

Project Finance Group Of The Year: Covington

By Xiumei Dong

Law360 (March 8, 2023, 2:02 PM EST) -- Covington & Burling LLP attorneys guided clients through several multibillion-dollar power and utility infrastructure projects and renewable energy investments over the past year, earning the firm a spot among Law360's 2022 Project Finance Groups of the Year.

For one, the firm has led the project financing for a \$12 billion air separation unit, gasification and power joint venture in Saudi Arabia's Jazan Economic City, making it the world's largest facility of its kind.

Covington's project finance group represented ACWA Power and Air Products in the joint venture, which was formed in 2018, according to Agnieszka Klich, a partner at the firm. Klich added that the project entailed the acquisition of assets, risk analysis and financing work that also involved attorneys from other departments at the firm.

"It's a combination of acquisition, development and financing," echoed Robin Mizrahi, also a partner in the firm's project development and finance group. Besides the scale of the project, Mizrahi explained that the financing work was more complex than usual because the assets were already in construction.

"Getting involved in the power sector was relatively new for Air Products. Getting involved in the petrochemical sector was relatively new for ACWA Power," he said. "And both clients were willing to trust us to assist them in a project that is not only large, not only complex, but also has elements that for both clients were relatively new."

According to Graham Vinter, a senior of counsel at the firm, Covington has about seven partners, nine senior lawyers and 20 other lawyers in its project development and finance practice. With clients increasingly interested in energy transition, Vinter noted that had been a growing area for the practice group, where they had taken on several major projects last year.

For example, when Air Products, ACWA Power and NEOM signed an agreement for a \$5 billion world-scale green hydrogen-based ammonia production facility powered by renewable energy, Covington's lawyers landed work in advising ACWA Power. The firm said it counseled ACWA Power regarding the negotiation of engineering, procurement and construction, or EPC, matters; hydrogen offtake; regulatory matters involving green hydrogen; as well as other legal issues that emerged.



The team also worked on the development and financing of the utilities infrastructure for the \$1.5 billion Red Sea Project, which is actually eight different renewable energy infrastructure projects in western Saudi Arabia.

"The fact that there are so many subsets within one project that is bound by a common concession is also quite unusual and interesting," Klich said, highlighting that the Red Sea Project has also been important work for the team because of its social impacts in Saudi Arabia and the "nature of the complexity of a project that is designed to build something from scratch."

Looking ahead, Vinter said he anticipates the project finance group will continue to grow in areas where the clients need help, including the challenges they face in the energy transition.

"We would like to do even more renewables work, offshore wind, hydrogen, batteries," Vinter said. "All of these areas are on our radar, or we're already beginning to do deals in those areas. So I think that's where we see a lot of the activity, and we'd like to help our clients achieve their business goals in those areas."

Another area the firm is watching carefully is nuclear, Vinter added, noting that the firm is already involved in a chemicals investment project with Westinghouse Electric Co. Covington's lawyers have also advised Cameco Corp. in its strategic partnership with Brookfield Renewable Partners **to acquire** Westinghouse Electric in a deal valued at nearly \$7.9 billion.

"We think that's a significant transaction in the nuclear space," Vinter said. "So we're watching nuclear very, very carefully."

--Editing by Daniel King.