

# power finance & risk

The exclusive source for power financing and M&A news

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## Infigen Energy Takes Final Bids

Infigen Energy is taking final bids for its 1.1 GW wind portfolio due by month-end.

See story, page 2

## At Press Time

JPM/Sempra Deal  
Unaffected By Volcker 2

## In The News

AREVA, Duke JV Push Biomass 3  
CPV Plans 365 MW Wind Funding 3  
BoTM, Union Teams On Financings 3  
Transco Lands Horizon Wind CFO 3  
Hancock JV Picks Up Calif. Plant 4  
MS Takes Stake In Gas Pipeline 4  
Noble Scouts GE Tax Equity 4  
Wyo. Nears First Wind Tax 4  
Brookfield Closes Wind Financing 5  
enXco Names Bank Quartet 5  
Texas Firm Markets Wind 5  
Dexia Head To Start New Shop 5  
Nuclear Lending Still Elusive 5  
Contract Terms Remain  
On Kleen Plant 7

## Departments

Project Finance Deal Chart 6  
News In Brief 6-7

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## Time Is Money

### ARCLIGHT OFFERS TICKING FEES

ArcLight Capital Partners is offering ticking fees on the \$220 million B loan backing its purchase of five power and transmission assets from **Energy Investors Funds**. Ticking fees are usually seen in corporate deals and leveraged buyouts, bankers note, but are needed in power credits when a deal is stuck waiting for regulatory approval, or if the borrower at the outset expects a long approval process but wants the loan wrapped early.

"If you ask banks to hold their commitments, [they're] going to be able to charge an arm and a leg," says a project financier. Ticking fees have been added here because the U.S. **Federal Energy Regulatory Commission** hasn't approved the deal as quickly as the buyer initially expected, though approval is expected in the next few weeks.

The ticking fees are 150 basis points over LIBOR starting March 1, stepping up to 200

(continued on page 8)

## Finding Sea Legs?

### DEVELOPER UPS N.J. OFFSHORE FUNDING HUNT

Fishermen's Energy has hired **Fieldstone Capital Group** to look for investors for two offshore wind projects. It's pushing a smaller 20 MW, \$120 million wind project off the coast of Atlantic City as a precursor to the larger \$1.4 billion, 350 MW project in federal waters (PFR, 7/17).

Fieldstone will have pitch teasers out for both projects by month-end. **Manfred Ernst**, executive chairman, did not return a call to comment on financing options.

Fishermen's hopes to procure a revenue stream through state renewable energy credits for

(continued on page 7)



## Good Wood

### WILL PUGET GENERATION CALL LURE BIOMASS?

**Puget Sound Energy** expects forest product companies to submit biomass proposals into its 1 GW request for generation proposals—a departure from two years ago when Puget ran a similar RFP process and received no biomass bids. Biomass facilities generate power by burning organic materials such as poultry manure, grass and, in the case of the forest-cloaked Northwest, wood.

**Roger Garratt**, director of resource acquisitions, says the Bellevue, Wash.-based utility expects to receive several bids from waste-wood fired biomass projects. His optimism is based on interest displayed at the utility's bidder conference Jan. 28. He declined to name the companies in attendance.

(continued on page 8)

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



## At Press Time Infigen Takes Final Bids For Wind

**Infigen Energy** is taking final bids for its 1.1 GW wind portfolio from a shortlist of contenders. **Energy Capital Partners**, **Pattern Energy**, **AES** and **Morgan Stanley Infrastructure Partners** are reportedly in the running (PFR, 1/29). Final bids are due before month-end, a deal watcher notes.

**Marathon Capital** and **UBS** are advising on the sale and **UBS** is offering staple financing for the purchase. **Ted Brandt**, ceo of Marathon in Bannockburn, Ill., **Gerard Dover**, cfo of Infigen in Sydney, and a **UBS** official did not return calls. Officials and spokesmen at potential bidders did not return calls or declined to comment.

Infigen is selling 18 projects in California, Colorado, New Mexico, Oklahoma, Oregon and Pennsylvania that are 80% contracte.

## Volcker Not Seen As Issue For JPM/Sempra

An idea of banning proprietary trading by commercial banks—the so called Volcker rule—likely did not enter into consideration when **JPMorgan** bought **RBS Sempra Commodities'** Asian and European energy trading businesses this month, say energy derivatives and banking lawyers.

The rule proposal is named for the former U.S. **Federal Reserve** Chair **Paul Volcker**, and it has the backing of President **Obama**. So while there was speculation Morgan steered clear of buying the U.S. trading platform because of the potential rule, other industry watchers say the firm simply wasn't interested in the U.S. business. It acquired a U.S. energy trading desk—the power trading entity **CalBear**, formed in 2005 between **Bear Stearns** and **IPP Calpine**—as part of its acquisition of Bear (PFR, 1/28).

The firm paid \$1.7 billion for the RBS Sempra businesses. It is unclear how much prop trading it will do, if any, through those businesses and how the Volcker rule would regulate overseas activities, though such a law would apply at a holding company level and therefore to all its subsidiaries, says **Ian Cuillerier**, partner in the derivatives practice with **White & Case** in New York. Still, a large number of details are outstanding. "I don't know whether that level of granularity has been introduced into discussions," Cuillerier says.

One lawyer who does work for JPMorgan says the bank likely never considered the rule in its decision to buy the businesses. "This ain't going anywhere," the lawyer says. "It may never even be drafted." A JPMorgan spokesman did not return a call for comment by press time.

### 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? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Jeanine Prezioso**, managing editor, at 212-224-3226 or [jprezioso@iineews.com](mailto:jprezioso@iineews.com).

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**Institutional  
Investor NEWS**  
INTELLIGENCE FIRST

## AREVA, Duke JV Eye Biomass Contracts

ADAGE, a biomass joint venture between French nuclear giant AREVA and Duke Energy, is finalizing offtake and fuel supply contracts for its \$250 million, 55 MW project near Olympia, Wash.

ADAGE wants to wrap negotiations with a municipal utility before starting the financing search, says an AREVA spokesman in Bethesda, Md., who declined to name the utility or fuel supplier.

The JV will head to the debt market this year to finance its third project, which is slated for construction by year-end. AREVA and Duke will make undisclosed equity contributions to the project, says the spokesman. He declined to give a debt-to-equity ratio or a timeline for tapping lenders.

ADAGE, based in Chadds Ford, Penn., is aiming to build 10-12 projects in the next five years, focusing on the Southeast and Pacific Northwest, where wood byproducts and waste are plentiful. ADAGE is planning two 50 MW projects in northern Florida and went to European relationship banks over the summer to scout financing for a project in Hamilton County (PFR, 7/24).

## CPV Weighs Wind Funding

Competitive Power Ventures will look to secure funding for at least two wind projects in the next 18 months. They include its 165 MW Cimarron wind project in Gray County, Kansas and the 200 MW Ashley project in McIntosh County, N.D. Developing wind costs roughly \$2 million bringing the projects' combined price tag \$700 million.

The company aims to maintain a stable of relationship lenders, says Sean Finnerty, senior v.p. in Braintree, Mass., pointing to banks backing its 152 MW Keenan II wind farm in Woodward County, Okla. Bank of Tokyo Mitsubishi-UFJ and affiliate Union Bank led \$212 million in financing backing the project with Key Bank, Helaba, LBBW, Natixis and Rabobank participating (PFR, 2/12). CPV will look to nail down financing for Cimarron by year-end and for Ashley by mid 2011. Bank officials either declined to comment or did not return calls.

GE Energy Financial Services will take a \$65 million equity stake to round out funding for Keenan II. The experience of the developer was a factor behind GE EFS' investment, says Tim Howell, managing director in Stamford. The financing arm of GE Energy will take production tax credits for the stake, which may be increased by \$100 million upon construction completion later this year. CPV also contributed \$30 million in equity to the project.

The company is also mulling timelines for financing and developing 5 GW of wind projects it has acquired from Interwind, formerly part of SkyPower (PFR, 1/22). Finnerty

declined to specify the price of the acquisition or how the company financed the purchase.

Ashley and Cimarron have 20-year PPAs with the Tennessee Valley Authority. Keenan II has a 20-year PPA with Oklahoma Gas & Electric and will consist of 66 2.3 MW Siemens turbines.

## BoTM, Union Join Teams

The power and utilities groups under Bank of Tokyo Mitsubishi-UFJ and Union Bank are allying to jointly market their product and services under BoTM's parent Mitsubishi UFJ Financial Group. The 45-person strong group will have significant exposure to the power space and room to expand under the new organization, an official notes, adding the group is seeing a lot of financing activity in the renewables space.

Grant Ahearn, head of specialized financial services for Union Bank in Los Angeles, is leading the power and utilities leadership team, which includes Jonathan Lindenberg, head of project finance Americas at BoTM-UFJ in New York and John Edmonston, head of power and utilities group from Union Bank in Los Angeles. Lindenberg will head up project financing efforts in New York, while Edmonston will focus on all corporate lending to utilities and IPPs as well as project finance booked at Union Bank. Edmonston and Lindenberg will cooperate on U.S. project finance transactions. The amount of capital the group is looking to deploy this year could not be learned.

BoTM-UFJ, acquired all outstanding shares of Union Bank's parent UnionBanCal Corp. for \$3.5 billion in 2008.

## Horizon CFO Jumps To Transco

Jayshree Desai, cfo of Horizon Wind Energy, has moved to transmission developer Clean Line Energy in the same position. "We had several transactions and acquisitions at Horizon. I was brought here to try and do the same thing," Desai notes. She began in the newly created position in Houston on Jan. 18 and reports to Michael Skelly, ceo.

Desai is joined by David Berry, v.p. of finance & strategy, and former finance director at EDP Renováveis subsidiary Horizon Wind. He will focus on arranging financing of the company's projects and reports to Desai. Desai declined to elaborate on the projects in development.

Joao Metelo, former financial planning and controls director, has replaced Desai as cfo at Horizon. Radu Tutos, director of market operations, will replace Berry. Metelo and Tutos did not return calls by press time.

Skelly, former chief development officer at Horizon, founded Clean Line last year. The company is backed ZBI Ventures, the company's management team and private investment firm Zilkha & Sons.



## Hancock, J-Power JV Acquires Calif. Plant

J-Power USA Generation, a joint venture between **John Hancock Financial Services** and **J-Power USA Investment Co.**, is acquiring a 96 MW natural gas-fired peaker plant from the development arm of **J-Power North America**. John Hancock will make an undisclosed payment for its 50% of the project and equity, says **Mark Condon**, cfo of J-Power USA in Schaumburg, Ill. He declined to disclose the amount. The transaction is expected to be completed by mid-March. Calls to John Hancock officials in Boston were not returned.

The Orange Grove simple cycle plant in Pala, Calif., is slated for completion in early March at a costs of \$130 million and has a 25-year PPA with **San Diego Gas & Electric**. **Royal Bank of Scotland** led the \$100 million construction loan in 2007 (PFR, 9/28/07). Ownership of the Orange Grove facility will revert to SDG&E at the end of the 25-year PPA. John Hancock and J-Power USA teamed up in 2007 with plans to amass a 2-4 GW portfolio of assets by 2010 (PFR, 5/25/07).

## Contracted Pipe Lures Morgan Stanley

**Southern Star Central Gas Pipeline's** long operational history, capacity contracts, gas-storage capacity and integration into customer systems, attracted **Morgan Stanley Infrastructure Partners Fund** to acquire a 40% stake in the project, a banker familiar with the transaction notes. The fund has acquired a 40% stake in **Southern Star Central Corp.** and its pipeline system in the Midwest from **Caisse de depot at placement du Quebec** for an undisclosed sum.

Roughly 90% of the pipeline's revenues come from capacity contracts, says **Jon Blankenheim**, analyst at **Standard & Poor's** in New York, adding that pipelines typically provide steady cash flows that are attractive to investors. **Missouri Gas Energy** and **Kansas Gas Service** hold 56% of the capacity on the lines. The identity of the remaining contract holders on the pipeline could not be learned. **Jerry Morris**, president and ceo in Owensboro, Ky., and a CDP spokeswoman in Montreal did not return calls by press time.

The acquisition would mark the fund's first pipeline acquisition. Morgan Stanley has made roughly \$2.5 billion in investments in energy and transportation sectors since it closed the \$4 billion fund in 2008. The fund is targeting full investment by 2013.

The pipeline system spans more than 6,000 miles in Kansas, Oklahoma, Missouri, Wyoming, Colorado, Texas, Nebraska, and Kentucky and has 42.9 billion cubic feet of storage. Parts of the system have been in operation since 1904.

## Noble, GE EFS Talk Tax Equity

**Noble Environmental Power** is in talks with **GE Energy Financial Services** about selling a tax equity stake in its 99 MW Granite Reliable Power wind project, says a market official. Noble is talking to a variety of banks, including non-relationship lenders, about financing and tax equity stakes, says someone familiar with the talks, noting that both European and U.S. banks are in the mix. The company expects to secure financing for the roughly \$200 million project in the third quarter.

A Noble official in Essex, Conn., declined to comment. A GE EFS spokesman in Stamford, Conn., also declined to comment. The size of the tax equity or timeline could not be determined.

The Coos County, N.H., project will be the company's first project to go into construction since 2008. Noble, the majority owner of Granite Reliable Power is working with a local New Hampshire partner on the project. **Central Vermont Public Service** will buy 30% of the power from the project for 20 years beginning in April 2012; **Green Mountain Power** will buy 25% for 20 years. Noble is in negotiations with undisclosed parties about contracting the other half, says the person familiar with the talks.

Noble recently signed a contract to use 33 **Vestas V90** 3 MW turbines for the project. The turbines will be delivered in early 2011. A Vestas spokesman in Portland, Ore., declined to disclose the amount of the contract or when payment will be due.

## Wyo. Moves Closer To First Wind Tax

The Wyoming House of Representatives passed a bill last week that would implement a \$1 per MWh excise tax on wind-generated power. The tax, which would take effect on Jan. 1, 2012 or three years after a farm goes into operation, would make Wyoming the first state to tax wind power if the legislation passes the Senate.

A 100 MW farm could expect to pay roughly \$380,000 a year on top of the property and sales taxes it pays, says **Jonathan Green**, press secretary for Gov. **Dave Freudenthal**, who supports the bill.

Although the amount wouldn't kill projects planned for the state, the tax coupled with existing transmission and environmental issues in the state make building in Wyoming more difficult, bankers say. "It's going to affect the bottom line of a project but it's not going to make or break it," says a banker New York.

Developers would likely negotiate a higher offtake price or purchase RECs to offset the cost.

## Brookfield Wraps Wind Financing

**Brookfield Renewable Power** has wrapped \$102 million in financing backing its 50.6 MW Gosfield wind project in Essex County, Ontario. **Bank of Tokyo-Mitsubishi** and **Scotia Capital** led the deal, says a project financier in Toronto. Bank officials and **Donald Tremblay**, cfo in Gatineau, did not return calls and details such as pricing, tenor and structure could not be learned. The deal closed earlier this month.

The company garnered a 20-year PPA for the project under a call for renewables from the **Ontario Power Authority** (PFR, 8/28/08). The project is slated for operation this fall.

## enXco Picks Quartet

EDF subsidiary **enXco** has tapped **Dexia Crédit Local** and **Société Générale** as the co-bookrunners and **Banco Santander** and **CoBank** as joint lead arrangers for roughly \$450 million in financing backing its 201 MW Lakefield wind project in southwestern Minnesota.

Lenders had been pitching pricing on the deal under 300 basis points over LIBOR with more than 10-year tenors (PFR, 2/5). Bank officials either declined to comment or did not return calls and details such as timeline, pricing and tenor could not be learned. **Jim Peters**, director of project finance in Burlington, Vt., did not return calls.

The project will use 1.5 MW **General Electric** turbines and has a 20-year PPA with **Indianapolis Power & Light**. The facility is slated for operation by year-end.

## Texas Advisory Firm Markets 1.2 GW Of Wind

**Vert Investment Group**, a boutique advisory shop, is advising investors on transactions totaling 1,200 MW this quarter, says **Joaquin Altenberg**, managing partner in Houston, Texas. The shop is currently scouting financing for Sunbury, Penn.-based **Penn Wind's** mid-stage wind portfolio, as well as some solar projects.

Private equity-backed developers, corporate investors, utilities and infrastructure funds are all on the prowl to scoop up wind projects, he says. **PáTu Wind Farm**, a joint venture between **Oregon Trail Wind Farm** and a subsidiary of **Municipal Mortgage & Equity**, is looking for investors in a 10 MW community wind project near Wasco, Ore.

A price point for mid- to late-stage development projects is starting to emerge, according to Altenberg. Projects that have completed local permitting and are negotiating PPAs fetch \$20,000-\$40,000 per MW, he says. Projects that are almost shovel ready bring \$50,000-100,000 per MW, he says. Vert advised on transactions involving roughly 700 MW in 2009. He

declined to disclose dollar amounts or company names.

Parsing through the two dozen or so proposals that come across his desk every month to find projects that fit investor needs is challenging because not every project is feasible or ready for a significant capital injection, he says. "Every developer thinks he's got a great wind project," he adds. European investors lean toward developers willing to partner to keep local boots on the ground while utilities and U.S. developers buy outright.

## Dexia Chief To Mint Own Shop

**Jerome Guillet**, head of energy at Dexia in Paris, is leaving at the end of this week to start his own advisory shop.

He served in that role for about two years. The new shop will focus on advising developers on financing structures and finding debt primarily for renewable projects as well as oil and gas projects, he says. Guillet declined to say whether he was hiring anyone, or provide further details such as the name of the firm.

At Dexia, he reports to **Xavier Monteau**, head of energy and environment. Monteau could not be reached for comment and it was not clear who would replace Guillet.

## Banks Are A Long Way From Lending To Nuclear

Banks are a long way off from financing nuclear generation in the U.S. as long regulatory lead times and NIMBY protests have led to cost overruns on projects and thwarted past efforts.

"Banks are conceptually interested in [it] because obviously they are interested in new business, but we're far away from being able to finance it," says one banker.

Nuclear is being strongly revisited as a carbon-free method of power generation. Last Tuesday, President **Obama** announced that **Georgia Power** subsidiary **Southern Co.** would receive \$8.3 billion in federal loan guarantees to help build a two-unit, \$14 billion nuclear facility. The **Municipal Energy Authority of Georgia** plans to issue \$2.48 billion of Build America Bonds and \$54 million in tax-exempt bonds to fund some of the capex costs. **Goldman Sachs** is sole bookrunner and will be looking for eight other banks to round out the deal.

Last Wednesday San Antonio-based **CPS Energy** and the **NRG** and **Toshiba** joint venture, **Nuclear Innovation North America**, reached an agreement in a law suit that reduces CPS's stake in the project and gives NINA 92.4% ownership. This frees up the project to move ahead with funding.

Still says the banker, "the new regulatory regime has to be reliable." He cited the example of the **Long Island Lighting Company's** Shoreham Nuclear Power Plant project, built between 1973 and 1984 that was plagued with delays and cost overruns and never saw commercial operation because of local protests.

## Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Jeanine Prezioso at (212) 224-3226 or e-mail [jprezioso@iineews.com](mailto:jprezioso@iineews.com).*

### Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Columbia Power, Columbia Basin Trust	Unknown (435 MW Hydro)	Waneta Dam, British Columbia	TBA	TBA	TBA	TBA	Decision on project's future expected (PFR, 2/15/10).
Coram Energy	Various (22 MW Wind)	Tehachapi, Calif.	Marathon Capital	TBA	TBA	TBA	Looking for tax equity, debt (PFR, 2/15/10).
CPV	Keenan II (152 MW Wind)	Woodward County, Okla	Union Bank, Helaba	TBA	TBA	TBA	GE EFS invests equity for PTC (PFR, see story page 3).
Eastern Power	Greenfield South (280 MW Combined Cycle)	Mississauga, Ontario	Morgan Stanley	TBA	C\$200-250M	TBA	MS making calls to lenders (PFR, 2/15/10).
El Paso	Ruby Pipeline (675-mile)	Wyoming to Oregon	Credit Suisse, Calyon, BMO, Scotia, SocGen, Banco Santander, RBS	TBA	\$1.6B	7-yr	Leads selling \$100M tickets in retail (PFR, 2/15/10).
Energy Investors Funds	Various (80 MW Landfill Gas)	U.S.	TBA	TBA	\$200M	TBA	Looking for recap (PFR, 2/15/10).
Stirling Energy Systems	Imperial Valley (300 MW Solar)	Imperial County, Calif.	TBA	TBA	TBA	TBA	Looking for equity investment (PFR, 2/15/10).
	Calico (300 MW Solar)	San Bernardino, California	TBA	TBA	TBA	TBA	Looking for equity investment (PFR, 2/15/10).

For a complete listing of the Project Finance Deal Book, please go to [iipower.com](http://iipower.com).

## 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

- The **Tennessee Valley Authority**, **FirstEnergy** and **Oglethorpe Power** have signed an agreement with **Babcock & Wilcox** to get a small nuclear reactor approved for commercial use. The move is the first step to getting the reactor, which is smaller than a rail car and is 90% cheaper than a reactor, approved by the U.S. **Nuclear Regulatory Commission** (*The Wall Street Journal*, 2/18).
- Grid reliability, regulatory uncertainty and long-term investment are among the top concerns of power industry leaders, according to a survey by **Black & Veatch**. Nuclear generation was selected as the resource best suited to help the U.S. meet environmental standards (*iStockAnalyst*, 2/18).
- The U.S. **Federal Energy Regulatory Commission** has approved **Google's** request to become a power marketer, which allows the company to buy and sell electricity in bulk like a utility. Most electricity marketers are utilities or generators, though some heavy power users such as grocery chain **Safeway**, have been granted the status (*Dow Jones Newswires*, 2/18).
- **Lisa Jackson**, administrator for the U.S. **Environmental Protection Agency**, has promised to unveil several rules that will significantly affect power utilities (*The New York Times*, 2/17).
- The White House is using the 2011 budget to implement a variety of measures to cut greenhouse gas emissions even as the Senate climate bill idles (*The Wall Street Journal*, 2/17).
- **Samsung C&T** and **ENCO Utility Services** are partnering to build a 130 MW project pipeline in Tulare and Kings Counties in California. **Pacific Gas & Electric** will buy the power from the five projects slated to be in operation in 2012 (*Bloomberg*, 2/17).
- **ConocoPhillips** will focus on developing its natural gas operations to reduce greenhouse gas emissions. The move comes after it decided not to renew its membership in the U.S. **Climate Action Partnership**, a group of two dozen entities pressing the government to reduce emissions and invest in low-emission technologies (*Dow Jones Newswires*, 2/16).
- The **National Renewable Energy Laboratory** said feed-in tariffs can be lawful under the Public Utility Regulatory Policies Act depending on how they are structured. The finding paves the way for the states to implement programs to level out power pricing (*Portland Business Journal*, 2/15).
- **Progress Energy** posted a \$142 million profit in the fourth quarter and expects power sales to rise this year in North Carolina (*The News & Observer*, 2/12).

## News In Brief

### Europe/Asia/Pacific

- Czech power company CEZ has stopped issuing permits for wind and solar projects to avoid a grid overload. Grid operator CEPS AS is concerned that the number of projects will exceed the transmission network's capacity (*BusinessWeek*, 2/16).
- Australia will pursue carbon capture and storage in addition to other sources of clean power, instead of nuclear power (*Bloomberg*, 2/18).

• The European Union's first phase of carbon trading has been successful in reducing emissions despite its flaws, according to a report analyzing the 2005 to 2007 trades (*Reuters*, 2/12).

• **Siemens** is likely to target turbine component manufacturers as the company aims to increase its profile in wind through acquisitions. Small companies like **Power One**, and German shops **SMA Solar Technology** and **Kaco**, could be on Siemens's radar (*Reuters*, 2/17).

## EIF Says No Amendments Needed On Kleen Energy Deal

**Energy Investors Funds** believes the 620 MW gas-fired Kleen Energy plant where a fatal explosion occurred Feb. 7 can be rebuilt consistent with the terms in the existing bank lending agreement, officials said during a Tuesday conference call. The firm doesn't expect to need to add amendments to the project contract.

But banks are still waiting until insurers can get to the scene and examine the extent of the damage. "It'll be a while before banks know anything," says one banker.

**HSH Nordbank** led the construction loan on the \$985 million financing and **Goldman Sachs** was the administrative agent on the retail syndication portion (PFR, 2/8).

Goldman structured the deal expecting to go to the bond market, but the project wound up being funded only by banks. **Doug Tansey**, v.p. and a Goldman banker on the deal, did not return a call for comment.

The plant is 80% owned by EIF and 20% owned by **White Rock Holdings Associates**. An EIF official did not return a call for comment.

## DEVELOPER UPS

(continued from page 1)

offshore wind, which so far don't exist. New Jersey has a solar power energy credit, but it is unclear how or when the state will pass an offshore REC, though company officials say it's only a matter of time. The company is betting on New Jersey's Energy Master Plan, which expects to have 1 GW of offshore wind in place by 2012, and 3 GW by 2020 and on a national bipartisan rah-rah mentality for renewable energy.

Even with a change in the state administration from Democrat to Republican last year, Fishermen's says President **Obama's** push for green jobs and clean energy is party-agnostic. "Jobs are jobs," says **Mike Madia**, coo, in Cape May, N.J. "We need to prove that this can be done in the U.S. We're confident that offshore wind makes sense."

The company is aware that investors will be limited to those who can fund development projects, not sources such as infrastructure funds that generally want a project to be up and running with a long-term contract attached to it. The company is open to partnering with a strategic or others, Madia adds.

Officials at Fishermen's have had preliminary discussions with European banks about financing, since those bankers are comfortable financing the projects. U.S. banks are leery of lending to unproven technologies, but a smaller project might be a way to ease into finessing banks.

"That's how this got started in Europe," Madia says. "They started with smaller projects to prove that they could get built."

Madia says the company has spoken with **Tom Emmons**, head of renewable energy infrastructure finance for the Americas at **Rabobank** in New York, and **Jerome Guillet**, head of energy at **Dexia** in Paris about financing options. Offshore wind costs about \$5 million per MW to develop and the debt portion of that would be between \$2 and \$3 million, Guillet says. "They have a decent shot at being one of the early projects in state waters," he adds.

Emmons did not return a call for comment. —*Jeanine Prezioso*

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## ARCLIGHT OFFERS

(continued from page 1)

bps over LIBOR in April. Pricing on the seven-year facility starts at 350 bps over LIBOR and includes a 200 bps LIBOR floor with a 98.5 bps original issue discount.

The last power deal to pitch ticking fees was an \$890 million loan backing **Babcock & Brown Infrastructure's** purchase of two **Dominion** natural gas utilities in the fall of 2008. That deal had fees of 75 bps (PFR, 9/19/08). Prior to that, many banks were stuck holding paper in the \$3.575 billion financing backing **Macquarie Infrastructure Partner's** purchase of **Puget Energy**. That deal only paid out a success-based fee and regulatory approval took several months (PFR, 6/13/08).

**Barclays Capital**, lead left, and **Bank of America**, are leading the financing, which is still expected to be at least three times oversubscribed, a deal watcher notes.

**John O'Connor**, cfo of ArcLight affiliate **Terra-Gen** that is handling the deal in New York, and a BofA spokesman did not return calls. A Barclays official declined to comment. **Michael McLaughlin**, director of energy market regulation for FERC in Washington, D.C., did not return a call. —*Sara Rosner*

## WILL PUGET

(continued from page 1)

Power generation is receiving more attention from the forestry sector since it was hard hit by the housing market downturn and is looking for new revenue streams. In addition, utilities are in the market for renewable power to meet greenhouse gas emission targets.

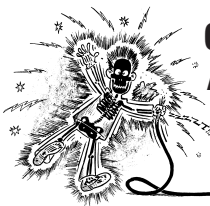
Timber companies are hoping to receive some funds from the U.S. **Treasury** grant program under the American Recovery and Reinvestment Act to secure a portion of the financing to develop waste-wood biomass. Projects in the 50-55 MW size can cost around \$250 million to build.

"The [Treasury] grant program caused a lot of people to attempt to move forward and this RFP is well timed," says **Bill Carlson**, principal of **Carlson Small Power Consultants** in Redding, Calif. Carlson is advising a number of companies putting together bids to submit for Puget's March 2 RFP deadline.

Forest product companies have an advantage in preparing winning proposals over traditional power producers because they can build the generator next to the existing fuel source, the key element of a successful biomass project, says Carlson. Using waste created from the processing of turning wood into lumber and wood chips would be a steady fuel source for the companies, adds **Dean Cardoza**, senior v.p. at **Bank of the West**.

—*Holly Fletcher*

## Alternating Current



### Carbon Offset? Greener Isn't Always Cleaner

When it came to grooming the ice at the Vancouver Olympics this year, organizers had to ship in a propane-fired **Zamboni** after two electric vehicles left the rink at the Richmond Olympic Oval less than slick for the world-class speed skating competition.

One athlete compared the surface of the ice to gravel, according to *USAToday*, after the electric-powered Olympia machines manufactured by **Resurface** had groomed the ice. Several athletes and coaches called for a postponement for speed skating races to repair the surface because of inconsistent conditions on the track.

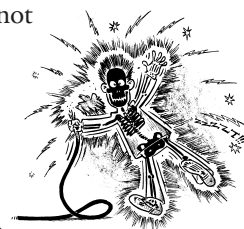
Organizers had to ship in the **Zamboni** from Calgary, via a 15-hour flat-bed truck ride to alleviate the conditions on Wednesday, adding more CO<sub>2</sub> to the atmosphere. This after the same building that housed the speed skating competition was supposed to be retrofit to save greenhouse gas emissions equal to the weight of 4,061 baseballs.

An official at **Resurface** in Ontario did not return a call and the exact nature of any issues with the Olympia machine and its ice-grooming capabilities could not be learned. Moral of the story: you still need gas-fired equipment to balance out all of the green energy floating around out there.



Electric-powered ice cleaner

Big Hill Services



## Quote Of The Week

"We need to prove that this can be done in the U.S. We're confident that offshore wind makes sense." —**Mike Madia**, coo at **Fishermen's Energy** in Cape May, N.J., on developing offshore wind off the coast of Atlantic City (see story, page 1).

## One Year Ago In Power Finance & Risk

**Pod Generating Group** was talking to lenders about \$350-400 million in financing for its debut solar project in Sault Ste. Marie, Ontario. [**Starwood Energy** wrapped \$100 million in financing from **NordLB** for the initial 20 MW phase after buying it from Pod (PFR, 1/15).]