrastructure Americas, Partners Group, adds: "The strategic location of the Portfolio allows Middle River to develop customized product solutions for its utility and community customers. Middle River's hybridization strategy for the Portfolio enhances grid reliability in a cost-effective manner while also decarbonizing the emissions from peaker plants, which count among the hardest emissions to abate. The investment provides tangible value creation from the execution of already contracted hybridizations, with further upside from advancing the development pipeline and further growth initiatives."

Partners Group's Infrastructure business has USD 27 billion in AuM globally.

Partners Group was advised by Davis Polk & Wardwell on the transaction. Guggenheim Securities and Morgan Stanley & Co. LLC acted as financial advisors on the transaction for Avenue Capital Group and Latham & Watkins served as legal counsel.

### **About Partners Group**

Partners Group is one of the largest firms in the global private markets industry, with around 1'800 professionals and over USD 150 billion in overall assets under management globally. The firm has investment programs and custom mandates spanning private equity, private credit, infrastructure, real estate, and royalties. With its heritage in Switzerland and primary presence in the Americas in Colorado, Partners Group is built differently from the rest of the industry. The firm leverages its differentiated culture and its operationally oriented approach to identify attractive investment themes and to transform businesses and assets into market leaders. For more information, please visit [www.partnersgroup.com](http://www.partnersgroup.com) or follow us on [LinkedIn](#).

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