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Delta Officials Form Venture

Former **Delta Power** chief **Dean Vanech** has launched a new generation outfit.

(See story, page 3)

AES Hunts Banks On Qatari Refi

AES Corp. is looking to appoint leads for its Ras Laffan Power project.

(See story, page 4)

In The News

WestLB Plots London Growth	3
PPM Eyes Canada Wind Expansion	3
Hunton Trawls for IGCC Debt	3

Corporate Strategies

Kinder Morgan Fuels Expansion with \$1B In Notes	4
Sacramento Bags Credit Facility	4

Utility M&A Symposium

Overpaying For Generation?	6
Nuclear Fever Takes Hold	6
Strategics Ring Up Big Tally	7
Weak Dollar Draws Foreigners	7

Departments

Project Finance Deal Book	7
Generation Auction & Sale	9
Financing Record	10

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CALPINE SEEKS \$5B FOR MORE DIP JUICE

Calpine is seeking a \$5 billion debtor-in-possession facility to replace its current \$2 billion package, now nearly exhausted after the San Jose, Calif., IPP's year in bankruptcy protection. The increase would include \$2.5 billion in debt attached to subsidiary **CalGen**—a 9.8 GW generation portfolio.

Credit Suisse, **Goldman Sachs**, **JP Morgan** and **Deutsche Bank** have been selected as the joint lead arrangers. Officials at the banks either declined to comment or did not return a request for comment.

The two-year package would consist of a \$4 billion first-lien term loan and a \$1 billion

(continued on page 12)

DYNEGY PLOTS 1.7GW GENERATION SALE

Dynegy plans on selling a three-plant portfolio totaling 1.7 GW and has tapped **JPMorgan Chase** to run the auction.

On the block are two peakers: **Bluegrass**, a 573 MW in Oldham County, Ky., and a second 539 MW in Heard County, Ga. The gem of the offering is a baseload facility known as **Lyondell**, a roughly 600 MW combined-cycle cogeneration facility in Channelview, Texas. The reason behind the sale could not be learned. Officials at JPMorgan did not return a call.

Prospective buyers anticipate JPMorgan will distribute marketing materials imminently.

(continued on page 12)

BEAR STEARNS' UNIT STALKS PROGRESS ASSETS

Bear Stearns generation investment arm **Arroyo Energy Investors** appears to be in the pole position to acquire a roughly 2 GW portfolio of natural gas-fired generation assets in Georgia.

Seller **Progress Energy Ventures** was aiming to secure a buyer for the facility that could take on both the assets as well as a trading and marketing book tied to the operations. Calls to officials at Arroyo and calls to Progress were not returned. Executives at auctioneer **Morgan Stanley** did not return calls.

Also in the running for assets in Walton, Monroe, Washington and Effingham Counties is

(continued on page 12)

M&A ENERGY PROS SEE TIE-UPS, SPINOFFS ON THE HORIZON

Energy companies are expected to seek further corporate-level tie-ups or shed ancillary operations, in response to pressure to generate stronger returns, according to panelists at the *20th Annual Utility M&A Symposium* in Manhattan last week. "We're going to continue to see [deal] volume in 2007, as non-traditional players put heat on you to generate better returns," said **Jeffrey Holzschuh**, vice chairman of the global power and utility group at **Morgan Stanley**.

(continued on page 6)

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



At Press Time

Final MASSPOWER Bid Imminent

Auctioneer **Miller Buckfire** has drawn up a shortlist of six or seven strategic and financial players interested in acquiring the 258 MW MASSPOWER cogeneration facility in Springfield, Mass. The identities of interested parties could not be learned but final bids are due by the middle of this month.

Valuations are said to be broad ranging because of the different amounts of leverage they are using and views on future cash flows from the intermediate-load plant. Purchase prices being offered could not be learned, but **Barclays Capital** is offering a roughly \$150 million staple financing for one bidder (PFR, 12/24). Assets in the region have traded for about \$870 per kw of late.

MASSPOWER owner **Greenwich Energy Investments**, a private equity shop backed by hedge fund **Silverpoint Capital**, decided to flip the asset late last year to capitalize on the recovery in New England forward capacity payments—just months after it closed its original acquisition (PFR, 3/20/06).

About 7% of the unit's output is sold to **Massachusetts Municipal Wholesale Electric Co.** under a 20-year PPA which expires in about six years, while the balance is sold spot. Charlotte, N.C.-based **Cogentrix Energy** manages and operates the site.

Officials at Miller Buckfire and Greenwich Energy declined to comment.

Infrastructure Player Seeks Lenders For Ontario Nuke

Borealis Infrastructure, the investment arm of Canadian pension fund **OMERS**, is looking for an approximately C\$1 billion (\$846 million) in non-recourse project finance debt for the refurbishment of the Bruce A nuclear generation facility in Tiverton, Ontario. The firm is expected to pick a winner in the next three weeks, but the identities of lenders in the running could not be determined.

Borealis holds a 47.4% stake in **Bruce Power A**, the limited partnership overseeing the refurbishment of the Bruce A nuclear generating station, and a 36.1% stake in overall plant operator **Bruce Power**. Borealis solicited bids from banks in December. A Bruce Power spokesman and a Borealis spokesman declined to comment.

Bruce Power launched a C\$4.25 billion (\$3.6 billion) investment program in 2005 (PFR 10/21/2005) to restart two idle reactors and refurbish two others, raising the overall capacity of Bruce A and B stations from 4.6 GW to 6.2 GW. According to OMERS' Web site, it has committed C\$2.1 billion to the restart and refurbishment program. Construction is underway already and expected to be completed in 2009.

TransCanada Pipelines holds another 47.4% of Bruce Power A, with the remainder held by the **Power Workers' Union** and the **Society of Energy Professionals**. The Bruce A and Bruce B stations northwest of Toronto provide approximately 20% of Ontario's power.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

WestLB Plots London Energy Expansion

WestLB is hiring five or six senior energy bankers for its London branch in an effort to lead more transactions in Europe. "There are lots of opportunities in the energy market, particularly in bio-fuels and emerging markets and that requires greater resource," says **Richard Saint**, executive director in London. He declined to identify bankers expected to join the firm.

The individuals brought on to fill the new positions, which range from associate director to deal team leader, will ultimately report to **Tom Murray**, managing director of global energy in New York.

A call to Murray was not returned. The firm's energy group underwent a restructuring in the second half of last year, as a result of which the oil and gas and power teams were merged to create greater synergies across its international client base (PFR, 7/10).

Delta Power Officials Mint New Venture

Dean Vanech, former chief of Morristown, N.J., IPP **Delta Power Co.**, has launched a new generation outfit, **Olympus Power**. The company starts out of the blocks with six, geographically diverse assets that were kept back from the Jan. 25 sale of Delta Power to **Bear Stearns** unit **Arroyo Energy Investors**. Arroyo bought management's interest in 17 plants with an aggregated capacity of 1,217 MW for an undisclosed sum.

Olympus, a new entity under Delta's former parent **Olympus Holdings**, plans to grow via a series of under-the-radar energy acquisitions, especially on the West Coast, and early- or late-stage greenfield opportunities. "Given the cost of long-dated, gas-fired generation, we will be focusing our efforts on other technology and fuels, such as coal, biomass and hydro," Vanech notes, adding, "It's too late to commit to wind."

Vanech declined to talk specifics about the company's war chest. But he says Olympus is well capitalized after the Arroyo sale. The transaction was the result of a strategic review of Delta Power conducted by **Credit Suisse** in November 2005, which was subsequently engaged to run a targeted auction. **David Field**, co-president of Arroyo in Houston, did not return requests for comment.

The Olympus portfolio will consist of the 29 MW Ada Cogeneration in Ada, Mich.; 35 MW Cadillac Renewable Energy in Cadillac, Mich.; 123 Michigan Power in Ludington, Mich.; 140 MW Person Peaking in Albuquerque, N.M.; 286 MW Brooklyn Navy Yard in Brooklyn, N.Y. and 25 MW Berkeley in Berkeley, Calif.

The start-up—to be run by former senior v.p. of Delta Power **Richard Vicens** and chaired by Vanech—plans to hire a handful

of staffers in accounting and financing positions over the coming months. It will also look to audition banks for debt financing for its development pipeline as early as this spring. Vanech says the company has well established relationships with a number of agent banks, but would seek structuring assistance on a project-by-project basis.

PPM Eyes Canadian Wind Expansion

PPM Energy is planning to establish a dedicated Canadian wind development team in the next three to four months. CEO **Terry Hudgens** says the company is seeking a handful of senior-level development executives with a view to bringing a pipeline of "several hundred megawatts" online in the west and upper midwest Canada. He did not elaborate on precise locations, permitting and financing plans.

The **Scottish Power** subsidiary has a substantial presence on the gas storage and gas trading side in Calgary, but to date has managed all its wind investments in North America from its Portland, Ore. office.

Wind specialists believe the Canada market is about five years behind more mature renewables markets and developers who can gain critical mass there quickly will be able to position themselves as pioneers in much the same way as **Florida Power & Light** has done in the U.S.

Houston Outfit Trawls For IGCC Project Debt



Rocky Sembritzky

Hunton Energy is looking at 70% to 80% debt to bankroll its \$2.4 billion Lockwood IGCC plant project in Fort Bend County, Texas. "We have great credit on the offtake," says **Rocky Sembritzky**, president in Houston, which will likely allow Hunton more leverage.

Hunton has a 15-year agreement with **Valero Energy**, which is rated Baa3 by **Moody's Investors Service**, to provide petroleum coke in exchange for a portion of the output from the 1.2 GW facility. The remainder of the offtake has been arranged, but Sembritzky declined to offer further details.

Hunton is in talks with a number of investment banks about the financing structure, but he declined to provide their identities or other details regarding the timing of financing. Hunton will sign a letter of intent with **General Electric** or **ConocoPhillips** for the plant's gasification technology by the end of this quarter.

Sembritzky says builders have reached a point of confidence in IGCC technology and that it's the best power solution for the next 20 years. He points to the two existing IGCC facilities,

TECO Energy's Polk Road plant outside Tampa and **Global Energy's** Wabash River Plant in Indiana, running on petroleum coke. "After 10 years you work out the kinks," he says. Hunton is currently looking at a handful of other IGCC possibilities.

Ground will break on phase one of construction, between 600 and 630 MW, in the first quarter of 2008, with the remaining capacity in a second phase six months later.

AES Looks To Hook Banks On Qatari Refi

AES Corp. is looking to appoint leads for a refinancing of \$572 million in debt tied to its **Ras Laffan Power Co.** subsidiary—owner of a 750 MW/30 million gallons-per-day IWPP project near Doha, Qatar. A spokeswoman for AES declined comment.

The Arlington, Va.-based sponsor is understood to be looking to lock in more favorable terms because the unit has been operational for over three years and its revenue stream is stable. Ras Laffan A has a 25-year power and water purchase agreement with co-owner/offtaker **Qatar Electricity & Water Corporation.**

AES closed on the original financing in late 2001 with 10 banks. The lenders were **Barclays Capital, Bank of Japan, Arab Banking Corp., Gulf International Bank, ANZ Investment Bank, Bank of Tokyo-Mitsubishi, Société Générale, BNP Paribas, HSBC and Qatar National Bank,** (PFR, 11/20/01).

AES bid to build and co-own Ras Laffan B, a 1,025 MW/60 million gallons per day IWPP, but finished runner-up. The tender was won by a consortium featuring **QEWEC (55%), International Power (40%), and Japan's Chubu Electric Power Co. (5%).** Tender documents for Ras Laffan C are expected to be released shortly.

Corporate Strategies

Kinder To Fuel Expansion With \$1B Bond

Kinder Morgan Energy Partners, the midstream arm of **Kinder Morgan, Inc.**, plans to issue \$1 billion in 10- and 30-year notes to pay back short-term debt accrued during expansion projects.

The Houston-based company will sell \$600 million in 6% senior notes due 2017 and \$400 million in 6.5% notes due 2037. It had about \$1 billion in short-term debt as of Jan. 24, carrying an average weighted interest of 5.4%. "The company has an expansive growth strategy and has been spending a lot of money," says **Ralph Pellecchia**, **Fitch Ratings** analyst in New York, noting that the \$6.5 billion amount the company expects to spend on projects over the next four years could become even larger. A Kinder Morgan spokeswoman did not make an official available for comment.

Pellecchia says Fitch does not view the expansion activity unfavorably, as the pipelines Kinder Morgan Energy has been

building don't represent a large risk. "They have long-term contracts where the participants pay whether the gas flows or not," he says. These include the \$4.4 billion **Rockies Express** pipeline which Kinder Morgan Energy co-owns with **Conoco Phillips** and **Sempra Energy**, and the \$1.25 billion **Mid-Continent Express** pipeline, for which it is currently arranging capacity.

Pellecchia says the spreads over comparable Treasuries on the notes are consistent with other BBB midstream companies. This is Kinder Morgan Energy's first debt offering in two years. He has observed that midstream players such as **Energy Transfer Partners** and **ONEOK Partners** began to issue long-term debt late last year after a period of hesitation during which spreads had been wider.

Fitch assigned a BBB+ rating to the notes, with a rating watch negative, based on the buyout of Kinder Morgan Inc. by its management and private equity investors, expected to occur in the first half of the year. Although there are no direct consequences from the buyout on Kinder Morgan Energy, Pellecchia says, it is a crucial cash source for servicing its parent's debt.

Moody's Investor Service rated the notes Baa1, and **Standard & Poor's** gave them BBB rating. The offering was led by **Wachovia Securities, Deutsche Bank and Merrill Lynch**, with **Citigroup, Commerzbank, Daiwa Securities, Greenwich Capital Markets, Lazard Capital Markets and SunTrust Capital Markets** acting as co-managers.

Sacramento Muni Bags Credit Facility To Back CP

The **Sacramento Municipal Utility District** has obtained a \$200 million, three-year letter of credit backing its commercial paper. **James Tracy**, cfo, selected **Bank of New York and California State Teachers' Retirement System** to provide the facility because they offered the cheapest fees relative to the other lenders. He declined to provide specifics.

BoNY and CalSTRS were chosen after a bidding process, which included **Goldman Sachs**. Goldman, also the agency's commercial paper issuer, is one of a handful of firms on its capital markets roster. The municipal is taking out the notes about six months ahead of schedule to take advantage of favorable market conditions.

SMUD uses the notes for flexibility in entering the long-term debt markets to cover its expansion costs. The letter of credit also provides the agency with liquidity in its gas and electricity supply contracts. It currently has no outstanding commercial paper.

The letter of credit was backed by a \$153 million commitment from BoNY and \$51 million commitment from the CalSTRS. The facility covers \$200 million in commercial paper plus 90 days of interest calculated at 10%.

SMUD's paper is rated F1+ by **Fitch Ratings** and CalSTRS is AAA.

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Annual Utility M&A Symposium

Nearly 200 power M&A specialists descended on the Ritz Carlton New York at Battery Park in Manhattan last week for Exnet's 20th Annual Utility M&A Symposium. Key takeaways included the likely impact of carbon legislation on asset valuations, the rise of strategic players in generation auctions, and whether recent merger failures would discourage dealmakers. Senior Reporter Katy Burne filed the following stories.

M&A ENERGY

(continued from page 1)

regulated assets to ring fence profits that may otherwise be used against them in a rate case. The market typically reacts well to shrewd portfolio management, noted **Jonathan Baliff**, managing director in the global energy group at **Credit Suisse**, because they like a pure play—as evidenced by the pop **Duke Energy** saw in its stock price when it announced it was spinning off **Spectra Energy**, and in **Dominion's** when it said it wanted to divest its exploration and production assets.

For those seeking to unite, the key is emphasizing the intention to share cost savings and solving problems for regulators—not creating new ones, advises **Edwin Selover**, general counsel for **Public Service Enterprise Group**. **Warren Buffett**, he believes, made commitments to safeguard the future

credit quality of **MidAmerican Energy Holdings** and **PacifiCorp**. When dealing with multiple jurisdictions, listen carefully to what regulators think about each others' approval measures, he says. If one considers another's insufficiently probing, it can prolong the process—especially if they fear out-of-state ownership. And if there's even the slightest chance the deal won't succeed, be wary of sharing proprietary information, he warns, adding, "If Coke and Pepsi were merging, you wouldn't share the formula 'til it's closed."

Wendell Holland, chairman of **Pennsylvania Public Utility Commission**, implored utilities not to give up hope on the basis of two failed deals. "To judge M&A activity in the U.S. based on the unpleasant experiences in two states is like judging the **National Football League** based on the experience of **Terrell Owens**," he told *PFR*, referring to the much-maligned receiver for the NFL's Dallas Cowboys.

Are You Overpaying For Generation Assets?

Chin-wagging was strong about premium pricing on asset sales and whether buyers are making overly optimistic assumptions when valuing assets. **Scott Mackin**, ceo of **Waypoint Energy**, says the surge in the term loan B market, declining reserve margins and interest rates, and overbuild trailing off faster than expected have been underpinning price tags for plants. "Buyers are basing their valuations on how these market directional risks play out," notes Mackin.

The market's swift recovery almost supports the economics for new build combined-cycle, especially since coal construction may be stalled by the specter of carbon legislation, adds **Paul Dabbar**, managing director of global mergers and acquisitions at **JPMorgan Chase**. "If you're not already in the queue for scrubbers, it's a long queue and it'll be pretty pricey when you get there," he says.

Asset valuations have firmed up all round since 2004. In the PJM and ERCOT they have risen at a compound annual growth rate of 55-60%, with CCGT now changing hands for \$600 per kW. Meanwhile CAISO CCGT is up about 65% from two years ago and going for about \$900 per KW, and NEPOOL CCGT is selling for in excess of \$750 per kW, according to data from **Merrill Lynch**.

Most surprising of all is the SERC market, argues Mackin. Valuations there have risen about 174% and players spending \$350

per kW stand to cash in when EPC costs rise. "When new build falls on the [reserve] margin, no matter what you bought for, you're going to be doing well in SERC," says the power industry veteran.

Threatening to burst the bubble, however, is talk about re-regulating assets, limited visibility in forward capacity markets and the challenges in forecasting value when you cannot lock up hedges beyond the term of your B loan.

Nuclear Generation Fever Takes Hold

The increasing desire to tap into nuclear power as an alternative energy source was a hot topic among conference delegates. Contributing to the attractiveness of nuclear technology is its improved safety and operating performance, cheaper costs of capital, a change in public sentiment and looming greenhouse gas regulation. But concerns remain about insufficient government incentives and waste disposal challenges, with the government's Yucca Mountain repository in Nevada seeing delays.

Delegates expressed surprise at the eye-popping numbers drawn in recent nuclear sales. Observers pointed to **Entergy's** sale of 798 MW Palisades for \$476 per KW and **FPL Group's** sale of 1,033 GW Point Beach for \$966 per KW as evidence interest in nuclear is flourishing.

Many perceive the earliest date new nuclear generation could come online is 2015. But **Earl Simpkins**, a principal at strategy

and consulting firm **Booz Allen Hamilton**, says developers have begun to conceive of scenarios where financing and initial construction could begin earlier than 2010, if robust guidelines about federal loan guarantees are provided.

Strategics Ring Up Big M&A Tally

Well-heeled strategic investors such as **BG Group** are driving merger and acquisition activity. “Last year was the year strategic parties came into the fray,” said **James Metcalfe**, head of power M&A at **Lehman Brothers**. Metcalfe defined strategics as primarily companies that are a rated, publicly-held, invest in generation and who typically use a greater portion of equity than debt.

Strategics were behind 51% of the 37.2 GW of generation sold last year and likely to feature in more this year, Metcalfe said. Such deals include BG Group’s predominantly cash offer for 850 MW Lake Road and **American National Power’s** equity investment of \$288 million when buying 632 MW Coletto Creek.

With interest rates well below historic averages, strategic players have used more leverage. They’re also combining that with equity to fund transactions, observes Metcalfe. In the past, big users of debt were financial players, who were unconstrained by credit ratings and thus could use debt as a larger percentage of purchase price, he adds, citing **Tenaska Power Fund’s** 80% debt financing on its purchase of 3,145 MW of generation from **Constellation Energy**. But now they are looking to exit sooner, either by selling to a strategic buyer, offering a stake

publicly or re-leveraging.

Asked if **KGen Partners’** private placement of equity interests in its 5,325 MW merchant fleet would be replicated by others (PFR, 12/11/06), Metcalfe said: “A 144A is a nice alternative because there are less registration requirements than an IPO. But it’s a very specific situation that’s not necessarily applicable to others.”

Limp Dollar Has Foreign Capital Sniffing

The weak U.S. dollar had several attendees predicting more deals would be initiated by foreign players going forward. “We think more than one non-U.S., regulated company will pursue a deal in the regulated area this year,” said **George Bilicic**, managing director at **Lazard Freres & Co.**, adding that one of last year’s notable transactions—**Macquarie Infrastructure Partners’** acquisition of **Duquesne Light Holdings**—involved foreign money.

But not all international players are making a beeline for the U.S. After **Dubai Ports World** sparked controversy trying to buy major U.S. port assets, the **Committee On Foreign Investment in the U.S.** (Cfius) has tried to constrain foreign companies from investing in critical domestic infrastructure, making some players skittish.

“My company at this stage has no willingness to invest in this market,” **Aoki Hiroyuki**, manager at **Tokyo Electric Power Co.’s** Washington, D.C. branch told *PFR*, countering that specific generation opportunities are attractive. “Our obstacle is the state regulators, who seem unpredictable and concerns about climate change and fuel prices.”

“Investment banks talk us into mergers and years later try to encourage us to split up. There’s fees on the way in and fees on the way out. God bless them. When investment bankers come by they are looking for a condo, whereas we’re looking for a good deal,” joked **Mike Morris**, ceo of **American Electric Power**.

Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call **Mark DeCambre**, managing editor, at (212)-224-3293 or e-mail mdecambre@iineews.com.*

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Intergen	La Rosita (1.1GW Coal) Refi	Mexicali, Mexico	BNP Paribas, Calyon, Export Development Canada	Term Loan	\$400 M	15 yr	CFE (Mexico), Shell Offtake. Syndicating
Repsol, Irving Oil	Canaport (LNG liquefaction)	Saint John, N.B.	BMO, Snatander, La Caixa, BBVA, RBOS	Senior LC Term Loan	\$47 M \$756 M	15 yr 27 yr	Repsol Offtake. Syndicating
Iberdrola	Mexico Portfolio (5.5 GW) Refi	Various	Calyon, Citigroup, BBVA	Package	\$1.7B	5yr 10 yr	Awaiting Close
EdF Energie Nouvelles	La Ventosa (80-100 MW Wind)	Juchitan, Oaxaca, Mexico	TBA	TBA			Choosing Lead Banks

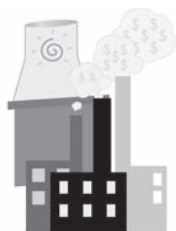
Live Deals: North America (cont'd)

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
LS Power	Plum Point (665 MW Coal) Refi	Osceola, Ark.	TBA	TBA			Mo. Joint Muni Electric Utility Offtake. Choosing Lead Banks
Calpine, Mitsui & Co.	Greenfield (1GW Gas)	Courtright, Ont., Canada	Bank of Tokyo, Mitsubishi, BMO Financial	Loan	\$500M	18 yr	Ontario Power Authority Offtake. Syndicating
Airtricity	Sand Bluff (90MW Wind)	Sterling Co., Texas	HypoVereinsbank	Non-recourse Debt	\$140M		Awaiting Syndication
GenPower Holdings	Longview (600 MW Coal)	Maidsville, W.Va.	Goldman Sachs, WestLB	TBA	\$1B		Structure and syndication expected by 2/1
Terrawinds Resources	TerraWinds (201 MW Wind)	Rivier-Du-Loup, Quebec, Canada	HSH Nordbank	Senior Secured Construction and Term Debt Facility	C\$300M (\$259M)	TBA	Hydro-Quebec Offtake. Awaiting syndication
Caithness Energy	Long Island Energy Center (350 MW Gas)	Brookhaven, N.Y.	Citigroup	Privately Placed Bonds	\$450M	TBA	LIPA Offtake. Placement expected by 2/07
Boston Generating	Portfolio (3GW) Refi	Various	Credit Suisse, Goldman Sachs	First Lein Term Loan First Lein Revolver First Lein Synthetic LC Seond Lein Term Loan Holding Co. Notes	\$1.08B \$70M \$250M \$400M \$300M	7 yr 5 yr 7 yr 8 yr 10 yr	Awaiting Syndication
Sumitomo Power	Hermiston Generation Plant (474 MW Gas)	Hermiston, Ore.	TBA	TBA	\$130M	10 yr	Lead banks expected 1Q2007
NorTex Gas	Various	Various, Texas	WestLB, Barclays, ING, Citigroup	Term Loan	\$280M	7 yr	Syndicating
Lodi Gas Storage (ArcLight Capital)	Acquisition Refi		TBA	Working Capital Facility Secured Loans	\$55M \$145M	TBA	Seeking Lead Banks
Noble Environmental Power	Altona, Ellenberg, Clinton and Bliss (339 MW Wind)	Altona, Ellenberg, Clinton and Bliss, N.Y.	HSH Nordbank, Dexia Credit Locale	Non-recourse Loan	\$445M	TBA	Supported by 10 yr. hedges. Syndication expected 1Q2007
Bethel Energy	(100 MW Solar)	Imperial County, Calif.	TBA	Debt and Equity	\$368M	TBA	Looking For Lead Banks
Katabatic Power	(25.5 MW Wind)	Mount Hays, B.C.	TBA	TBA	TBA	TBA	Looking For Lead Banks
Winery Power	Plum Island (30 MW Wind)	Long Island, N.Y. (Offshore)	TBA	TBA			Looking For Lead Banks
(Lone Star Wind)	Horse Hollow II and III,	Taylor, Nolen, Brden, Garza	BayernLB, Fortis capital, Mizuho	Term Loan	\$600M	15 yr	Syndicating
FPL Energy	Red Canyon (606 MW Wind)	and Scurry Cos., Texas		LC	\$100M	10 yr	
MachGen	Merchant Portfolio (4 GW) Refi	Various	Morgan Stanley, Deutsche Bank, Bear Stearns	Package	\$1.5B		Syndicating

Live Deals: Europe/Middle East

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
ACS Group	La Boga Portfolio (Wind)	6 sites, Spain	Natexis, La Caixa	Term Loan Tax Facility	EUR350M (\$462M) EUR58M (\$77M)		Syndication 1Q2007
BOT-Elektrownia Belchatow	Belchatow (833MW, Coal)	Rogowiec, Poland	Citibank, ING	Term Loan	EUR250M (\$323.5M)	10 yr	Syndicating
Babcock & Brown, Eurowatt	Wind Portfolio (120MW)	Various, France	La Caixa, Natexis	Standby Facility Term Loan	EUR90M (\$119M) EUR183M (\$234M)	8 yr	Syndication to Launch 1Q2007
Spanish Egyptian Gas Company	Damietta (LNG) Refi	Damietta, Egypt	TBA	non-recourse loan	\$600M	15-16 yr	Choosing Lead Banks with Advisor RBOS
Suez	Barka II (678MW)	Barka, Oman	HSBC, Sumitomo Mitsui	Senior Term Loan	\$600M	17.5 yr	Oman Power and Water Procurement Company Offtake. Financial close expected 2/07
Marubeni	Messaieed (2GW Gas)	Doha, Qatar	Calyon, Manging Agents TBA	Financing Package	\$1.63B		Syndication 2Q2007
Gulf Total Tractebel PowerTaweelah A1 (1.35GW Gas IWPP) Refi		Abu Dabi, UAE	BNP Paribas, Calyon	Term Loan	\$880M	22 yr	Abu Dhabi Water and Electric Authority Offtake. Awaiting Close
	Taweelah A10 (221MW Expansion to Gas IWPP)	Abu Dabi, UAE	BNP Paribas, Calyon	Term Loan	\$212M	22 yr	Abu Dhabi Water and Electric Authority Offtake. Awaiting Close
Suez-Tractebel	Marafiq (2.5GW IWPP)	Jubail, Saudi Arabia	BNP Paribas	Financing Package	\$2.5B		Marafiq Power & Water Utility offtake. Awaiting syndication
ACWA Power	Shuqaiq (850MW IWPP)	Shuqaiq, Saudi Arabia	BayernLB, Gulf International Bank	Financing Package	\$2B		Syndicating. Awaiting close

For closed deals please visit www.iipower.com



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.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
AES Corp.	Delano	Central Valley, Calif.	57	Biomass	Bodington & Co.	Teasers dispatched early Jan. (PFR, 1/29)
	Mendota	Central Valley, Calif.	25	Biomass		
AIG Highstar Capital	13 plants	U.S. portfolio, concentrated in Florida and Pennsylvania	2,378	Gas, coal and waste coal	Lehman Brothers	50% stake in Northern Star Generating for sale. Ontario Teachers' owns the balance. Two-stage auction begins this month (PFR, 1/29).
Astoria Energy	Astoria Plant	Queens, N.Y.	500	Gas	N/A	The partnership that owns the plant is said to be fielding offers from interested parties.
Atlantic City Electric Co.	B.L. England	Upper Township, N.J.	447	Coal/oil	Concentric Energy Advisors	Rockland Capital Energy Investments offered to buy for \$12.2 million so long as necessary approvals are made by March 31, 2007.
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Cargill-led investor group	Granite Ridge	Londonderry, N.H.	720	Gas	Morgan Stanley	Second-round bids pushed back from early Jan. Advisor said to be compiling a \$400 million staple financing package (PFR, 1/15).
Complete Energy	Batesville	Batesville, Miss.	837	Gas	Dexia	A wholly owned subsidiary of Complete will purchase the asset for an undisclosed sum. Deal was scheduled to wrap in January.
Desert Power	Desert Power plant	Rowley, Utah	65 installed 100 planned	Gas	N/A	Owners auditioning 25 debt and equity financing counterparties to complete construction by June 1 (PFR, 1/15).
Dominion Resources	State Line	Hammond, Ind.	515	Coal	Credit Suisse	N/A
DPL Inc.	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas	Pace Global Energy Services	N/A
EBG Holdings	Mystic 7	Everett, Mass.	560	Gas/Oil	Lehman Brothers	K-Road Power has settled on two potential buyers, (PFR/1/8).
	Mystic 8	Everett, Mass.	832	Gas		
	Mystic 9	Everett, Mass.	832	Gas		
	Fore River	Weymouth, Mass.	832	Gas/Oil		
GE Energy Financial Services	Green County plant	Jenka, Okla.	795	Gas	N/A	GE said to be fielding offers for its 90% stake. Tyr Capital owns the balance.
	Birchwood	Fredericksburg, Va.	242	Coal	N/A	GE said to be quietly marketing the asset, (PFR, 11/20).
Goldman Sachs	Horizon Wind Energy	Houston, Texas	Owens 237.5 outright Co-owns 130	Wind	N/A	Goldman plans to take binding offers at the end of next month (PFR, 1/15).
Greenwich Energy Investments	Masspower	Springfield, Mass.	258	Gas	Miller Buckfire	Barclays arranging a \$150 million staple financing package (PFR, 12/24/06).
KGen Power Partners	Murray Energy	Dalton, Ga.	1,244	Gas	Friedman Billings Ramsey	Private placement completed early Jan. Morgan Stanley arranging a \$400 million credit facility to refinance existing debt (PFR, 1/15).
	Hot Springs	Hot Spring County, Ark.	620	Gas		
	Hinds County	Hinds County, Miss.	520	Gas		
	Enterprise	Clarke County, Miss.	640	Gas		
	Sandersville	Washington County, Ga.	640	Gas		
	Southaven	Southaven, Miss.	640	Gas		
	New Albany	Union County, Miss.	385	Gas		
	Marshall Energy	Calvert City, Ky.	680	Gas		
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	Being sold to Tennessee Valley Authority Auctioneer JP Morgan is hoping to get around \$400M.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
MDU Resources' IPP unit, Centennial Energy Resources	Brush Power (units 1 & 3)	Brush, Colo.	213	Gas	Goldman Sachs	MDU considering sale of Centennial's generation to help fund acquisitions, e.g. purchase of Cascade Natural Gas (PFR, 1/18).
	Hartwell Generating Station (50%)	Hartwell, Ga.	310	Gas		
	Hardin Generating Station	Hardin, Mont.	116	Coal		
	Mountain View Power Partners	San Geronio Pass, Calif.	66.6	Wind		
	San Joaquin Cogen	Lathrop, Calif.	48	Gas		
Mirant Corp.	Apex plant	Nev.	527	Gas	JPMorgan	LS Power Equity Partners to acquire for \$1.407 billion. JPMorgan tipped to lead financing in form of term B debt, (PFR, 1/22). Deal to close by second quarter.
	Bosque	Texas	546	Gas		
	Shady Hills	Fla.	469	Gas/Oil		
	Sugar Creek	Ind.	561	Gas		
	Zeeland	Mich.	903	Gas		
	West Georgia	Ga.	613	Gas/Oil		
	Curacao Utilities Co. (25%)	Curacao	133	Asphalt, refinery	JP Morgan	Global Infrastructure Partners left in the race. Early bidders were FPL, Fortis and Emera. Assets could fetch \$1.2 billion (PFR, 1/29)
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151	Oil		
Progress Ventures	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro		
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas	JPMorgan	Final bids due Jan. 12
	Walton	Walton, Ga.	450	Gas		
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		

Financing Record (JANUARY 25-JANUARY 30)

Debt

Date	Issuer	Principal(\$M)	Coupon(%)	Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch Rating	Gross Spread
1/25/07	Kinder Morgan Energy Partners	600	6	Sr Unsecurd Nts	2/1/17	99.888	6.015	115	BBB	Baa1	BBB+	0.45
1/25/07	Kinder Morgan Energy Partners	400	6.5	Sr Unsecurd Nts	2/1/36	99.803	6.515	115	BBB	Baa1	BBB+	0.75
1/30/07	Alabama Power(Southern Co Inc)	200	5.55	Fxd/Straight Bd	2/1/17	99.66	5.595	72	A	A3	A+	na

M&A

Announced	Effective	Target Name	Target Nation	Acquiror Name	Acquiror Nation	Value(\$M)
1/24/07		Malaysia Transformer Mnfgr	Malaysia	Tenaga Nasional Bhd	Malaysia	7.475
1/25/07		Chongqing Chuandong-Power	China	Chongqing Fuling Electric	China	
1/25/07		PowerTown Line Constr	United States	Universal Express Capital Corp	United States	
1/26/07		Cogeneration Plants(6)	France	Comax France SAS	France	24.748
1/29/07		AGL Energy-Hallett Power Stn	Australia	TRUenergy Pty Ltd	Australia	90.535
1/29/07		Leshan Jinzhugang Power	China	Leshan Electric Power Co Ltd	China	1.101
1/29/07		Mpec SA	Poland	Praterm SA	Poland	1.814
1/29/07	1/29/07	Perth Energy Pty Ltd	Australia	Infratil Energy Australia	Australia	5.417
1/29/07		TRUenergy-Torrens Island	Australia	AGL Energy Ltd	Australia	322.675

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

Financial Players Circle 1.5 GW Entergy Merchant Portfolio

Entergy Corp. has narrowed the list of prospective buyers for its 1.5 GW portfolio of unregulated assets down to fewer than 10 financial players. The identity of private capital firms in the running could not be learned.

The New Orleans, La., company kicked off the sale itself in October before handing over the reins at the second round to investment bank **New Harbor**. Entergy believes it can fetch \$500 million for the wind, peaking and steam projects. Calls to an Entergy spokesman and a New Harbor official were not returned.

One of the attractions of the portfolio is a 50% stake in **Top Deer Wind Ventures**, a joint venture with **Shell WindEnergy**, which owns the 80 MW Top of Iowa wind farm in Worth County, Iowa, and 80 MW White Deer in Carson County, Texas.

Also on the block is a 212 MW stake in 425 MW RS Cogen in Lake Charles, La.; a tolling interest, with an option to buy 60 MW in the coal-fired Roy Nelson facility in Westlake, La.; a 225 MW stake in 300 MW Warren Power in Vicksburg, Miss.; a 335 MW stake in 550 MW Harrison in Marshall, Texas; a 121 MW interest in 842 MW Independence near Newark, Ark.; and all 544 MW of the Ritchie plant in Helena, Ark.

Entergy also is selling its **Entergy Resources** steam business, and a 70-80 MW supply contract with the **Sam Rayburn Municipal Power Agency** and the **Vinton Public Power Authority** that goes out to about 2020. It hopes to complete the

sale of the businesses by the year-end, with a view to focusing on its utility and nuclear business.

Leads Ready Northern Star Recap Syndication

Lehman Brothers and **BNP Paribas** are set to launch syndication Feb. 20 of a roughly \$850 million debt package to recapitalize a 1.492 GW portfolio of qualifying facilities owned by **Northern Star Generation**.

Northern Star is co-owned by **AIG Highstar Capital**, which is auctioning its 50% interest via Lehman (PFR, 1/29) and **Ontario Teachers' Pension Plan**, which is not expected to sell its stake. The exact reason behind the recap could not be learned, but observers speculated that it might enhance the appeal of the assets in a sale.

The financing comprises a seven-year, \$315 million term loan B, a \$30 million synthetic letter of credit facility and more than \$500 million in 18.5-year, high-yield debt. A broad array of banks and institutional investors will be invited to the bank meeting in Manhattan, but a venue is yet to be announced.

The exact structuring and terms could not be learned because conversations with rating agencies are ongoing, but pricing is expected to be pitched aggressively because long-term, contracted cash flows from the coal- and gas-fired assets are highly valuable. An official at left lead Lehman did not return a call and officials at co-bookrunner BNP declined comment.

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BEAR STEARNS'

(continued from page 1)

Starwood Energy Group. Calls to officials at the firms were not returned.

On the block are facilities that have long-term contracts in place until 2015. Those include 350 MW facility, known as Monroe Power, an adjacent 600 MW facility in Washington County as well as a 500 MW plant in Effingham County. —M.D.

CALPINE SEEKS

(continued from page 1)

revolver, according to documents filed with the U.S. Bankruptcy Court for the Southern District of New York. The proceeds would be used to repay the CalGen debt and current DIP facility and for general corporate purposes. A Calpine spokesman did not make an official available for comment.

In the filing, Calpine says the new package would simplify its capital structure and save \$105 million per year in interest and fee payments by combining the CalGen debt with its DIP debt, and allow it to emerge more quickly from chapter 11 protection. A rollover provision also allows for Calpine to convert the new DIP into a seven-year exit financing.

A court hearing is set for Feb. 27. The key issue, a banker following the deal says, is Calpine's request for make-whole provision on the CalGen debt to be waived, allowing the company to repay at par. Paying the premiums would likely make the refinancing prohibitively expensive. However, the banker notes that this request may draw strong opposition from CalGen creditors.

The current DIP package, arranged by Deutsche Bank and Credit Suisse, consists of a \$1 billion term loan, split into a two-year \$400 million first lien and a two-year \$600 million second lien, and a two-year \$1 billion first-lien revolver (PFR 2/10/06).

CalGen secured \$2.4 billion in first and second lien term loans, first, second and third lien notes led by Morgan Stanley, and a \$200 million revolver from the Bank of Nova Scotia in 2004 (PFR 3/28/04). —Ben Miller

DYNEGY PLOTS

(continued from page 1)

Further details on the process could not be learned including pricing expectations and a timetable.

A call to a spokeswoman at the Houston-based IPP was not immediately returned. —Mark DeCambre

Alternating Current



TXU Corp. can do no right with environmentalist these days. Now Merrill Lynch, one of the Dallas energy giant's financial backers, is taking a hit for its association. Rainforest Action Network and Energy Action, calling themselves the "Billionaires for Coal," staged a rally last week in front of Merrill offices at the World Financial Center in downtown Manhattan in protest of its decision to help underwrite TXU's \$11 billion buildout.

Quote Of The Week

"To judge M&A activity in the U.S. based on the unpleasant experiences in two states is like judging the National Football League based on the experience of Terrell Owens" —Wendell Holland, chairman of Pennsylvania Public Utility Commission, imploring utilities not to give up hope on mergers based on the failures of the Constellation Energy/FPL Group and Exelon/Public Service Enterprise Group tieups (see story, page 1).

One Year Ago

Mirant was considering the sale of 2.4 GW of generation facilities in the Philippines, including the 1.2 GW coal-fired Sual Generating Plant in Sual, Pangasinan, and the 704 MW coal-fired Pagbilao Generating Plant in Pagbilao, Quezon. [A consortium led by Marubeni Corp. and Tokyo Electric Power Co. agreed to buy Mirant's interests in the country for \$3.42 billion (PFR, 12/15).]

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