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Mitsubishi Talks To Lenders For Mexican Build

Mitsubishi is chatting up lenders to finance a proposed 300 MW cogeneration plant that it has bid into a **PEMEX** tender.

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Invenergy Closes $500M Wind Financing

Invenergy has wrapped a debt and tax equity package supporting the development of three wind farms.

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BABCOCK PREPS U.S. PORTFOLIO SALE

Babcock & Brown is putting on the block a portfolio of U.S. wind projects that could total 500-600 MW. As first reported on *PFR*'s Web site last Thursday, **Marathon Capital** has been retained in the last couple of weeks to handle the sale which is expected to fire up by month-end. Officials at Marathon in Bannockburn, Ill., and Babcock in San Francisco declined to comment.

Already said to be marked for the sale is the 283 MW Gulf Winds farm in Kenedy County, Texas, which came online last week. Additionally, one or more of five other projects in Babcock's 2008 and 2009 development portfolio will be part of the deal:

- 101 MW South Trent in Nolan and Taylor Counties, Texas,
- 79.5 MW Majestic I and Majestic II of undetermined size near Panhandle, Texas,

(continued on page 8)

IDAHO POWER FORESEES BIG BOND NEEDS

Steve Keen

Idaho Power will finance roughly half the cost of two transmission projects totaling up to $1.8 billion though bond offerings. **Steve Keen**, treasurer, says the company tries to maintain a 50:50 debt-to-equity capital structure and the financing will be in line with that.

Banks on its $100 million revolving credit facility will be scoped as potential underwriters. **Wachovia** leads the five-year deal with **Bank of America**, **Keybank**, **JPMorgan**, **Wells Fargo** and six others participating. The utility will provide the remaining funding through net operating revenues and equity issuances and will consider the same pool of lenders for equity mandates, Keen says. He declined to comment on timing. Construction is slated for 2011 and operation between 2012 and 2014.

(continued on page 8)

CAPE WIND, BARCLAYS READY FINANCING

Cape Wind Associates and arranger **Barclays Capital** are gearing up to structure financing as soon as the second quarter for the high profile 420 MW Cape Wind project off the coast of Massachusetts in Nantucket Sound.

Jim Gordon, president, is hopeful final approval will be forthcoming in a month. Last month, the Massachusetts **Department of Environmental Protection** approved the project's underwater transmission cables. Financing for the cable will be included in the total project financing.

Gordon declined to specify the exact cost of the project, but says, "It's north of a billion… Barclays will be spearheading that effort." The developer originally tapped **Lehman Brothers** in 2005 and Barclays inherited the mandate last fall. **Ted Roosevelt**, **IV**, managing director in the investment banking division at Barclays in New York, says the firm is considering several

(continued on page 8)

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

At Press Time

Mitsubishi Talks Financing For PEMEX Pitch

Mitsubishi Corp. is talking to lenders to finance the proposed 300 MW cogeneration plant that it has bid into **PEMEX**'s call for such a facility to power its refinery in Tabasco, Mexico. "We have been talking with the banks to let them know about the scope of the project and we must make the financing arrangements before we submit the proposal," says **Ricardo Hernandez**, v.p. of engineering and planning in the company's Mexico City office. The submission deadline for the tender is April 1 and PEMEX will award a 20-year power purchase agreement in May.

The company has been in discussions with several American, Japanese and European lenders to finance the project, Hernandez notes. Mitsubishi will contribute equity, though he declined to specify details or comment on Mitsubishi's cost or financing estimates. The project is estimated to cost $400-600 million and could use 70-80% debt (PFR, 8/11).

Roughly 20 companies are working on bids for the tender, Hernandez says, including **Duke Energy**, **Endesa**, **General Electric**, **Iberdrola**, **Itochu**, **SUEZ Energia**, **Marubeni**, **Mitsui** and **Siemens**. PEMEX has pushed back the original Dec. 22 submission deadline twice at the request of developers who cite difficult credit markets and a lack of clarity in the request for proposal documents, Hernandez says. **Alberto Elicalde**, v.p. of PEMEX, did not return calls, nor did officials and spokesmen of the companies.

Canadian Developers Preps 90MW Hydro Financing

Toronto-based **Confederation Power** is plotting the debt and equity financing of its 90 MW of hydro projects in northwestern British Columbia. "We've already talked to groups to see how the financing would go," says **Bill Wasson**, president, of discussions with private equity investors and lenders. "Once that [PPA] happens and is in place you just have to re-circle with the guys and proceed."

Confederation has bid the six hydro projects into **B.C. Hydro**'s Clean Power Call (PFR, 7/14) and will look to nail down project financing pending the award of 20-year power purchase agreements in the spring. Wasson declined to comment on project costs, potential investors or plans for projects if it does not receive a PPA.

First Asset Fund, a Toronto-based fund manager, created Confederation to manage several existing wind assets in Canada and develop, own and operate wind and hydro projects. In addition to a 400 MW wind and hydro development pipeline, Confederation has 24 MW of wind online in Nova Scotia including the 17.5 MW Lingan I farm, the 3.6 MW Higgins Mountain I farm and the 2.1 MW Springhill farm. All of the projects have multi-year power purchase agreements with **Nova Scotia Power**. **Karen Wagman**, cfo of First Asset and **Dag Sherman**, spokesman for B.C. Hydro, did not return calls.

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Edison Mission Takes Bank Wind Pitches

Edison Mission Energy is receiving bids from lenders for a club refinancing of a 455 MW five-project wind portfolio. The sponsor aims to wrap the deal by the end of this quarter, say bankers. **BNP Paribas**, **HSH Nordbank, Société Générale, Royal Bank of Scotland** and **WestLB** are looking at the deal, though a complete list of bidders and the amount sought could not be learned.

The company is looking to refinance debt on operating projects and finance construction on others in Minnesota, Nebraska, New Mexico and Texas. The portfolio is a smaller version of a nine-project package the company attempted to finance early last year that included fewer power purchase agreements and **Suzlon** turbines (PFR, 11/3). The size and complexity of the projects and news of problems with the turbines dulled appetite for the deal. Bank officials did not return calls and **Randy Mann**, v.p. of wind development in Irvine, Calif., declined to comment.

Babcock Wind Chief Appointed

Miles George has been named head of **Babcock & Brown Wind Partners** following its split from parent **Babcock & Brown**. George served as ceo of the unit when it was affiliated with B&B.

The new position—which comes with the title managing director and is located in Sydney—follows George's appointment last month as a director of the newly independent BBW and its two units: **Babcock & Brown Partners (Bermuda)** and **Babcock & Brown Wind Partners Services**.

The financial and contractual close of BBW's separation from B&B was completed Dec. 31. **UBS** advised BBW on the transaction (PFR, 12/19). BBW funded the AUD$40 million ($28.25 million) internalization with equity. George and a spokeswoman for the BBW in Sydney could not be reached for comment.

Pair of MDs Exit Credit Suisse

Ray Henger and **Lee Mallett**, managing directors at **Credit Suisse** in New York, have left the bank following its round of 5,300 layoffs last month. Henger was in the power and renewables group where he focused on wind and geothermal as well as client coverage for **NRG Energy** and **Calpine**, while Mallett covered master limited partnerships.

Henger, reached on his cell phone in New York, says of his future plans, "If I were to try and sum it up, it will either be at a private equity shop focused on renewables or the independent generation space… Everybody seems to be shifting that way." Calls to Mallett were not returned.

Henger originally joined **Donaldson, Lufkin & Jenrette** as an analyst in 1998 before it was acquired by Credit Suisse in 2000 and has spent that entire time covering energy. Both were based in New York and reported to **Jamie Welch**, head of global energy. Calls to Welch were not returned.

Enel Lands Wind, Geothermal Tax Equity

Enel North America is near closing on roughly $140 million in tax equity for its 148.5 MW Smoky Hills II wind farm, the first of three deals it plans to close in the next two months. **JPM Capital Corp.**, **New York Life Insurance and Annuity**, **New York Life Insurance** and **Union Bank of California** unit **Bankers Commercial Corp.** are taking stakes and the deal is set to close in the next two weeks.

"The plan is to wrap the two geothermals and Smoky II into one portfolio," says **Mike Storch**, executive v.p. of strategy and development for the Andover, Mass.-based unit of Italy's **Enel**. Following Smoky, tax equity for the combined 50 MW Stillwater and Salt Wells geothermal projects in Nevada (PFR, 8/29) will follow in the next 60 days. Storch declined to specify the total amount of tax equity, noting the numbers have not yet been firmed up.

Smoky Hills II was developed by Enel partner **TradeWind Energy** and uses 99 **General Electric** turbines. It came online just before the end of last year, Storch says.

Canadian Renewable Co. Preps Debt Search

Mike Crawley

Canadian wind developer **AIM PowerGen** will begin talks with lenders in the next two months as it looks to line up around C$60 million ($50.4 million) in debt for three Ontario farms totaling 30 MW. "These are projects with 20-year, government-backed contracts, so there should be people interested in financing them," says **Mike Crawley**, president and ceo in Toronto.

Construction will begin after financing is lined up in the spring for the 10 MW each Harrow I, II and III projects in southwestern Ontario near Detroit, Mich. All qualify for the **Ontario Power Authority**'s Standard Offer Program providing offtake agreements to projects 10 MW or under. The projects have a total cost of around C$80 million, but that could rise to C$100 million if AIM decides to build Harrow IV, which is contingent on interconnections agreements.

"We'll be looking for the most competitive credit spread and reasonable terms on the credit facility as well," Crawley says of the upcoming funding search. Last week, AIM's U.K.-based parent **Renewable Energy Generation** landed a GBP20 million ($30.3 million) revolver with **Halifax Bank of Scotland** for liquidity. Last summer, AIM nailed down C$75 million in a 15-year debt package from **Fortis** for the 40 MW SOP Phase I project (PFR, 7/18).

Swiss Renewable Co. Seeks Equity

Zug, Switzerland-based renewable company **EnergyMixx** is seeking EUR60 million ($81.97 million) in equity to back a 1 GW development pipeline of solar and wind projects in Italy. The company, founded in 2007 by ceo **Artur Dela**, has 400 MW of wind projects ranging from 30-150 MW each and 600 MW of solar photovoltaic projects ranging from 1-7 MW each in development in Italy.

"Italy gives us the best opportunity on returns," Dela says. "Italy is so far behind. It has no nuclear power. It has the highest percentage of coal plants." The pipeline is valued at EUR130 million, but he says the total value should be significantly more once the projects come online. The first solar project is expected to come online this month followed by the first wind farm next year.

It is seeking new investors to provide equity, mezzanine financing and/or corporate bonds after mandating **Deutsche Bank** in October to provide at least EUR500 million in non-recourse project financing for the projects. The bank is providing up to 90% of the financing for the solar projects and 85% of the financing for the wind projects with tenors ranging from eight to 14 years to match the project life.

For the equity portion it is looking to infrastructure funds, private equity houses, high net worth individuals and private banks. It is also interested in Sharia financing, says Dela.

Oncor Readies $350M Transmission Outlay

Oncor Electric Delivery plans to spend $350 million on undisclosed transmission projects this year in North Texas. The Dallas-based company will finance the projects on balance sheet up front and then fold project costs into the rate-base down the line, says **Charles Jenkins**, senior v.p., transmission and system operations. He declined to elaborate further on company plans.

The **Electric Reliability Council of Texas** is reviewing submissions from distribution and transmission companies like Oncor for upgrades to the state grid, which will total $3 billion in the next five years. The **Public Utilities Commission of Texas** has final approval for any transmission project and recovery cost associated with it, generally reviewing project proposals for about one year. Companies recover roughly 8-11% of the total project cost through rate-base cost-recovery, which can last up to 15 years. Texas customers pay a "postage stamp" rate, or a standard across the board for all customers, says a spokeswoman for ERCOT in Austin.

Renewable Advisory Hires MD

NorthWinds Advisors, a financial advisory firm focused on renewables, has hired former banker and **Acciona Energy North America** executive **Sean Rheuben** as managing director to cover M&A, capital raising and strategic advisory. He started in the new position Jan. 2 based in Harrison, N.Y.

"They have a nice pipeline of work," Rheuben says as a reason for joining, noting he was attracted to the small, entrepreneurial nature and because of "the ability to do M&A business, which I haven't done a lot of before." Rheuben reports to managing director **Garth Klimchuk**, who founded the firm in 2005 and cites Rheuben's background in banking and his qualification as a lawyer as advantages.

Rheuben was formerly a manager for project and structured finance at Acciona in Chicago where he worked on the tax equity financing of 180 MW Tatanka wind project in Dickey and McIntosh Counties, N.D., after joining in May. He left the company for personal reasons in September. Previously, he worked as a v.p. across capital markets at **Banc of America** in New York for two years.

Invenergy Wraps $500M Financing Package

Invenergy has closed on roughly $500 million in debt and tax equity from **UniCredit HVB** and a **JPMorgan**-led consortium supporting the development of three wind farms. HVB is set to offload a piece of the deal to another lender this week, say bankers.

The debt package is comprised of three loans with pricing in the mid-200 basis points over prime-rate range (PFR, 11/7). An HVB official declined to comment and the identity of the lender and the details of the financing package could not be learned.

IIF Coastal Winds Investment, an entity advised by JPMorgan, and a consortium of investors including **Union Bank of California** and **Wells Fargo** are tax equity investors on the projects. Bank officials and spokesmen did not return calls or emails.

HVB funded the loan for the 169.5 MW Turkey Track farm in Nolan, Coke and Runnels Counties, Texas, last year and it has been repaid since the project went online last month. The two outstanding loans in the package support the construction of the 72 MW Willow Creek farm in Morrow and Gillam Counties, Ore., and the 112.5 MW High Sheldon farm in Wyoming

County, N.Y. These loans are scheduled to be repaid by the tax equity investors in the first quarter. Willow and Sheldon will go online this month and next month, respectively. **Jim Murphy**, cfo, did not return calls.

MMC Founder To Start Raising For Fund

Karl Miller, founder of **MMC Energy**, will begin fundraising for an energy and infrastructure fund next quarter. He and a group of unnamed executives are finalizing the exact structure now, which will likely be a closed-end master limited partnership fund. "It allows us to have a better debt machine," says Miller, in Wrightsville Beach, N.C. Investors will include pension funds, insurance companies and possibly high-net-worth individuals.

The fund is looking to raise a minimum of $500 million and is targeting distressed power generation, storage and midstream assets in North America. Miller says the group may acquire assets on a leveraged buyout basis pre-fundraising, but it is in no rush. The fund will have a deployment horizon of five years and is targeting returns of at least 20% (PFR, 11/07). "[Investors] know infrastructure is a long term play," he says.

Miller resigned from MMC's board in February and has since been acting as a consultant.

Bay State Muni To Shortlist Renewable Bids

Taunton Municipal Lighting Plant will issue a shortlist of projects in the running for its first call for renewable capacity on Jan. 28.

BlueWave Strategies, **Green Peak Power Manufacturing**, **Horizon Wind Energy**, **Iberdrola Renewables**, **Ice Energy**, **Juwi Solar**, and **TransCanada Power Marketing** are bidding into the tender, which calls for 260,000 MWh of generation from existing or proposed resources and has seen submissions mainly from wind and solar projects, says **Scott Whittemore,** energy supply & planning manager in Taunton, Mass.

Power purchase agreements will be awarded in May. To win, Whittemore says, "The resources would have to show a very good risk profile and a good history of technology implementation… and the pricing component would have to be very competitive." Developers had to provide financing plans and evidence of support from lenders, but a deadline for the projects' operations has not been set. Whittemore declined to specify the pricing threshold for the projects' generation or comment on specific bids. Officials and spokesmen from developers did not return calls.

TMLP will begin contract negotiations with shortlisted bidders in February and PPA lengths will depend on the project's life and the resource. TMLP is looking for renewables to diversify its generation portfolio and prepare for possible state-mandated renewable portfolio standards. It will likely issue more renewable tenders in the future, Whittemore says. The utility serves 35,000 customers in eastern Massachusetts with gas-fired generation accounting for most of its generation capacity.

HSBC Creates Combined Energy Group

HSBC has decided to combine its coverage and product teams in a resources and energy group headed by **Will Rathvon**. Rathvon, who is based in London and was formerly head of project and export finance, landed the new role last month and the bank announced the team underneath him yesterday through an internal memo. The positions are effective immediately.

Eric Lyons, regional head of resources for Europe, has been named head of global power and utilities. **Philip Wolfe**, managing director, has been named global head of oil and gas. **Siobhan Smyth**, who joined as head of renewables from **Royal Bank of Scotland** in September, has been named global head of renewables. The bank has not yet named a global head of metals and mining.

The group heads declined to comment or did not return calls, and a call to a spokesman was not returned.

NY/NJ LNG Developer Scopes Financing

Jersey City, N.J.-based **Excalibur Energy** will debt finance at least 80% of its $760 million, 2.4 billion cubic foot per day LNG import terminal and will line up a financial advisor this quarter. **Roger Whelan**, president and former director at **British Gas**, says of the advisor search, "We'd be looking for someone with experience in structuring and syndication of tolling based pipeline and LNG facilities."

The Liberty Natural Gas terminal, off the coast of Linden, N.J., is scheduled for operation in early 2012. "New York and New Jersey's gas trickles in from some antiquated pipelines… This will be a significant resource," notes Whelan. The company is a 50:50 joint venture between Alberta, Canada-based oil and gas exploration company **Canadian Superior Energy** and Jersey City's **GlobaLNG**, which Whelan describes as private equity vehicle formed by principles at CSE and Excalibur. He declined to provide further detail on GlobaLNG. **Mike Coolen**, president and ceo of CSE, directed calls to Whelan.

Excalibur aims to come to market with long-term, project level syndicated financing this time next year, pending permitting. **Credit Suisse**, **Deutsche Bank** and **ING** are possible candidates for the advisory role, says Whelan, declining to elaborate. Bank officials and spokespeople declined to comment or did not return calls. Additionally, CSE and GlobaLNG will contribute equity to the project he says.

GlobaLNG is in talks with a New Jersey-based utility to purchase the gas for existing and planned projects and market the remaining gas, Whelan explains, adding the companies will announce an agreement next month. CSE will contract roughly 50% of the terminal's capacity to bring its resources from Trinidad to the Northeast market. Excalibur is in talks with several energy companies with operations in the Gulf of Mexico to contract the remaining capacity by the end of the second quarter. Whelan declined to identify the utility or energy companies.

Corporate Strategies

Wis. Electric Pounces On Issuance Window

Jeff West

Milwaukee, Wis.,-based **Wisconsin Electric** moved up a $250 million debenture sale to last month from the first quarter to take advantage of a small reprieve from financial market turmoil. "We thought it was a good idea to do part of our 2009 requirement at what we thought were good prices, given the state of the credit markets and the volatility," says **Jeff West**, cfo at parent **Wisconsin Energy Corp**. The company will look to price another $250 million in debentures in the third quarter as originally planned.

The seven-year notes priced at 6.25% on Dec. 8 and the deal closed Dec. 11. "We were quite happy with the pricing. We thought it was quite reasonable given the market conditions," West says, adding that the tenor was chosen to fit with Wisconsin Electric's debt maturity schedule. The company has historically used debentures instead of secured notes because debentures have fewer restrictions associated with assets, he says.

Proceeds will pay down Wisconsin Electric's $500 million commercial paper program, which had $196 million outstanding at the end of November, West explains. The company uses CP to fund half the costs of an $830 million installation of emissions control equipment at its 1,153 MW coal-fired plant in Oak Creek, Wis., and the development of its $200-$400 million, 100-200 MW Randolph wind farm in Columbia County, Wis. (PFR, 10/6). The projects are set for operation in 2011 and 2010, respectively. Remaining project costs will be funded with equity from net operating revenues.

Banc of America, **Goldman Sachs**, **Morgan Stanley** and **Sun Trust Robinson Humphrey** were joint bookrunners for the deal. "We certainly look for institutions that have good capabilities in the marketplace and we thought that all four of these banks have those capabilities," West says, adding that the banks also participate in the company's $500 million revolving credit facilities. The company will also consider the banks, along with CP placement agents Goldman Sachs and **JPMorgan**, to underwrite future offerings, West explains.

Kiwi Utility Debuts Debt Offering

Genesis Energy, a New Zealand-based utility, has issued its first public bond offering. "We are trying to diversify our funding sources," says **Mark Anderson**, general manger of finance in Auckland.

The two-tranche issue of unsecured, unsubordinated debt consisted of NZD120 million ($70.77 million) in five-year notes priced at 7.25% and NZD105 million of seven-year notes with a 7.65% coupon. "It is really challenging times," says Anderson, noting the company was content with where pricing settled. The deal closed Dec. 23.

The majority of the proceeds will go to pay down a NZD675 million bank facility, from which the company has drawn down NZD375 million. The two-tranche facility consists of a NZD275 tranche which expires in October of this year and a NZD400 million tranche that expires in October of 2011 led by a consortium of banks.

ABN Amro New Zealand was lead manager for the deal. Co-managers were **ABN Amro Craigs**, **ANZ National Bank**, **First New Zealand Capital** and **Forsyth Barr**. They were chosen because of their distribution ability, says Anderson. Its last private placement was in 2006 and it does not plan on coming to the market with a public offering anytime in the near future, Anderson says.

News In Brief

News In Brief 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.

Americas

• Indiana state regulators have approved costs for **Duke Energy**'s $2.35 billion 630 MW integrated gasification combined cycle Edwardsport project in Indiana (*Charlotte Business Journal*, 1/8).

• **Progress Energy** priced an expanded common stock offering and expects to use gross proceeds of about $469 million to pay off short-term debt (*Associated Press*, 1/8).

• The dissolution of the joint venture between **Dynegy** and **LS Power** may halt the development of their $2 billion, 845 MW coal-fired Longleaf plant in Earl County, Georgia (*Atlanta Business Chronicle*, 1/5), but LS Power says it is proceeding with plans to build the $1 billion facility. (*Dothan Eagle*, 1/7). Meanwhile, **Elk Run Associates**, an affiliate of LS Power, has cancelled its proposed $1.3 billion, 750 MW coal-fired Elk Run Energy Station in Waterloo, Iowa, citing the economic crisis as the reason for the pullout (*Associated Press*, 1/7).

• **NRG Energy** shareholders have tendered about 46% of their shares under the ongoing hostile takeover bid from **Exelon Corp**. Exelon has extended the exchange offer until Feb. 25, while NRG says the offer still undervalues the company (*Houston Chronicle*, 1/7).

• **FPL Energy**, a subsidiary of the **FPL Group**, is changing its name to **NextEra Energy Resources** to reflect its focus on clean energy (*South Florida Business Journal*, 1/7).

• **Laidlaw Energy Group** has completed the acquisition of Fraser Paper mill in New Hampshire, where it is developing a 66 MW biomass project (*Business Wire*, 1/5).

• Wind tower manufacturer **DMI Industries** is cutting 20% of its work force due to declining demand from developers (*Associated Press*, 1/5).

• **Progress Energy** has signed an agreement with **Westinghouse Electric** and **The Shaw Group** to design and build two 1,105 MW nuclear reactors in Levy County, Fla., expected to cost about $14 billion (*Associated Press*, 1/5).

Europe

• **EDF** has formally completed its GBP12.5 billion ($18.6 million) purchase of **British Energy** (*New Civil Engineer*, 1/6) and is calling on the British government to declare a need for nuclear projects by year-end, if the company is to launch its first new generation reactor by 2017 (*Financial Times*, 1/5).

• Finnish construction and generation services supplier **Metso** and **Wartsila**, a supplier of power plants, have created joint venture generation company **MW Power**. Metso owns 60% with Wartsila holding the balance (*iStockAnalyst.com*, 1/2).

Asia

• Japanese utility **Kyushu Electric** is seeking to build a JPY540 billion ($5.8 billion) 1,590 MW nuclear reactor by 2019 (*Reuters*, 1/8).

• The government of Indonesia has agreed to a proposal from Japan's **Inpex Holdings** to build a $19.6 billion liquefied natural gas terminal (*Reuters*, 1/8).

• **GDF Suez** has secured $900 million in financing for the Shuwehait 2 generation and desalination project that it is developing with the **Abu Dhabi Water and Electricity Authority** (*Reuters*, 1/6).

• **PT Central Java Power**, a unit of **Sumitomo**, has signed a JPY160 billion ($1.76 billion) contract to build two generators at the Tanjung Jati B plant to increase capacity to 2,640 MW (*Bloomberg*, 1/5).

AES Spanish Solar Debt Not To Be Syndicated

The just-wrapped EUR70 million ($94.61 million) non-recourse debt for **AES Solar Energy**'s five solar photovoltaic projects in Spain will not be syndicated.

Rabobank and **UniCredit Mediocredito Centrale of Italy** provided equal pieces of the term loan priced at 255 basis points over EURIBOR which steps up over the 18-year life of the facility. Most deals are now being held on the books due to the status of the financial markets, notes a European project finance banker. Officials at the banks declined to comment or did not return calls.

The developer is a joint venture between **AES** and **Riverstone Holdings**. Three of the projects are located in Extremadura and two are in Andalucía, says a spokeswoman for AES in London, declining to disclose the size of the projects. All five employ **First Solar** thin film panels and are part of an eight project portfolio. A spokesman for Riverstone in New York declined to make officials available.

BABCOCK PREPS

(continued from page 1)

- 54 MW Butler Ridge in Wisconsin and
- 50 MW Wessington Springs in South Dakota.

Texas projects are increasingly likely to be put on the block, notes one wind development official. "It's not worth keeping the projects [after building them]. It's better to sell them outright," he says. It has become difficult to put a hedge in place for a wind farm in ERCOT because the intermittent generation of Texas' many wind farms is causing higher electricity price fluctuations than in the past, he explains. This has contributed to higher tax equity costs. "The problem is tax equity is so expensive it renders the sponsor economics nil."

Some 1,139 MW of wind projects in the U.S. previously developed by Babcock are now owned by **Babcock and Brown Wind Partners** following the termination of its management agreement with its parent last month (PFR, 12/19).

—Thomas Rains

CAPE WIND

(continued from page 1)

financing strategies, but adds, "I'm reluctant to say we are looking at X,Y or Z… We have ideas and the market will have ideas, but it's premature to get into that level of detail."

The company will look to line up a power purchase agreement following the U.S. **Department of the Interior**'s release of its environmental impact statement, and Gordon adds he would like to have the entire facility operating by 2012. He declined to speculate on whether the project would face more resistance from local bigwig homeowners (PFR, 10/22/04) but notes surveys have shown 80% of citizens want the project built. *—T.R.*

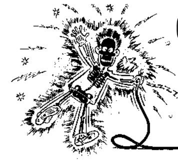
IDAHO POWER

(continued from page 1)

Being developed are Idaho Power's share of the Gateway West transmission line and the Boardman to Hemingway line. The 1,000-mile, 230-500 kV Gateway West line will connect the proposed Hemingway substation in Melba, Idaho, to another proposed substation near Glenrock, Wyo. Another 300-mile, 500 kV line—dubbed B2H—would connect the Hemingway substation to a 585 MW coal-fired plant in Boardman, Ore., owned by **Portland General Electric** (65%), **General Electric Credit Corp**. (15%), **Pacific Northwest Generating** (10%) and Idaho Power (10%).

Keen says the company is in discussions with potential partners for B2H, declining to identify them or specify a timeline for the partnership. Idaho Power is developing Gateway West with **Pacificorp** subsidiary **Rocky Mountain Power**. *—Sara Rosner*

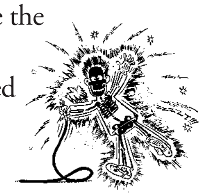
Alternating Current



Close Encounters of A Turbine Kind

An investigation **Dana Scully** and **Fox Mulder** would be all over is in progress at a 300-foot wind turbine owned by energy company **Ecotricity** in Conisholme, Lincholnshire in the U.K.

A 65-foot blade was torn off the turbine after dozens of residents in the area reported seeing flashing, orange-yellow spheres in the sky nearby four hours earlier. An engineer has been on the site since Sunday carrying out an inquiry. Although many UFO conspirators would like to believe the twirling tower had a close encounter of the third kind, the damage could have been caused by a close encounter with ice thrown from a neighboring wind turbine (PFR, 12/14).



So far, the company has not been able to speculate on why the incident occurred and the British **Ministry of Defence** is not looking into the incident….at least that is what they are *saying*. Cue the *X-Files* theme music.

Quote Of The Week

"If I were to try and sum it up, it will either be at a private equity shop focused on renewables or the independent generation space. Everybody seems to be shifting that way,"—**Ray Henger**, *former managing director at* ***Credit Suisse****, on his future employment plans (see story, page 3).*

One Year Ago In Power Finance & Risk

CER Generation, a unit of **Constellation Energy**, was named the stalking horse for **Calpine**'s 774 MW Hillabee Energy Center in Alexander City, Ala. [CER won the auction with a bid of $165 million for the partially completed plant (PFR, 2/8)].