power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

JANUARY 8, 2007
VOL. X, NO. 1

Leads Stage Falcon Gas Syndication

WestLB and **Barclays Capital** are set to kick off syndication of a $335 million construction loan for Texas midstream player **Falcon Gas Storage Co**.

(See story, page 3)

Sumitomo Shop Delays Ore. Plant Refi

Perennial Power has pushed back the process of soliciting banks for a loan to refinance a gas-fired plant in Hermiston, Ore.

(See story, page 3)

GOLDMAN, WESTLB LAND LEADS SLOTS ON $1B W.VA. LOAN

Goldman Sachs and WestLB have been tapped to handle roughly $1 billion in project financing to support construction of Longview—a 600 MW coal-fired facility to be developed in Maidsville, W.Va. The firms are expected to launch syndication on behalf of sponsor **GenPower Holdings** as early as this month. GenPower began a search for a lender mid-December (PFR, 12/18). Pricing and terms are still to be hammered out, says one official.

Officials at WestLB and Goldman declined comment. **Thomas Wheble**, director project development at GenPower in Needham, Mass., which is backed by Greenwich, Conn.-based **First Reserve**, did not immediately return a call.

(continued on page 8)

EXELON BOSTON OWNERS ZERO IN ON TWO SUITORS

K-Road Power thinks it's close to landing a buyer for the 3 GW Exelon Boston Generating portfolio. **Barry Sullivan**, vice chairman and coo in New York, says it is in negotiations with two parties aiming to buy the operation, known as **EBG Holdings**, from K-Road and its fellow hedge fund and private equity owners. "We are down to a couple of players that we are talking to," he says, declining to name names or provide a precise timeline. **Lehman Brothers** is handling the asset sale.

"We represent a very interesting play in the Northeast," Sullivan adds, referring to the favorable regulatory ruling in **ISO New England** and the **Federal Energy Regulatory Commission**, which calls for independent power producers such as Exelon Boston (PFR,

(continued on page 8)

EGYPTIAN LNG SEEKS BANKS FOR $600M

The **Spanish Egyptian Gas Company** is looking for a $600 million loan refinancing tied to its 5.5 million tons-per-year liquefied natural gas train in Damietta, west of Port Said in Egypt. The sponsor is looking to mandate lead arrangers as early as this month and is working with its financial advisor, **Royal Bank of Scotland**, a banker says.

Natixis, HSBC and **Standard Chartered Bank**

(continued on page 8)

Check www.iipower.com during the week for breaking news and updates.

At Press Time

Turkey Looks For Developer Bids On $2B Coal Project

The Turkish government is inviting developers to bid for a $2 billion, 1.2 GW lignite-fired generation project in eastern Turkey. Interested parties have been asked to post a $30 million bond as a sign of their commitment to the tender process and submit bids by Jan. 23. A winner will be announced at the half-year point, a banker says. The project is in the Afflin-Elbistan basin which has about 40% of Turkey's lignite resources—some 3.4 billion tons— and 2.8 GW of generation capacity already installed.

Germany's **E.ON** and **RWE**, Italy's **Enel**, as well as **AES Corp.**, **International Power**, **Marubeni Corp.** and domestic power conglomerate **Enka** are all expected to show an interest. Banks are talking to potential bidders with a view to landing advisory and financing roles, notes one market watcher. Calls to the developers' press officers were not immediately returned.

The government is stipulating that no royalty fees for access to the coal supply are payable in the first five years, so as to make construction of the facility economical. But in year six, 50% of the royalties are payable from output sales from the plant and 100% will be payable thereafter for up to 30 years, based on a unit price per kilowatt generated.

As yet no power purchaser has been lined up for the proposed unit, which one observer says may act as a deterrent to banks since a merchant plant of this scale has not been financed for several years and Turkey's economy has suffered some volatility as a result of domestic currency fluctuations.

Bid For Calpine Canadian Unit Underscores Trust Interest

Harbinger Capital Partners' unsolicited C$756 million ($642 million) bid for **Calpine Power Income Fund**, a Canadian power income fund affiliate of **Calpine Corp.**, supports the notion interest is growing in these structures. Strategic and financial players view unit purchases as a quick way to gain control of undervalued assets. Interest in the vehicles, set up to offer tax-efficient returns from generation, has also risen because of an Oct. 31 ruling by the Canadian government that will see them weakened by more onerous taxation (PFR, 11/ 25).

Potential takeover targets include **Clean Power Income Fund** and **Countryside Power Income Fund**, says **Daniel Shteyn**, utility and power research analyst with **Desjardins Securities** in Montreal. Clean Power has been on the block for a year after it sold its biogas business and retained **Scotia Capital** to explore strategic alternatives, he explains, while Countryside Power is mired by a claim from a company it invested in, **U.S. Energy Systems** subsidiary **U.S. Energy Biogas Corp.**, which filed for bankruptcy protection in connection with an $89 million distressed loan. Officials at both companies did not immediately return requests for comment.

In a conference call with analysts, Calgary, Alberta-based Calpine Power said its advisor, **BMO Capital Markets**, had invited an undisclosed number of players into a so-called data room to review confidential financial agreements and contracts in the hope of soliciting bids to rival Harbinger's. The fund has rejected the Harbinger Dec. 20 offer of C$12.25 per unit, deeming it too low.

power finance & risk
The exclusive source for power financing and trading news

Leads Stage Falcon Gas Syndication

Syndication of a $335 million construction loan for Texas midstream player **Falcon Gas Storage Co.** is due to kick off Jan. 11 in Houston via joint leads **WestLB** and **Barclays Capital**. Details of ticket levels, pricing and the number of banks being invited will be fleshed out nearer launch, a deal watcher notes. Officials at the leads either declined to comment or could not be reached.

The financing package for Falcon Gas subsidiary **NorTex Gas Storage** comprises a $280 million, seven-year term loan and a $55 million facility for working capital and so-called contango, in which futures prices rise the further the maturity date is from the spot price.

The leads were considering awarding one or more sub-underwriting roles on the deal (PFR, 12/4), but decided to retain the administration agent, syndication agent and documentation agent roles, adds the source.

Falcon Gas is planning a number of new projects, including a $100 million, 1 bcf expansion of its existing 10 bcf Hill-Lake underground storage facility in Eastland County, Texas; a $175 million, 2 bcf expansion of its 14.5 bcf Worsham-Steed facility and an accompanying 63-mile pipeline to run through the western edge of the Barnett Shale region. A call to ceo **John Hopper** in Houston was not immediately returned.

Gas Pipeline Draws Amsterdam Fund Into U.K. Trading

Energy Capital Management's *MMT Energy Fund* will start trading in U.K. gas three to six months ahead of schedule, spurred on by the new BBL gas pipeline linking the Netherlands and the U.K. "The U.K is the most liquid gas market in Europe, and now it is highly correlated with the Dutch gas market," says **Marcel Melis**, ceo of Energy Capital in Amsterdam.

The BBL pipeline began operating in November and Melis expects it to further integrate the two markets and sees more Dutch utilities with contracts linked to spot gas in the future. The fund originally planned to enter the U.K. in 2008. MMT will also start trading British power by the end of the year and plans to enter into the Nordic market in 2008 once the 800 MW Norned transmission line linking the Netherlands and Scandinavia is complete.

The MMT Fund is a relative value fund trading power its component commodities which opened in October and will close at €100 million ($131 million) in the coming months before reopening later in the year.

Meanwhile, ex-**Scottish Power** market analyst **Shalin Dhir** has joined the fund and the firm in the process of hiring another analyst and trader to its current staff of five in Amsterdam.

Sumitomo Shop Delays Ore. Plant Refi

Perennial Power has pushed back the process of soliciting banks for a $130 million loan to refinance debt attached to a 474 MW gas-fired plant in Hermiston, Ore., until later this quarter. Originally the energy investment unit of **Sumitomo Corporation of America**, which owns the Hermiston Generating Plant in a 50/50-partnership with **PacifiCorp**, was auditioning banks in October (PFR, 10/2). It became sidelined working on a larger undisclosed development deal, according to one observer. Since the interest rate environment has changed slightly, the expectation is that it will issue a fresh RFP.

Perennial wants to wipe out an existing $57 million loan, according to lenders familiar with the deal. The debt only falls on the Perennial stake because PacifiCorp's ownership is in its ratebase. The offtake is split 50/50 between ratebase and a PacifiCorp PPA.

Banks originally in the running were **Credit Suisse**, **Mizuho**, **Sumitomo Mitsui Banking Corp.**, **Union Bank of California** and **WestLB**. Officials at Perennial did not return calls. Perennial had planned to score either fixed-rate financing at comparable Treasuries plus 130 basis points or floating-rate debt at significantly less than LIBOR plus 75. The company likely will look to get a tenor of 10 years to match the PPA the plant has with PacifiCorp until 2016.

The original loan was obtained in 1994 to support construction of the operation.

Perennial acquired a 25% stake in Hermiston in 2002 later pushing its investment to 50%, and became the operator in November 2004.

HSBC Preps Clipper Credit Facility

HSBC is gauging interest in a $100 million short-term working capital facility for wind turbine manufacturer and project developer **Clipper Windpower**. The exact terms of the facility, expected to hit the syndication market by February, could not be learned. An HSBC official declined to comment, as did a Clipper spokeswoman in Carpinteria, Calif.

Clipper's proprietary turbine design, Liberty, is cheaper than many others currently on the market and saw more than 1.4 GW worth of orders in the second half last year. Bankers say there is a lot riding on the success of its turbines, which are set to be put to use by developers such as **FPL Energy** and **BP**. Satisfactory performance will likely lead to more orders, they add.

Lehman, BNP Ready $825M Recap For Northern Star

Northern Star Generation, a holding entity for 1.5 GW of coal and gas generation assets co-owned by **AIG Highstar Capital** and **Ontario Teachers' Pension Fund**, is close to obtaining an $825 million debt package to recapitalize the portfolio of U.S. qualified facilities.

Owners have tapped **BNP Paribas** and **Lehman Brothers** to lead the financing, which is a prelude to AIG's impending sale of its 50% stake in Northern Star via Lehman, as first reported on *PFR's* Web site (PFR, 12/22).

Officials at the leads either declined to comment or did not return calls. **Jack Browder**, president of **Northern Star Generation Services Co.** in Houston declined comment, while **Christopher Lee**, managing director of AIG Highstar and **Jim Leech**, senior v.p. at Ontario Teachers, did not return calls.

Syndication of the debt package is due to launch early next month, following correspondence with rating agencies. The make-up of the debt package is still in flux but is likely to comprise a $325 million term loan B, a $50 million letter of credit facility or revolver for working capital, as well as a $450 million debt offering sometime this quarter. Price talk and details on the tenor of the debt will emerge shortly, and are likely to mirror offtake agreements tied to the assets.

Corporate Strategies

BGE Turns To Securitization To Cover Rate Gap

Bonds backed by rate increases are the best option for **Baltimore Gas and Electric** to make up the difference between the power it buys and the rate limits it faces this year, says **Mark Case**, v.p. for regulatory affairs at parent **Constellation Energy** in Baltimore.

BGE expects to place $630 million in notes, backed by fees charged to customers, in March, Case says. The utility was granted permission to sell $630 million of the bonds after months of negotiating with the **Maryland Public Service Commission**.

At least four underwriters will be selected as the state regulator mandated this minimum to ensure competition and lower fees. **Morgan Stanley** and **RBS Greenwich Capital Markets** worked with BGE during its application and testified on its behalf, but Case says the formal selection of firms is yet to be made. "The most important thing is to find leads that have done this before," he says, declining to elaborate.

Employing the traditional debt and equity mix of utility financing would be a problem for many reasons, which is why the company is going the securitization route, Case explains. BGE is buying power today at high prices but can't yet charge higher rates, due to the 15% cap on 2007 rate increases agreed to last year with the PSC. Short-term borrowings used to cover the difference, up to this point, have lowered BGE's credit ratings, now at BBB. The present securitization plan would result in a higher rating thus cheaper borrowing costs.

"It's a win-win: customers save $143 million and the company begins to improve its credit ratings," says Case, citing a figure representing the additional costs of debt not backed by the rate increases.

BGE's pitch to state legislators in November assumed the bonds would carry a coupon of 5.25%. At the moment, Case says the company is looking at coupons between 4.9% and 5%. Case says the notes will have a range of tenors, and the company will look to find an optimal mix of two-, five-, seven-, and 10-year notes. As far as the customer rate payments backing the bonds, the repayment period will cover 10 years. The company estimates costs to the customers will be around $5.25 per month, with the possibility for slight adjustment every six months.

Leads Prep $700M FPL Wind Syndication

Retail syndication of a $700 million debt package for **FPL Energy** subsidiary **Lone Star Wind** is set to kick off at the end of this month. Sole bookrunner and lead arranger **Bayerische Landesbank** and sub-underwriters **Fortis** and **Mizuho Bank**—each of which took a 25% slug of the loan at financial close on Dec. 19—are aiming to bring in some 15 banks at ticket levels yet to be determined.

Pricing and fees on the original loan and on the portion to be syndicated could not be learned. Officials at the banks either declined to comment or did not return calls, and **Steven Stengel**, a spokesman for FPL, declined to make a treasury official available for comment.

The Juno Beach, Fla.-based development subsidiary of FPL obtained the loan, comprising a 15-year, $600 million variable-rate term loan and a 10-year, $100 million letter-of-credit facility, to repay a portion of its costs associated with the development and construction of 606.5 MW of wind capacity in West Texas.

All three units, 522.5 MW Horse Hollow II and III in Taylor and Nolan Counties, and 84 MW Red Canyon in Borden, Garza and Scurry Counties, have commodity hedges structured by **Barclays Capital** and **Credit Suisse**.

Edison Electric Institute INTERNATIONAL UTILITY CONFERENCE

The EEI International Utility Conference is the premier meeting for global utility financial issues. Utility chief executives, chief financial officers, treasurers, investor relations representatives and analysts and investors from the financial community can meet and exchange information on critical industry issues and competitive strategies.

The agenda includes both general sessions and company visits which provide an opportunity for utility representatives and the financial community to discuss strategies, market and regulatory issues and their potential impact on financial performance and shareholder value.

In cooperation with Eurelectric.

4 – 7 March 2007
London Hilton
22 Park Lane
London,
United Kingdom

For more information visit
www.eei.org/meetings-intl

EEI EDISON ELECTRIC INSTITUTE

701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2696
202-508-5000
www.eei.org

Corporate Strategies (cont'd)

CenterPoint To Redeem Converts

CenterPoint Energy plans to redeem all of its 2.875% convertible senior notes due 2024. "The share price has been going up and we think it will continue to go up," says **Marc Kilbride**, treasurer in Houston.

The power and natural gas transmitter and distributor is exercising the call in the 2003 offering, through which the notes become eligible for conversion Jan. 15. Previously, holders were only able to convert the notes once shares traded above $12.52 for a period of 30 days and did not receive the premium now offered. Although shares have traded above that mark, and are trading there now, Kilbride says none of the $225 million in convertibles have so far been redeemed. Shares reached a 52-week high of $16.87 on Dec. 27 and were at a 52-week low of $11.62 on April 13. There are 312.84 million common shares outstanding.

The redemption price will be $1,000 in cash per initial $1,000 principal plus any interest due to holders Jan. 15. The company, at its discretion, can pay the premium in cash or shares converted at the rate of 79.9 per $1,000. Kilbride says the company has not decided which option it will choose. "In essence we're forcing the holders to convert," says Kilbride, as holders will be left with only the original amount if they chose not to convert.

Kilbride says the company has not decided how it will raise the cash conversions, but that a debt offering is among the options being considered. **Bank of New York** is serving as the redemption agent, a position which it was designated at the time of the convertibles' offering.

Entergy Unit Redeems Debt From Storm Losses

Entergy Mississippi, a unit of **Entergy Corp.**, has redeemed $100 million of 4.35% first-mortgage bonds used to cover repairs in the wake of Hurricane Katrina. The Jackson, Miss.-based utility completed the redemption yesterday, using cash on hand and $81 million in funds provided by the state's **Community Development Block Grant Fund**.

The redemption brings the unit's capital structure back to pre-Katrina levels, notes **Devona Dolliole Greenstone**, spokeswoman in New Orleans, who declined to make a treasury official available. The subsidiary's debt-to-capital ratio was roughly 54:46 at Sept. 30 last year as a result of widespread power outages and infrastructure damage from the storms in the third quarter of 2005.

Entergy Mississippi issued the 4.35%, five-year notes—underwritten by **BNP Paribas** and **Bank One** (now part of **JPMorgan Chase**)—in March 2003 with an intent to meet working capital needs. The paper was set to mature in April next year, but could be called at par without penalty at any time under the terms of the indenture with trustee **Bank of New York**.

The company still has about $5 million of its estimated $107 million storm losses left to repay. It had long-term debt of $795.2 million at Sept. 30, up $100 million from the previous year-end, and $50 million in credit facilities that expire in May this year.

Financing Record (DECEMBER 28-JANUARY 3)

Debt

Issued	Issuer	Business Description	Principal ($M)	Coupon (%)	Type	Maturity	Offered	YTM(%)	Spread to Bench Mark	S&P	Moody's
1/2/07	CLP Power Hong Kong Financing	Special purpose finance co	128.5	4.38	Gtd Mdm-Trm Nts	1/11/17	100	4.38	-	A+	Aa3
1/3/07	Vorarlberger Illwerke	Gas utility	122.4	2.625	Fxd/Straight Bd	11/9/15	100.75	2.53	-10	NR	Aaa

M&A

Announced	Acquiror Name	Acquiror Nation	Target Name	Target Nation	Rank Value of Deal ($M)
12/28/06	BG Group PLC	United Kingdom	Lake Road Power Plant	United States	685
1/2/07	Ashmore Energy Intl Ltd	United States	Promigas SA	Colombia	510
1/2/07	AEP Generating Co	United States	Lawrenceburg Generating Stn	United States	325
12/28/06	UPM-Kymmene Oyj	Finland	Varma-Hydropower Plants(3)	Finland	165.463
12/28/06	Tejoori Ltd	United Kingdom	BEKON Energy Technologies	Germany	7.889
12/28/06	DJ Dorman & Co Inc	United States	Florida Transformer Inc	United States	-
12/28/06	Oresundskraft AB	Sweden	Gota Energi Holding AB	Sweden	-
12/28/06	Kokkolan Voima Oy	Finland	OnePoint Oy-Electricity Trans	Finland	-
1/3/07	RheinEnergie AG	Germany	Rhenag Rheinische Energie AG	Germany	-

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (212) 806-3144.

Weekly Recap

The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

North America

• **Spectra Energy**'s spin-off from **Duke Energy** was completed, and shares began trading on the **New York Stock Exchange** (*Reuters*, 1/3).

• **Public Service Enterprise Group** has agreed to sell the 1.1GW Lawrenceburg Energy Center in southern Indiana to **American Electric Power** for $325 million. PSEG plans on using proceeds from the sale of the natural-gas fired plant and an anticipated $100 million in reduced tax liability to retire debt (*Associated Press*, 1/2).

• The **North Carolina Utilities Commission** has reversed a decision it made this summer and will not order **Duke Energy Carolinas** to share an additional $18 million in bulk-power profits from 2005 and 2006 with its industrial customers (*Charlotte Business Journal*, 12/29) … Duke plans to spend $158 million to increase its stake in unit 1 of the Catawba Nuclear Station in York County, S.C., from 25% to 38% (*Associated Press*, 12/26).

• **Dominion Virginia Power** plans to restart its 63 MW Hopewell, Va., coal-fired plant by May (*McClatchy-Tribune Business News*, 12/28).

• Britain's **BG Group** has agreed to buy the 805 MW Lake Road gas- and oil-fired power plant in Connecticut for $685 million from a consortium of private investors (*Financial Times*, 12/28).

• **McMoRan Exploration** has received final approval from the U.S. Maritime Administration for a $1 billion liquefied natural gas project off Louisiana's coast, including storage caverns in an offshore salt dome. The Main Pass Energy Hub will cost about $500 million (*Associated Press*, 1/4).

• **Calpine Power Income Fund**'s board of trustees recommended unit holders reject a C$831 million ($705.7 million) unsolicited takeover bid from **Harbinger Capital Partners**. The board is soliciting competing bids (*Reuters*, 1/4).

• The **California Energy Commission** has accepted applications from **Starwood Power-Midway** for a proposed $85 million, 120 MW plant and **Bullard Energy Center** for a proposed $170 million, 200 MW peaker. Both natural gas-fired facilities will be located in Fresno (*Central Valley Business Times*, 1/4).

• The scope of **DG Clean Power**'s proposed natural gas-fired peaker in North Billerica, Mass., has grown to a $230 million, 480 MW project from the original $150 million, 340 MW plan (*McClatchy-Tribune Business News*, 1/3).

Asia

• **Alliant Energy** has sold its stake in **Alliant Energy New Zealand** to **Infratil** for about $300 million. Proceeds of $185 million, after closing costs and repayment of an intercompany loan, will be used for general corporate purposes (*Associated Press*, 12/29).

Australia

• **AGL Energy** has made a preliminary approach to rival **Origin Energy** over a potential $13 billion ($10.2 billion) merger. The companies are considering an all-paper merger, with no premium attached, but have yet to finalize a proposal or decide whether to proceed (*Financial Times*, 1/4).

Europe

• Russia's **OAO Gazprom** has reached an agreement with Belarus which more than doubles the price of gas to the country, to $100 per 1,300 cubic yards from $47. In the deal, Gazprom also acquires a 50% stake in the Belarus gas transit monopoly **Beltransgaz** (*Wall Street Journal*, 1/2).

• Kosovo expects to announce the winner of a €3.5 billion ($4.6 billion) energy tender by the end of the year. The project includes construction of a €2.47 billion, 2.1 GW coal-fired power, the overhaul of an existing electricity plant and development of a new lignite mine. The race is down to bids from Germany's **RWE** and **EnBW**, a joint bid by **AES** and Czech firm **CEZ**. Also in the running is a joint bid by Italy's **Enel** and Greece's **Sencapa** (*Reuters*, 1/3).

• **RWE** plans on building a €2 billion, 1.5 GW coal-fired electric generation plant in Hamm, Germany, sharing the construction costs with several municipal utilities who will hold a 23% stake in the operation (*AFX*, 1/3).

• Iran has stopped supplying natural gas to Turkey to meet increasing domestic demand this winter (*Associated Press*, 1/3).

• Hedge fund **Energy Capital Management** plans to start trading in the U.K. and France, and hire a trader and analyst as it expands. Its *MMT Energy Fund* will move into the U.K. natural gas market this year and follow with British electricity contracts (*Bloomberg*, 1/3).

• French authorities will give businessman **François Pinault** a deadline next week by which he must bid for **Suez** or abandon for at least six months his attempt to acquire the French utility's water and waste business. Pinault's **Artémis** group was considered in a statement his week to have declared an interest in bidding for the utility (*Financial Times*, 1/4).

Second Round Bids On Mirant U.S. Due

Mirant has set a Jan. 9 second-round bid deadline for its 3.5 GW U.S. generation portfolio being auctioned by **JPMorgan Chase**. Bidders in the running could not be learned, but are expected to mirror those that made a run at **Constellation Energy Group**'s merchant assets last year, (PFR, 10/10). Most are looking at individual assets, notes one deal watcher, while only a handful is interested in the entire fleet.

A spokeswoman for Mirant, confirmed the company expects to close the sale by mid-2007, but declined to detail the remaining successful buyers in the auction. An official at JPMorgan declined comment.

The generation is geographically diverse, comprising six plants including the partially contracted 518 MW Apex plant in Las Vegas, Nev., and 537 MW Bosque in Laguna Park, Texas—both considered the crown jewels of the portfolio. One unit, a 605 MW gas and oil-fired facility in west Georgia, has about $94.5 million in project debt, but the rest is being offered debt-free.

GOLDMAN, WESTLB

(continued from page 1)

Groundbreaking is slated to begin next month with commercial operation scheduled to being in late 2010. First Reserve is expected to provide the equity for the project. Construction costs for the plant are said to be nearly $2 billion. The remaining funds are expected to be derived from additional debt and equity to be obtained down the road.

GenPower Holdings plans to sell a portion of Longview's output to various parties under intermediate-term PPAs and the remainder into the PJM market on a merchant basis if it does not obtain long-term contracts. *—Mark DeCambre*

EGYPTIAN LNG

(continued from page 1)

are each seeking a role and awaiting information memoranda, expected shortly. Officials at the banks either declined comment or could not be reached. Calls to **Michael Crosland**, an official at RBS in London, were not returned.

The refinancing involves the conversion of a $600 million, five-year recourse loan, inked in 2004, to a 15- or 16-year non-recourse bank loan of the same amount. An additional $350 million loan also is being provided by the **European Investment Bank**.

The $1.3 billion LNG complex has been operational since December 2004 and is one of the world's largest capacity, single-train facilities. LNG from the facility is exported to a receiving terminal at Sagunto City, north of Valencia in Spain. A second, 5.5 million tons-per-year train is under consideration onsite but financing is yet to be finalized.

SEGAS is controlled by a joint venture between Spain's **Union Fenosa** and Italy's **Eni** (80%), and the **Egyptian Natural Gas Holding Co.** (EGAS, 10%) and **Egyptian General Petroleum Corp.** (10%). An official at the midstream sponsor did not return requests for comment. *—Katy Burne*

EXELON BOSTON

(continued from page 1)

3/13) to receive more attractive capacity payments. He notes when K-Road power made its investment in Exelon in 2005, the equity value of the project was in the $100-per-share range and the value reflected in its recent re-structuring translates to about $340 per share. The $2.1 billion recapitalization was recently completed via **Credit Suisse** and **Goldman Sachs**.

The coo says the owners opted for a dual recapitalization and sale process because it saw value in the refinancing for current owners and believed a restructuring would bolster a future sale. "If there was an appropriate [sale] price [before the recap] we were willing to do that, but we also thought there was value in the recapitalization," he explains.

The mix of gas- and oil-fired plants include Fore River, Mystic 8, 9, all 832 MW and the 560 MW Mystic 7. **Exelon Corp.** handed over the plants to creditors three years ago when its investment floundered. Calls to Lehman officials were not returned and Goldman and Credit Suisse executives declined comment. *—M.D.*

Quote Of The Week

"We're essentially forcing holders to convert."—**Marc Kilbride**, *treasurer at* ***CenterPoint Energy*** *describing a offer to redeem convertible shares at a premium holders wouldn't normally receive (see story, page 6).*

One Year Ago In Power Finance & Risk

TXU considered offloading coal-fired plants in ERCOT, after watching rising natural gas prices drive up the value of coal generation and the sale of Coleto Creek by **Sempra Energy** and **Carlyle/Riverstone Holdings** (PFR, 12/19/2005. [TXU CEO **John Wilder** said in a conference call the company was exploring a wide variety of funding ideas for its power growth strategy (PFR, 2/10). TXU decided to keep the four Texas coal plants, instead putting up its 10.3 GW of ERCOT gas-fired generation and 20 bcf in gas storage facilities (PFR, 4/28). The auction was put off indefinitely (PFR, 8/4).]

