

# power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

JANUARY 17, 2005  
VOL. VIII, NO. 2

## South African Bank To Launch NY Trading Desk

**Standard Bank London** will debut a risk management and energy trading operation in the Big Apple, focusing on oil, coal, gas and structured energy products.

*See story, page 2*

## TransCanada Mulls Quebec Plant Financing

Calgary-based energy holding company **TransCanada Corp.** plans to finance its \$500 million gas-fired cogeneration plant currently under construction in Bécancour, Québec, at the parent company level.

*See story, page 3*

## In The News

Pipeline Co. Takes Out Prospect Debt	3
Wind Developer Seeks Project Funding	3

## Corporate Strategies

Chilean AES Arm Exchanges Notes	4
NRG Replaces High-Rate Debt	4
Xcel Subsidiary Redeems Bonds	4

## Departments

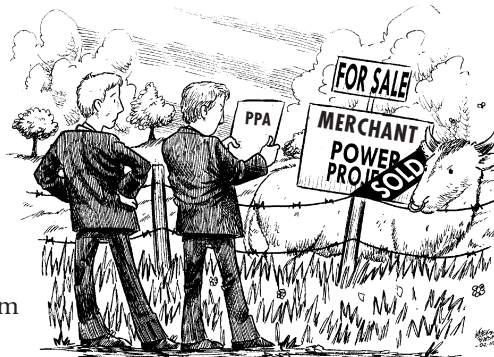
Generation Auction Calendar	5
Financing Record	7

**COPYRIGHT NOTICE:** No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2005 Institutional Investor, Inc. All rights reserved.

For information regarding subscription rates and electronic licenses, please contact Dan Lalor at (212) 224-3045.

## GOLDMAN, MORGAN PREP PPA PUSH TO SPARK MERCHANT PLANT SALES

Some Street firms, with **Goldman Sachs** and **Morgan Stanley** leading the way, are planning to drum up merchant power business by offering to ink power purchase agreements with prospective plant buyers. Underscoring the strategy, the two have separately signed up to purchase some 90 million MW hours of base-load output over the next two or three years from to **Texas Genco Holdings'** coal and gas-fired



*(continued on page 7)*

## BAYCORP TO COMB FOR \$600M FOR LONE STAR PLANT

**BayCorp Holdings** plans to seek \$500-\$600 million in funding to finance a 1,000 MW natural gas-fired plant in Nacogdoches, Texas, about 140 miles south of Houston. The plant will be financed with a combination of project debt and private equity, says **Tony Callendrello**, coo. Lead banks have not been selected, but the company will look to work with lenders experienced in generation financing. The total construction cost could not be ascertained.

The Portsmouth, N.H.-based energy holding company acquired the development rights for the project this month from **Steag Power**, the U.S. development subsidiary of German giant **Steag AG**. Strong demand for generation facilities resulting from the mothballing of

*(continued on page 8)*

## DEVELOPERS WEIGH FUNDING OPTIONS FOR GOLDEN STATE LNG

**Crystal Energy** and partner **Woodside Energy** may decide to tap the project debt mart to finance the \$300 million LNG terminal planned for Clearwater Port, Calif., off the coast of Ventura County. Australia's largest public oil and gas exploration and development company, **Woodside** has agreed to finance 80% of the project and will opt for non-recourse debt for its \$240 million share, rather than funding the facility at the corporate level, if it can obtain funding cheaply, says **Si Garrett**, executive v.p. for Houston-based **Crystal Energy**.

The companies are still in the early stages of considering financing and details have yet to be worked out, says Garrett. **Crystal** and **Woodside** would like to work with banks that have

*(continued on page 8)*

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.



## At Press Time

## South African Bank To Debut Big Apple Trading Desk

**Standard Bank London** is preparing to launch an energy risk management and trading desk in New York in support of its regional development. The Johannesburg-based financial institution formed an energy finance group in New York just over a year ago, and with the growth of its client base, the group wants to establish a trading desk to provide hedging for its U.S. lending activities, says **David Knox**, head of the energy group in London. The desk, which Standard hopes to have in place by the end of the first quarter, will trade in energy commodities including oil, gas and coal, along with structured energy products.

The bank is in late-stage talks with an experienced trader to join the desk and will likely hire a handful of marketers in New York, says Knox. Standard Bank would be the first South African bank to form an energy trading desk in the U.S., says **Michael Gresty**, an analyst with **Deutsche Bank** in Johannesburg. South African banks are particularly well-suited to trade energy commodities because of the abundance of oil, gas and coal reserves in the country, he comments.

Standard made an initial push into gas trading and marketing in 2003 with hires in its London office, as part of an effort to fill the vacuum left by U.S. merchant companies pulling out of the European market (PFR, 4/28/03).

The desk will complement the commodity trading efforts Standard already has in place in South Africa, including crude oil and refined products, electricity, coal, natural gas and carbon credits, Gresty says.

The move by Standard Bank to launch a New York operation will also enable it to compete with European and U.S. banks that have commodity trading capabilities, Gresty says. "There are not many things that South African banks can do better than First World countries, but commodity trading is one of them," he says.

Standard Bank joins a litany of firms that have recently launched energy trading operations in New York, including **Credit Suisse First Boston** (PFR, 12/10) and **First New York** (PFR, 6/20).

### Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? As we enter our 24th year of providing breaking news to the fixed income community, the staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or [mdecambre@iinews.com](mailto:mdecambre@iinews.com).

## power finance & risk

The exclusive source for power financing and trading news

### EDITORIAL

**TOM LAMONT**  
Editor

**STEVE MURRAY**  
Deputy Editor

**PETER THOMPSON**  
Executive Editor [Chicago]  
(773) 525-6978

**MARK DeCAMBRE**  
Managing Editor  
(212) 224-3293

**CHRISTINE BUURMA**  
Reporter [New York]  
(212) 224-3116

**JEREMY CARTER**  
London Bureau Chief  
(44-20) 7303-1753

**ARADHNA DAYAL**  
Hong Kong Bureau Chief  
(852) 2912-8009

**STANLEY WILSON**  
Washington Bureau Chief  
(202) 393-0728

**JANA BRENNING, KIERON BLACK**  
Sketch Artists

### PRODUCTION

**DANY PEÑA**  
Director

**LYNETTE STOCK, DEBORAH ZAKEN**  
Managers

**MICHELLE TOM, ILIJA MILADINOV, MELISSA ENSMINGER, BRIAN STONE, THEO BILL**  
Associates

**JENNY LO**  
Web Production & Design Manager

**MARIA JODICE**  
Advertising Production Manager  
(212) 224-3267

### ADVERTISING

**ERIK VANDERKOLK**  
Group Publisher, Advertising Sales  
(212) 224-3179  
[evanderkolk@institutionalinvestor.com](mailto:evanderkolk@institutionalinvestor.com)

**MIKE McCAFFERY**  
Online Publisher  
(212) 224-3534  
[mmccaffery@iinews.com](mailto:mmccaffery@iinews.com)

**PAT BERTUCCI, MAGGIE DIAZ, TAMARA WARD**  
Associate Publishers

**JENNIFER FIGUEROA**  
Media Kits  
(212) 224-3895

### PUBLISHING

**ELAYNE GLICK**  
Publisher  
(212) 224-3069

**BRIAN McTIGUE**  
Marketing Manager  
(212) 224-3522

**DAVID HOM**  
Associate Marketing Manager  
(212) 224-3896

**JON BENTLEY**  
European Marketing Manager [London]  
(44-20) 7779-8023

**VINCENT YESENOSKY**  
Senior Fulfillment Manager  
(212) 224-3096

### SUBSCRIPTIONS/ELECTRONIC LICENSES

One year - \$2,545 (in Canada add \$30 postage, others outside U.S. add \$75).

**DAN LALOR**  
Director of Sales  
(212) 224-3045

**THOMAS GANNAGE-STEWART**  
Account Executive [London]  
(44-20) 7779-8998

**SABEENA NAYYAR**  
Account Executive [Hong Kong]  
(852) 2842-6929

**GEORGE WITTMAN**  
Client Development Manager  
(212) 224-3019

### REPRINTS

**AJANI MALIK**  
Reprint Manager (212) 224-3205  
[amalik@iinvestor.net](mailto:amalik@iinvestor.net)

### CORPORATE

**CHRISTOPHER BROWN**  
Chief Executive Officer

**DAVID E. ANTIN**  
Director of Finance and Operations

**ROBERT TONCHUK**  
Director of Central Fulfillment

**Customer Service:** PO Box 5016, Brentwood, TN 37024-5016.  
Tel: 1-800-715-9195. Fax: 1-615-377-0525  
UK: 44 20 7779 8704  
Hong Kong: 852 2842 6950  
E-mail: [customerservice@iinews.com](mailto:customerservice@iinews.com)

**Editorial Offices:** 225 Park Avenue South, New York, NY 10003.  
Tel: 1-212-224-3293  
Email: [mdecambre@iinews.com](mailto:mdecambre@iinews.com)

**Power Finance & Risk** is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

**Power Finance & Risk** ©2005 Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

**Institutional Investor NEWS**  
INTELLIGENCE FIRST

## Pipeline Co. Settles Up Prospect Street Debt

**Gas Solutions**, a White Oak, Tex.-based pipeline and gas processing company, has signed a \$12.5 million term loan to repay a debt the company owes to **Prospect Energy Corp.**, the New York-based investment firm that acquired Gas Solutions for \$30 million in September.

Gas Solutions sought a loan because Prospect is required under **Securities and Exchange Commission** regulations to reduce the amount of capital it has invested in Gas Solutions, says **John Barry**, chairman and ceo of Prospect Energy.

Because the SEC does not allow investment firms such as Prospect to invest more than 25% of their assets in a single company, Gas Solutions entered into the loan to repay some of the capital Prospect invested when it was acquired, says Barry. In this way, Gas Solutions can use Prospect's \$30 million investment and still conform to SEC rules by repaying a portion of the investment with the loan.

\$9.3 million of the loan proceeds will be used to repay the debt owed to prospect, and the remainder will be used for working capital. The loan was priced at 225 basis points and matures in 2010. **First American Bank** was chosen to lead the financing based on an existing relationship with Gas Solutions.

Prospect focuses on investing mezzanine debt and equity into energy-related companies. The firm was formed last summer as an arm of private equity firm **Prospect Street Ventures** (PFR, 7/11).

## Wash. Wind Builder Hunts For Ore. Project Funding

**Columbia Energy Partners**, an independent wind project developer based in La Center, Wash., is looking to obtain \$150 million in financing to fund a 104 MW wind farm in northern Oregon. The



*Columbia Site*

project will be financed with a combination of project debt and outside equity, says **Chris Crowley**, president and founder.

Columbia is in the final stages of negotiating a power purchase agreement with Portland-

based utility **PacifiCorp** and hopes to complete financing shortly after the PPA is hammered out, Crowley says. PacifiCorp signed a tentative agreement with Columbia in November as part of the utility's plans to acquire up to 1,400 MW of renewable energy in the next 120 years. Since all the requisite permits for the wind farm have been obtained, Columbia hopes to complete the facility by

yearend, before the federal tax credits for wind farms expire. It needs the credits to make the project financially viable, explains Crowley.

At this point, Columbia Energy is in talks with a major bank, which Crowley declined to identify. The developer is looking to work with a bank that has substantial experience in providing financing for wind farms, says Crowley. The structure of the debt has not yet been decided.

Some of the equity invested in the project will come from the **Confederated Tribes of the Umatilla Indian Reservation**, which wants to invest in the wind farm in exchange for a stake in the facility. A large part of the reservation's motivation is to reduce its reliance on a nearby hydroelectric facility, which it says is killing indigenous salmon. The details of the reservation's investment have yet to be finalized, Crowley says.

## TransCanada Goes Parental On Financing

**TransCanada Corp.** plans on financing a \$500 million gas-fired cogeneration plant currently under construction in Bécancour, Québec, at the parent company level. Project-specific debt will not be issued, says **Matthew Held**, project director at the Calgary-based energy holding company.

Held declined to provide additional details on the financing, saying they have yet to be determined. The funding for the project will come out of the company's annual capital expenditures. The Bécancour facility, which received government approval in July, will supply its entire power output to **Hydro-Québec Distribution**, a Montreal utility, under a 20-year power purchase agreement. TransCanada expects the plant to come on line in September 2006.

## European Banks Prep Emissions Products

**Rabobank** and **Fortis Bank** are planning to market structured emissions trades to corporates operating under the E.U. emissions allowances scheme, which launched at the start of the month. The Low Countries houses will also run spot and forward trading in emissions allowances alongside their structured offering. Officials say increasing the liquidity of these underlying allowances will be crucial to any structuring business.

**Claire Byers**, manager in environmental products at Fortis Bank in Amsterdam, says she is working with the commodities desk on cross-asset class products, but the bank has not yet come to the market with any structured emissions instruments. "These are things that are very much in the pipeline," she says.

**Louis Redshaw**, head of environmental markets at **Barclays Capital** in London, says bespoke trades combining emissions with other commodity products could be interesting, particularly for small emissions producers.



## Corporate Strategies

### NRG Wipes Out Pricey Debt Via Converts

NRG Energy has completed a \$420 million sale of convertible preferred stock in a private placement to pay down high-yield debt. Proceeds will be used to pay down \$406 million of notes priced at 108 and carrying an 8% coupon. The notes, which total \$3.45 billion and mature in 2010, were issued as part of NRG's bankruptcy proceedings, says **George Schaefer**, treasurer in Princeton, N.J.

The IPP wanted to pay down its highest-rate debt, which was replaced with a \$950 million facility (PFR, 11/12), in the wake of its emergence from Chapter 11. The refinancing comes as a result of the ramp up in the natural gas prices over the past several months, which in turn has bolstered cash flow.

The preferred shares are convertible into NRG common stock at \$40 per share, or a 24.5% premium to NRG's closing stock price on Dec. 14. After five years, the preferred shares are callable at par plus accrued and unpaid dividends. Schaefer declined to disclose the banks that led the deal.

The additional liquidity provided by the converts freed up cash which had been restricted under the company's debt agreements. With the freed-up cash, NRG repurchased shares held by one of the IPP's major investors, **MatlinPatterson Global Advisers**, which held registration rights restricting the company's ability to issue stock publicly, says Schaefer. The company's repurchase of 13 million shares, at a cost of \$405 million, cut the New York-based private equity fund's ownership to 10% from about 21%.

### Chilean AES Unit To Swap \$400M In Private Bonds

AES Gener, a utility subsidiary of AES Corp. in Santiago, Chile, is offering to exchange \$400 million in privately placed, unregistered notes for the same amount in registered notes. The utility originally went private in order to circumvent the lengthy and stringent **Securities and Exchange Commission** regulations placed on issuers outside the U.S., says a finance official at the company.

Since privately placed bonds have a limited universe of buyers in the secondary market, the bonds' indenture agreement states that AES Gener must subsequently offer to exchange the unregistered notes or pay the bondholders a higher interest rate, says the official, who declined to specify the higher rate.

The unregistered notes, which were themselves issued to replace existing higher-rate debt due 2006 and 2008, carry a 7.50% coupon and are due 2014. The registered notes will offer a similar coupon and maturity, says the official.

**Deutsche Bank**, which issued the unregistered notes, is

leading the exchange offer. Deutsche Bank was selected to run the deal based of its familiarity with the Chilean market, says the official.

### Colo. Utility Buys Back Bonds Ahead Of Rate Moves



*George Tyson*

analyst with **Fitch Ratings** in New York.

**George Tyson**, v.p. and treasurer at parent **Xcel Energy**, declined to provide details on the redemption other than to the say it is related to the Colorado Least-Cost Resource plan—a long-term planning document that Public Service Company was required to file in 2003 to address the state's energy needs.

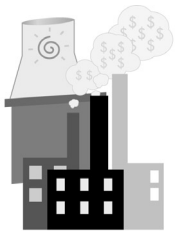
The least-cost resource initiative details the company's plan to acquire new generating capacity through an RFP for 500 MW and through the construction of a \$1.3 billion, 750 MW coal-fired plant in Pueblo, which the utility funded with a combination of debt and equity (PFR, 9/17).

The notes carried a 7.25% coupon and were slated to mature in January 2024. They were repurchased at 102.58. **Merrill Lynch** and **Credit Suisse First Boston**, which issued the notes in 1994, led the tender offer. They were rated **Aaa** by **Moody's Investors Service** and **AAA** by **Fitch Ratings** and **Standard & Poor's**.

## Get your Company EXPOSED!

See how newsletter reprints can increase your PR and sales effectiveness – and enhance your Web marketing efforts!

Call Ajani Malik in New York at 212-224-3205  
or e-mail [amalik@iinvestor.net](mailto:amalik@iinvestor.net)



## Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Mark DeCambre, managing editor, at (212) 224-3293 or e-mail [mdecambre@iinews.com](mailto:mdecambre@iinews.com).

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention To Sell.
BNP -led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Tied up by Worenklein Group.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Has Agreed Sale To ScottishPower.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Duke Energy North America	Grays Harbor (in construction)	Wash.	650	Gas	Ongoing.	
	Deming Energy (in construction)	N.M.	570	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking To Exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due.
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif.	48	Gas		
El Paso North America (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Has Sold Majority Of QF Portfolio To ArcLight.
	Prime	N.J.	66 (50%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	Dresdner Kleinworth Wasserstein	Sold To Hidroelectrica Guardia Vieja For \$174 Million.
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April. Looking To Exit Generation Business.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention To Sell.
	Crockett	Calif.	240 (24%)	Gas	None	

## Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil		Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
EPRL	Glanford	U.K.	14	Poultry Litter	Rothschild	Ongoing.
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring Sale.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.
InterGen	Larkspur Energy	Calif.	90	Gas	Citi	Ongoing.
	Indigo	Calif.	135	Gas	Citi	
	El Bajio	Mexico	600 (50%)	Gas	N/A	Ongoing.
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Ongoing.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind	N/A	Sent Out RFP In April.
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Is Evaluating Bids.
Nations Energy	Bayport	Texas	80	N/A		
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			Considering Liquidation.
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Dominion Res. Has It Tied Up.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
Royal Ductch /Shell Group	La Rosita	Mexico	1,100		Citigroup	Exploring Sale
	Redbud	Okla	1,220			
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
	Bajio	Mexico	600			
	Termocali	Columbia	235			
	Rocksavage	U.K.	748			
	Spalding	U.K.	860			
	Coryton	U.K.	732			
	Rjinmond	Netherlands	820			
	Knapsack	Germany	790			
	Catadau	Spain	1,200			
	Meizhou	China	724			
	Island Power	Singapore	750			
	Quezon	Philippines	460			
	Callide C	Australia	920			

## Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
SG-led bank group (NEG developed plants)	Millmerran	Australia	880			
	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
STEAG	Millennium	Mass.	360	Gas	Morgan Stanley	Ongoing. Set To Sell Guadalupe And Odessa To PSEG.
	Iskenderun	Turkey	1,320	Gas		
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	McAdams Power Station	La.	599	Gas	Goldman	
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
United Utilities	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In May.

## Financing Record (JANUARY 6 — JANUARY 11)

### Debt

Issue Date	Issuer	Business Description	Amount (\$ Mil)	Coupon (%)	Type of Security	Maturity	Offer Price	Offer Yield To Maturity (%)	Spread	S&P	Moody Rating	Fitch Rating
1/11/05	Southern California Edison Co	Electric utility	400	5	Fst Mtg Bonds	1/15/16	99.976	5.003	76	BBB	A3	BBB
1/11/05	Southern California Edison Co	Electric utility	250	5.55	Fst Mtg Bonds	1/15/36	99.707	5.57	79	BBB	A3	BBB

### M&A

Date Announced	Acquiror Name	Acquiror Nation	Target Name	Target Nation	Rank Value of Deal (\$Mil)
1/6/05	Investor Group	China	Hanfeng Power Plant	China	168
1/11/05	Al Watanya Assurances	Morocco	Lyonnaise des Eaux Casablanca	Morocco	34.116
1/7/05	Investor Group	Canada	Maxim Power Corp	Canada	13.063
1/7/05	Qingxin Bai Fu Yang Petrol	China	Qingxing Yong Long Gas & Chem	China	4.065

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

## GOLDMAN, MORGAN

(continued from page 1)

portfolio, which are located primarily in ERCOT.

Those PPAs are credited with facilitating the blockbuster \$3.65 billion purchase of the portfolio by the private equity quartet of **The Blackstone Group**, **Hellman & Friedman**, **Kohlberg Kravis Roberts & Co.** and **Texas Pacific Group**.

"There are a number of transactions in the market that are probably going to be acquired by financial sponsors and other financial institutions such as hedge funds that will almost certainly see a similar route," says **Simon Greenshields**, managing director at Morgan Stanley in Purchase, N.Y. "That means selling power to investment banks in order to lock in rates and reduce risk," he explains. He says PPA agreements are expected to be a big part of Morgan Stanley strategy, but declined to elaborate or talk specifically about potentially deals in the works.

Such offtake agreements guarantee at least a portion of the

revenue related to otherwise unqualified facilities and extinguish some of the risk linked to these deals, notes **Jim Hempstead**, senior analyst at **Moody's Investors Service** in New York. "This is a good way for [financial firms] to be in the [power] business in a serious fashion," he says.

In addition to the ERCOT market, where few financial players or utilities have the credit quality or financial wherewithal to sign offtake agreements, Goldman also is eyeing the New England markets, says one official familiar with its plans. "Clearly [Goldman] has a view on the New England markets that's relatively positive," Hempstead notes. **Michael Duvally**, spokesman for Goldman in New York, declined to comment.

Last year, Morgan Stanley and Goldman also signed PPAs for the 632 MW Coletto Creek plant in Texas, enabling **Sempra Energy Partners** and **Carlyle/Riverstone** to close their acquisition of the plant from **American Electric Power** (PFR, 7/12).

The specific amount of capital that Goldman and Morgan plan on putting behind such an initiative could not be ascertained.

—**Mark DeCambre**

## DEVELOPERS WEIGH

(continued from page 1)

an expertise in financing LNG projects. The remaining 20% of development costs will most likely be funded by the **Alaskan Gasline Port Authority**, which has signed a preliminary agreement to provide supply LNG for the terminal.

Natural gas produced by the facility will be transported into the **Southern California Gas Company** pipelines and primarily be distributed within California. Woodside has also signed up for a 20-year supply contract.

The companies hope to receive the required environmental permits within a year and a half and to complete the facility by 2008. The terminal should have less than half the required construction time of most LNG facilities because it is being built on an existing offshore platform, says Garrett. The venue was chosen to minimize the environmental impact on the southern California coastline, he explains.

Crystal Energy is a privately held corporation whose principal shareholders are venture capital firm **Small Ventures USA** and Tulsa-based **Ram Energy Long-Term Trading**, a subsidiary of the \$4 billion **Ram Energy Trading** investment fund.

—Christine Buurma

## BAYCORP TO COMB

(continued from page 1)

several recent projects in the **Electric Reliability Council of Texas** region was the main driver behind the acquisition, says Callendrello. He declined to disclose the price tag.

Negotiations are underway on offtake contracts and the debt/equity breakdown and structure of the financing will be finalized after the PPAs are wrapped, Callendrello says. He anticipates having an agreement in place within the next few months, but declined to name the interested parties.

BayCorp will hunt for conventional financing, but it is hoping to also form partnerships with outside equity investors, such as turbine manufacturers, says Callendrello.

BayCorp acquired several hydro and diesel facilities in Vermont from Stamford, Conn.-based wireless company **Citizens Communications Company** earlier this year. Its other assets include **HoustonStreet**, an online energy marketplace.

—Christine Buurma

## Alternating Current

**Moody's Investors Service** senior utility analyst **Jim Hempstead** kicked off the New Year in style...well, sort of. Donning a life-sized costume of **Winnie the Pooh** and accompanied by his golden retriever **Bella**, he plunged into the frigid Atlantic Ocean all in the name of charity. A member of the local community organization **Sons of Ireland** in Monmouth County,



Jim Hempstead

N.J., Hempstead and his SOI brothers raised some \$50,000 for local charities **Teddy's Fund**, a private fund set up to assist financially challenged, academically talented teenage boys and **Clean Ocean Action (COA)**. Participants are only asked to submerge their bodies in the brisk water for a few short moments, outfitting himself as an **A.A. Milne** children's character was Hempstead's own take on the event.



## Quote Of The Week

*"There are not many things that South African banks can do better than First World countries, but commodity trading is one of them."*

**Michael Gresty**, an analyst with **Deutsche Bank** in Johannesburg, on **Standard Bank's** decision to launch an energy risk management and trading operation in New York (see story, page 2).

## One Year Ago In Power Finance & Risk

**El Paso Corp.**'s auction of 27 contracted power plants had reportedly come down to a two-horse race between **AIG** and **Noble Power Assets**, a Chester, Conn.-based energy investment boutique. [The plants were ultimately sold to **Northern Star Generation**, a joint venture between **AIG Highstar Capital** and the **Ontario Teachers' Pension Plan Board**.]

## For More Benefits Visit Our Web Site

As a **Power Finance & Risk** subscriber, you're entitled to access the **Power Finance & Risk** Web site — absolutely free. Go to **www.iipower.com** to discover the added value to your subscription, including:

- Earlier Delivery
- A Virtual Library of Past Issues
- Mid-week Breaking News Stories
- Printer Friendly Stories
- Web Links
- Weekly Email Alert Service
- Global Access

**To access the Subscribers Only area of the site, you'll need a User ID and Password. To obtain these, please contact us at [customerservice@iinews.com](mailto:customerservice@iinews.com) or at 1-800-715-9195 between 8 a.m. and 6 p.m. EST.**