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The exclusive source for power financing and trading news

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GE Arm Pursues N.J. Generation

A unit of **GE Capital** is in the hunt for **Goldman Sachs's East Coast Power**.

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WestLB Adds To Utilities Group

WestLB has hired **John Eleoterio** as an associate director in its power, utilities and financial sponsors group in New York.

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CIT MULLS \$5-10B ENERGY INVESTMENT VEHICLE

CIT Group is considering an energy investment vehicle with buying power of between \$5-10 billion. The initiative, which is strongly backed by Chief Executive **Jeff Peek** and Vice Chairman **Rick Wolfert**, is expected to be spearheaded by **Daniel Morash**, senior managing director in New York. Peek, who joined CIT more than two years ago, has been trying to expand the footprint of the financial services firm and sees opportunities to do so in its energy unit, says a CIT official. The vehicle could be set up as a public/private partnership or a project finance or equity infrastructure



(continued on page 12)

MORGAN STANLEY INKS DENA PPA

Morgan Stanley has signed a PPA covering the **Duke Energy North America** generation assets being acquired by **LS Power**. Details on the tolling arrangement, which has Morgan Stanley agreeing to purchase at least a portion of the 6.2 GW capacity, could not be ascertained. As a result of the PPA, Morgan Stanley also is requesting a participating role in a \$1.6-1.7 billion financing being arranged by **Credit Suisse**, **Goldman Sachs** and **WestLB** to fund the acquisition, say banking officials involved in the deal. Calls to **Simon Greenshields**, global head of energy and natural gas trading in Purchase, N.Y., were not returned, nor were calls to officials at East Brunswick, N.J.-based LS Power.

Credit Suisse, Goldman and WestLB are arranging the financing as a B loan, synthetic letter of credit facility and a revolver. But they're going to incorporate the PPA into the financing model because it provides the otherwise merchant operation with a more steady

(continued on page 11)

Flipper?

HOUSTON MIDSTREAM CO. LOOKS TO OFFLOAD SOME EX-DYNEGY ASSETS

Targa Resources has put up for sale some of the Dynegy midstream assets it acquired late last year. The sale covers holdings in north Texas worth approximately \$1 billion, says a banker familiar with Targa's activities. **Merrill Lynch** is handling the auction process, which is underway. The midstream gas company is hoping to complete a sale of the assets over the next few months. Officials at Merrill did not return a call for comment.

The **Warburg Pincus**-backed Houston shop has integrated the assets it wants to keep from the original acquisition and sees the north Texas assets as ancillary. It is unclear what percentage of the Dynegy business has been retained, but the operation also had assets in West Texas and Southeast New Mexico and on the Texas and Louisiana Gulf Coast.

(continued on page 2)

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



At Press Time HOUSTON MIDSTREAM

(continued from page 1)

Credit Suisse arranged a \$2.4 billion financing package for Houston-based Targa's purchase of **Dynegy Midstream Services** (PFR, 10/31). A prospective buyer of the assets will be expected to wipe out existing debt on the assets with fresh acquisition loans, a banker notes. Targa's advisors are said to be granting buyers the option of obtaining their own funding package or working with a staple that could be provided by one of Targa's relationship lenders. It is unclear which lender is offering a staple funding package.

Targa was formed in 2003 by **Tejas Gas** veterans **Rene Joyce**, who serves as ceo, and **Joe Bob Perkins**, president. Targa is backed by private-equity firm **Warburg Pincus**. Perkins and Joyce did not return several calls requesting comment.

—Peter Roth & M.D.

Plum Assignment

Leads Unfurl 800 MW Coal-Fired Construction Loan

Merrill Lynch, Credit Suisse, Goldman Sachs have launched B-loan syndication on behalf of **LS Power** for the construction of a pulverized coal-fired plant near Osceola, Ark. The loan, which funds construction of a planned 800 MW greenfield project known as Plum Point, is the first major generation development in several years, bankers note. The financing is expected to wrap in two weeks and is co-managed by **WestLB**. The debt being arranged represents approximately 80% of the cost of the plant and includes a \$590 million first lien, a \$105 million term loan for letters of credit and a \$65 million working capital revolver. Merrill also is expected to place approximately \$105 million in tax exempt bonds to back the term loan this year or next.

Pricing is expected to be in the range of 325 basis points over LIBOR. **Standard & Poor's** has rated the debt B and **Moody's Investors Service** rates the deal B1.

Officials at the banks either declined to comment or did not return calls. Officials at LS Power did not return calls for comment.

A few bankers tracking the deal questioned the one-lien structure noting that most of the power deals with a similar B-loan makeup have had at least two liens. But the arrangers expect to see strong demand from the buy-side, say officials who have spoken to the lead banks.

LS Power has been hammering out deals for engineering, procurement and construction contracts for the plant (PFR, 11/26). East Brunswick, N.J.-based LS Power wanted some of its lenders to provide a short-term power hedge of two to three years while it negotiates longer-term contracts with local coops but those hedges have not been arranged yet. The private developer is also likely to sell a large portion of the output on a merchant basis.

Plum Point will use pulverized coal boiler technology and advanced emission controls to provide low-cost electricity to wholesale purchasers, including investor- or municipal-owned utilities. As of last year, LS Power has developed nine projects totaling over \$3 billion and 5.7 GW of generation capacity.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

WestLB Adds To Utilities Group

WestLB has hired **John Eleoterio** as an associate director in its power, utilities and financial sponsors group in New York. The banker, who was hired from CIT's project finance group, will report to unit co-heads and managing directors **Santino Basile** and **Lou Iaconetti**. He will be responsible primarily for originating and structuring transactions, Basile says.

The financial sponsor unit was formerly within the power banking unit until being carved out last year (PFR, 11/7) with the addition of Iaconetti as well as director **Juan Kreutz** and **Jimmy Anderson**. At CIT Eleoterio reported to group head **Dan Morash**, global head of project finance in New York.

Coleto Draws Bids Up to \$1.2B

Coleto Creek Power Station has drawn indicative offers up to \$1.2 billion. One private-equity official who bid on the plant says offers below \$1 billion will not be included in the second round. **Goldman Sachs**, the auction manager, is expected to provide investors more detail about the plant so that they can run their final numbers. Final bids are due at the end of March or early April.

Sempra Generation and **Carlyle/Riverstone Holdings** own the 632 MW coal-fired plant in ERCOT through their **Topaz Power Group** joint venture. They decided to sell late last year (PFR, 12/19).

Art Larson, spokesman at Sempra confirmed bid dates. **Stephen Schaefer**, managing director at Riverstone in Houston did not return calls. **Tim Kingston**, managing director at Goldman in New York, which is running the sales process, also did not return a call for comment.

GE In Chase For N.J. Plant

GE Capital is in the hunt for **Goldman Sachs's East Coast Power**. According to a banker with knowledge of the auction for the holding company that owns the 940 MW cogeneration facility in Linden, N.J., GE Capital and **AIG Financial Products** are both especially keen on acquiring the plant. **ArcLight Capital Partners** has also been singled out as a competitor whose indicative offer was high enough to get into the second round (PFR, 2/6).

Don Kyle, managing director at **GE Energy Financial Services** in Stamford, Conn., did not return a call for comment, nor did **Tim Kingston**, managing director at Goldman in New York. **Steven Pike**, managing director at AIG FP in New York, did not respond to an e-mail request for comment.

Final bids were due last week. The identities of the other bidders and the value of the bids could not be determined. Six to eight parties which bid in the \$1.2 billion-\$1.35 billion range

are said to have been invited to make second-round offers.

The plant has a long-term PPA with **Consolidated Edison Co. of New York** for 645 MW through 2017.

Private Equity Buzz On Energy Opportunities

Private equity investors are expecting a bullish year for energy. **John Buehler**, managing partner at **Energy Investors Fund**, says it expects deal flow will be plentiful to satisfy investor appetite. "The market has never been better," he says.

Steve Zaminski, principal at **Starwood Capital**, believes regulated utilities might be the next investment frontier. But notes one of the biggest obstacles would be the state regulators, who tend to regard private equity firms in a negative light and would make such deals difficult to see to completion. He added firms would have to be prepared to spend a lot of money and time to take the risk.

BNP, NordLB Wrap Bajio Refinancing

BNP Paribas and **NordLB** have closed the syndication of the \$179 million Bajio plant refinancing for **InterGen** and **Tokyo Gas**. Bajio is a 600 MW natural gas-fired combined cycle plant in San Luis de la Paz, a municipality in the state of Guanajuato, some 160 miles from Mexico City.

Bulent Osma, v.p. at NordLB in New York, says pricing for the \$132 million term loan is set at 125 basis points over LIBOR until the end of 2009, then changes to 150 basis points beginning in 2010 until February 2012. A \$27 million letter of credit facility included in the refinancing is set at 125 basis points over LIBOR, and a \$20 million letter of credit facility, to support the PPA, carries a rate of LIBOR plus 350. Calls officials at BNP were not returned. Osma says the deal was syndicated to 10 lenders, including **MetLife**, **Caja Madrid**, **Fortis Capital**, **Calyon**, **HypoVereinsBank**, **KBC Bank**, **Mizuho Bank** and **Natexis Banque**.

The pricing on the term loan was based on the current amortization schedule, Osma says, explaining why it flexes up in 2010. The PPA letter of credit, which is in place for offtaker **Comisión Federal de Electricidad**, Mexico's national utility, to draw down, is priced higher because the existing lenders in the financing did not want to dilute their collateral rights, says Osma. "Under the original structure, in addition to the senior debt, the LCs and the PPA LCs, they were born by the sponsors," he explains. "Under the refinancing, lenders took the project risk and issued those LCs."

While refinancing, InterGen was working on buying AEP's share in the plant simultaneously. That deal closed for \$29

million the same day as the refinancing. Calls to **Sarah Webster**, spokeswoman, for InterGen in Boston, and **David Hagelin**, spokesman for AEP in Columbus, Ohio, were not returned. Tokyo Gas retains a 24.5% interest.

The term loan that was refinanced was part of a larger package that included a \$22.5 million A loan from **Inter-American Development Bank** and a \$215 million comprehensive guarantee facility from the **Export-Import Bank US** via **Citibank** (PFR, 01/30). An e-mail to **Yumiko Yao**, manager in business development, for Tokyo Gas in Tokyo, was not answered.

Silicon Dearth Overshadows Solar Plans

Speaking at **Piper Jaffray & Co.**'s Opportunities in Solar & Clean-Tech Symposium at the New York Palace, solar companies warned institutional investors that demand for silicon, a key component in solar technology, is outpacing supply and project development is being hampered as a result.

Shawn Qu, ceo of Quebec-based **Canadian Solar**, said his company's revenues were flat last year in large part due to a lack of silicon, which caused a spike in material costs. **John Tuttle**, ceo of upstate New York **DayStar Technologies**, echoed Qu, saying the solar cell manufacturer has experienced stunted

growth, for the same reason.

Finally, **Thomas Krupke**, cfo of Germany's **Solon**, says there was a tripling of the solar market in 2004 in Germany, which enabled the company to grow at a rate of 100%. But, he does not foresee growth continuing at that rate, because of the supply/demand situation in silicon.

Southern Union Nixes LDC Offload

Southern Union has decided to hold on to its **Missouri Gas Energy** local distribution company. Southern Union recently sold its **PG Energy** natural gas distribution division in Pennsylvania to **UGI Corporation** for \$580 million (PFR, 2/6), and the Rhode Island assets of **New England Gas Company** to **National Grid USA** for \$575 million less assumed debt of \$77 million. The proceeds are being used to finance the acquisition of **Sid Richardson** and **Richardson Energy** for approximately \$1.6 billion.

The Wilkes-Barre, Pa.-based company will not sell because it generated enough equity via the other sales, suggest bankers familiar with the company. **John Barnett**, spokesman for Southern Union, declined to comment. **Laurie Coben**, managing director at **Merrill Lynch** in New York, which has been advising Southern Union, did not return a call.

Corporate Strategies

Exelon Gen Loads Up On Revolver

Exelon Generation has signed one-year revolving credit agreements totaling \$950 million. **Tom Miller**, v.p. of treasury at parent **Exelon Corp.**, says the facilities will be used "to continue to back up our marketing activities at the generating company." Exelon expects the revolvers to have a favorable impact with the ratings agencies. Pricing is set at LIBOR plus 40 basis points with a 10 basis point utilization fee if more than 50% of the credit line is tapped.

Rather than using a syndicate, Kennett Square, Pa., Exelon Gen set up bilateral agreements with **Wachovia**, **Citibank**, **HSBC Bank USA**, **The Royal Bank of Scotland**, **Barclays Capital** and **Wells Fargo Bank**, and **U.S. Bank**. Miller says that Exelon Gen opted to ink bilateral agreements because they're easier for the company to manage and to control. Exelon has had a prior relationship with five of the seven banks. RBS and HSBC are the new arrivals after they had requested participation in earlier Exelon deals. Miller adds the market for borrowers is currently very favorable, declining to elaborate.

Moody's Investors Service rates Exelon Gen's senior unsecured debt Baa1.

Sierra Pacific To Repurchase Notes

Sierra Pacific Power plans on redeeming a series of first-mortgage bonds totaling \$141 million. **Bill Rogers**, corporate treasurer at parent company **Sierra Pacific Resources** in Las Vegas, says the power unit will fund the redemptions, slated for sometime in March, with cash on hand and borrowings from its \$250 million revolving credit facility provided by **Wachovia**. The official says it plans on issuing new debt to replace the notes and hopes to score relatively cheaper rates but could not provide details on any planned offering.

Rogers speculates the notes were issued to finance ongoing capital expenditures, but he could not say for sure since they were placed more than a decade ago. The notes, originally issued in 1993 include \$37 million, 6.95% notes due 2022, \$25.5 million, 7.14% notes due 2023, \$32.5 million, 7.1% notes due 2023 and \$46 million, 7.875% notes due 2022.

The company currently has about a 55:45 debt to equity ratio, says Rogers. While he would not comment on the company's target capital ratio, he adds the company is committed to returning to an investment-grade credit quality. Sierra Pacific Power's credit rating stands at B+/Ba3 from **Standard & Poor's** and **Moody's Investors Service**, respectively.

VIEWPOINT: Easier Being Green

Recently there has been a distinctive push by federal and state governments toward renewable energy generation. President **George W. Bush** in his State of the Union address called for a 22% increase in clean energy research and many states have passed Renewable Portfolio Standards (RPS), which mandate that between 1% and 30% of electricity be generated from renewable sources by a specified date. As of January 2006, 20 states plus the District of Columbia have passed RPS legislation.

Renewable energy development is being spurred by tax incentives and state RPS requirements. The major tax incentive under the Energy Policy Act of 2005 is the extension of the Production Tax Credits (PTCs) for renewable energy generation through 2007. Additionally, the Modified Accelerated Cost-Recovery System (MACRS) is also providing a tax based incentive.

Total renewable energy capacity in the U.S. increased by about 1.47 GW from 2000-2004. In 2005, renewable capacity added 3.4 GW. That is more than twice the amount of the previous four years combined. Renewable projects coming online in 2006 are expected to add another 8.7 GW. These strides include nearly

300% growth in wind capacity from 2004-2006. Wind power has been the renewable investment of choice given its low, levelized cost relative to other renewable power sources. Clearly, state and federal subsidies are beginning to have a dramatic effect on power development in the United States. The expectation is that this shift towards renewable energy will continue under the direction of government incentives.

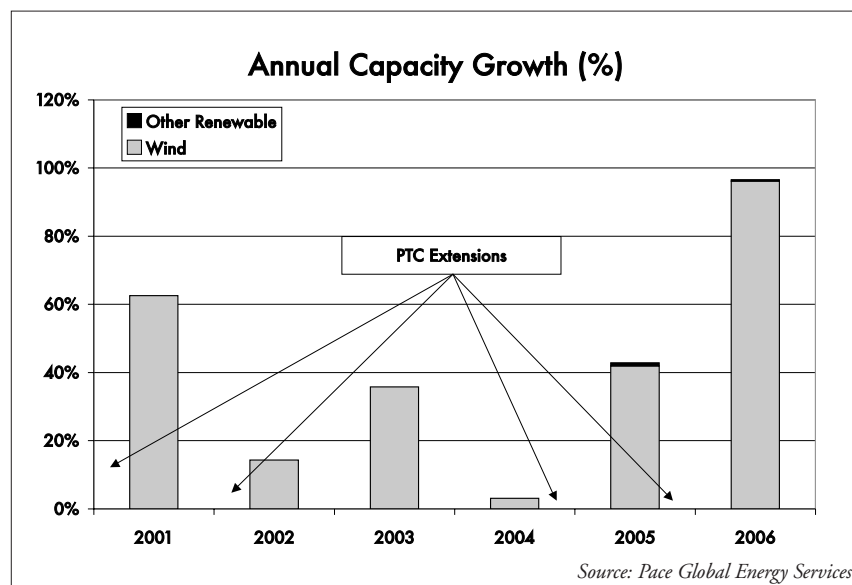
Federally funded PTCs currently provide an after-tax subsidy of \$9/MWh to \$19/MWh for renewable energy generation. The federal government has extended the PTCs several times; each extension has resulted in noticeable development of renewable capacity. The PTCs were most recently extended through 2007 in the Aug. 8, 2005. Further extension efforts will likely gain momentum on Capitol Hill as the Dec. 31, 2007 expiration date approaches.

PTCs have been effective incentives but they add complexity

that does not exist in traditional power transactions. PTCs are only beneficial to an entity that can efficiently utilize this direct tax benefit. Thus, a developer or investment fund that cannot efficiently utilize tax benefits will sell or monetize the PTC value stream. Monetization has taken primarily two forms: (i) upfront purchasing of tax benefits or (ii) a “pay as you go” monetization of tax benefits by an entity that can efficiently utilize the PTCs. The deployment of one strategy versus the other is transaction dependent.

The Modified Accelerated Cost Recovery System depreciation rule—a standard method by which asset value depreciation is calculated—allows for a favorable five-year tax depreciation schedule for eligible renewable assets. Like PTCs, the benefit is specific to the tax situation of the investors and may require a monetization strategy.

Another key structuring consideration for renewable transactions is the monetization or forward sale of Renewable Energy Certificates (RECs). RECs represent the “green” attributes of power generation source and can be bifurcated from the actual power sales in most states. Renewable technologies that qualify to sell RECs



vary by state and range from poultry waste to wind power. RECs are a mechanism by which load-serving entities can meet their RPS requirements without actually owning a renewable asset. With 20 states, plus the District of Columbia, having mandated some type of RPS, the demand for RECs is growing.

States have developed their RPS requirements to comply with specific state policy objectives. Therefore, RPS requirements can vary greatly between states. Given this patchwork, determining the future value of RECs in illiquid markets can be challenging. An econometric approach to determining load requirements with each state's required RPS levels and constraints layered on top is the most rational approach to a REC valuation.

Project developers must spend a significant amount of time and effort working with state regulators proving that their project meets the state RPS. While wind and hydro easily qualify as renewable for most state standards, biomass projects

generally require much more due diligence. Further impediments can occur if the project is applying for RECs outside of the state in which it is being constructed.

Incentives are critical to continue renewable growth in the near term. Renewable energy projects generally have higher levelized costs than the marginal combined cycle plant. The current subsidies for PTCs, non-solar RECs and MACRS benefits range from \$19/MWh to \$75/MWh depending upon which state the RECs are sold in and the type of technology employed. The variability of this estimate is driven primarily by RECs in a market that is short of renewable resources to fill the RPS gap. The RECs in this short market are trading just at the RPS penalty amount.

Undoubtedly renewable projects are more complicated than traditional power plant developments. In addition to understanding RPS, REC tax and depreciation incentives, developers, site hosts and offtakers must pay particular attention

to technology and regulatory risks in developing projects capable of supporting financing. In addition, site issues, market rules and competitive generation economics must be carefully managed, even with the incentive structures in place. Financing will continue to demand adequate offtake, security and technology risk mitigation.

Nevertheless, emerging in the midst of a petroleum intensive economy, the outlook for renewable power is brighter now more than ever before.



Justin DeAngelis

Authored by Justin DeAngelis, project manager and Bo Poats, managing director at Pace Global Energy Services.



Bo Poats

Weekly Recap

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

The Americas

- California's biggest power and gas utility, **PG&E Corp.** posted a net income of \$180 million, or 49 cents a share, for the three months ended Dec. 31, down from \$871 million, or \$2.04 a share, in the year-ago period. Results for the 2004 quarter got a \$1.60 per-share boost from a one-time, non-cash gain stemming from the company's decision to exit its national unregulated energy business (*MarketWatch*, 2/17).
- Alaska has reached an agreement with **BP**, **Exxon Mobil Corp.** and **ConocoPhillips** to build a new pipeline to transport natural gas from the North Slope to the rest of North America. The project is estimated to cost about \$20 billion and will take well into the next decade to complete (*The Wall Street Journal*, 02/22).
- The **Nuclear Regulatory Commission** has ordered inspections of all Illinois nuclear power plants, including the Chicago-based **Exelon Corp.**'s Quad-Cities Station near Cordova, Ill., after a brief emergency at one facility and a series of leaks of radioactive material at Exelon-owned plants (*The Quad-City Times*, 02/23).
- New England lawmakers are calling for a new regional approach to siting onshore liquefied natural gas facilities. The congressmen, who are seeking a meeting with **Samuel Bodman**, secretary of the **Department of Energy**, say the current project-by-project review of proposed LNG facilities by federal regulators is not good for New England (*Newsday*, 02/23).
- **Nevada Power Co.**, a subsidiary of **Sierra Pacific Resources Corp.**, said there was an explosion at the 580 MW block 2 at the Chuck Lenzie natural gas-fired power station in Nevada on

Feb. 13. A Nevada Power spokeswoman said the company hopes block 2 will enter commercial operation by this summer, as planned (*Reuters*, 02/23).

- **El Paso Corp.** has agreed to sell its 60% stake in the 484 MW, natural gas-fired Araucaria power plant located in Brazil to **Companhia Paranaense de Energia** for \$190 million. Araucaria is co-owned by **Petrobras**. The transaction is expected to close in the first half of the year (*Associated Press*, 02/17).

The Middle East

- Lebanon is planning to establish a floating liquefied natural gas plant to feed natural gas directly to the country's power stations, according to Energy and Water Minister **Mohammad Fneish**. He adds the ministry is negotiating with a number of companies, but would not disclose the details or costs involved, or give a timetable (*International Herald Tribune*, 02/22).

Asia and Australia

- Japanese utilities may fire up more oil generators to meet peak summer demand if spot liquefied natural gas prices, inflated by an unusually frigid winter and European outages, stay near record highs. Soaring demand this winter has forced companies to increase oil purchases to the highest level in three years, with further spring buying seen as utilities restore depleted natural gas and oil stocks (*Reuters* 02/22).
- The bulk of China's gas-fired plants are on the verge of closure due to a shortage of natural gas. Installed capacity of China's

power plants reached 10.7 gigawatts at the end of 2005, but some four gigawatts remain unused in the east of the country due to the lack of gas supplies (*AFX*, 02/22).

• Western Australia's **Alinta** raised its stake in **Australian Gas Light Co.** to 19.9%, seeking to push through an A\$8.9 billion, \$6.6 billion, takeover bid and block an alternative plan to break up the nation's biggest energy utility (*Bloomberg*, 02/22).

Europe

• Germany is attracting scrutiny from regulators over concerns it is forming a utility monopoly via the country's large utilities **E.ON Ruhrgas** and **RWE** (*International Herald Tribune*, 2/17).

• **Centrica**, which sells energy under the **British Gas** brand, said it was raising gas and electricity prices in its service area 22% March 1. The energy company blamed a sharp jump in wholesale energy costs for the increase. Centrica last raised gas and power bills in September, when a 14.2% hike was introduced (*Reuters*, 2/17).

• **ScottishPower** has inked a 15-year agreement to buy electricity from a new to-be-constructed 12 MW Aberdeenshire windfarm in a deal said to be worth £30m. ScottishPower has signed on for the entire capacity of the Dummies, Huntly facility. The windfarm is owned by **Englefield Renewable Energy Fund** and is expected to be completed in a year (*The Herald*, 2/17).

• Russia's **Repsol** plans to form a joint venture with **Tambeineftegaz** and **Anadarko Petroleum Corp.** to conduct an integrated liquefied natural gas project in Russia's Yamal Peninsula. The project will permit the transport of LNG to Repsol's Canaport facility for regasification and eventual sale to the United States' East Coast (*Oil & Gas Journal*, 02/19).

• The Filipino government is set to finance more power plants in the country through loans and grants from the **Japan Bank for International Cooperation**. **Margarito Teves**, finance secretary, said economic managers discussed the possibility of including power projects in JBIC's 28th Yen Loan Package during a road show (*Manila Standard Today*, 02/23).

Financing Record (FEBRUARY 15-FEBRUARY 21)

Debt

Issued	Issuer	Business Description	Amount (\$M)	Coupon (%)	Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch
2/16/06	Cia Piratininga de Forca e Luz	Electric utility	189.1	Floater	Debentures	1/1/11	Market	na		NR	NR	NR
2/16/06	Sino Hydro	Hydroelectric Plant	149.1	4	Guaranteed Bds	2/16/16	100	4		NR	NR	
2/18/06	China Datang Group Corp	Electric utility	248.6	4.2	Guaranteed Bds	2/18/26	100	4.2		NR	NR	
2/21/06	Iberdrola Finanzas S.A.U	Electric utility	357.4	Floater	Flt Rte Gtd MTN	9/7/07	100	Floater		A+	A2	A+

M&A

Effective	Target Name	Target Advisors	Target Nation	Acquiror Name	Acquiror Advisors	Value(\$M)
2/15/06	Essbio SA		Chile	Southern Cross Investment Co		
2/15/06	Northern Border Pipeline Co	Lehman Brothers	United States	TC Pipelines LP	Merrill Lynch & Co Inc	420
2/15/06	Northern Border Partners LP	Lehman Brothers	United States	ONEOK Inc	UBS Investment Bank	30
2/15/06	ONEOK Inc-Natl Gas Liquids	UBS Investment Bank	United States	Northern Border Partners LP	Lehman Brothers	2,951.99
2/16/06	Georgia Power Co(Southern Co)		United States	Savannah Electric and Power Co		
2/16/06	Gorodok Pty Ltd		Australia	Mariner Securities Ltd		71.664
2/16/06	New England Gas-Rhode Island	Merrill Lynch & Co Inc Lehman Brothers	United States	National Grid USA	Rothschild	575
2/17/06	Baijo Power Plant		Mexico	InterGen NV		29
2/17/06	UEG Araucaria Ltda		Brazil	COPEL		190
2/20/06	Contact Energy Ltd	Cameron Partners Ltd	New Zealand	Origin Energy Ltd	Deutsche Bank AG	1,326.98
2/21/06	Endesa SA	JP Morgan Deutsche Bank AG Citigroup Lehman Brothers Credit Suisse BNP Paribas SA Merrill Lynch & Co Inc	Spain	E ON AG	HSBC Investment	56,683.53 Bank PLC



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
Atlantic City Electric Company	B.L.England	New Jersey	447	Coal	Concentric Advisors	In Second Rounds.
	Key Stone	Pa.	-	Coal		
	Conenough	Pa.	-	Coal		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
Bear Stearns	Mulberry	Fla.	120	Gas	Bear Stearns	Intention to sell
	Orange	Fla.	103	Gas	Bear Stearns	Intention to sell
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	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		
Carlyle Riverstone/ Sempra	Coleto Creek Power Station	ERCOT	632	Coal	Goldman Sachs	First-round Bids Due Mid-Jan.
Carlyle Riverstone/ Sempra	Topaz Power Group	ERCOT	2.9 GW	Gas&Oil	Greenhil & Co.	Preliminary Marketing Materials Have Been Submitted
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	
	Palisades	Mich.	798	Nuke	Concentric Advisors	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion (PFR, 12/27).
	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Delta Power						
Duke Energy North America	Bridgeport Energy Project	Bridgeport, Conn.	490 MW	Gas	CSFB	LS Power Has Won An Auction For Approximately \$1.48-1.54B
	Maine Independence Station	Penobscot County, Maine	520 MW	Gas	Goldman Sachs	
	Bayside Power Project	St. John, New Brunswick	260 MW	Gas		
	Fort Frances Cogeneration Project	Fort Frances, Ontario	110 MW	Gas		
	Lee Energy Facility	Lee County, Ill.	640 MW	Gas		
	Vermillion Energy Facility	Vermillion County, Ind.	640 MW			
	St. Francis Energy Facility	Glennonville, Mo.	500 MW	Gas		
	Washington Energy Facility	Washington County, Ohio	620 MW	Gas		
	Fayette Energy Facility	Fayette County, Pa.	620 MW	Gas		
	Hanging Rock Energy Facility	Lawrence County, Ohio	1,240 MW	Gas		
	Oakland Power Plant	Oakland, Calif.	165 MW	Gas		
	Moss Landing Power Plant	Monterey County, Calif.	2,538 MW	Gas		
	Morro Bay Power Plant	Morro Bay, Calif.	1,002 MW	Gas		
	South Bay Power Plant	Chula Vista, Calif.	700 MW	Gas		
	Griffith Energy Facility	Mohave County, Ariz.	600 MW	Gas		
	Arlington Valley Energy Facility	Maricopa County, Ariz.	570 MW	Gas		
	McMahon Cogeneration Plant	Taylor, British Columbia	117 MW	Gas		
El Paso Europe	EMA Power	Hungary	70	Coal		Final Bids Due.
El Paso North America	Berkshire	Mass.	261 (56.41%)	Gas		

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
(Merchant assets)	CDECCA	Conn.	62	Gas		Negotiations Are Taking Place With HSBC Launched Sale In April.
	EnCana	Cavalier	Alberta	106	Gas	
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Stake Sold To GE
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
Exelon/PSEG	Eddystone Generating Station	Delaware County, Pa.	1,510 MW	Coal and Gas		Interviewing Banks To Advise On Sales.
	Linden Generating Station	Linden, N.J.	775 MW	Gas		
Goldman Sachs	East Coast Power	Linden, N.J.	940 MW	Gas	Goldman	2nd round bids due mid-February
Gama Construction Ireland Limited	Tynagh	Republic of Ireland	400 MW	Gas	Fieldstone Private Capital Group	Ongoing
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport	Texas	80	N/A		Considering Liquidation.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Dominion Has It Under Contract.
	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	Madison Dearborn And US Power Gen. Have Won A Bid To Acquire The Assets.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
InterGen	Redbud	Okla	1,220		Citigroup	Harbert Venture Acquired The Assets.
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
Sempra	Twin Oaks	ERCOT	305	Coal	Goldman Sachs	Ongoing
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
Teco Energy	Dell Power Station	Ark.	540	Gas		Reviewing Options.
	McAdams Power Station	La.	599	Gas		
Tenaska Energy	Tenaska Frontier	ERCOT	830	Gas	Lehman Brothers RBC Capital Markets	Ongoing-selling 62%
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.



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Solar And Clean-Tech Symposium Chinese Solar Power Biz Sets Sights On IPO

Trina Solar Energy Co., a private Changzhou, China-based manufacturer of silicon wafers and photovoltaic modules used in renewable energy generation, is hoping to find underwriters to take it public, preferably on the NASDAQ market, in the U.S. in the next year. "We've been profitable for some years already," Steven Zhu, says director of overseas operations. Trina earned close to \$50 million in revenues last year and had between \$10-20 million in profits.

Jesse Pichel, an analyst at Piper Jaffray, says right now, public companies in the space are trading at 6-7X revenues. At that rate, an IPO from Trina might be worth upwards of \$300 million, even with the usual discount private companies have to give up relative to the multiples of public peers.

Zhu said the company is preparing one final round of private funding before a public launch. He limited his comments on current investors to saying they were two privately held Chinese companies. He says two U.S. firms and a group of European investors are currently being considered for the final pre-IPO capital injection, and that Piper Jaffray was looking to get involved as well.

As far as public companies go, Pichel pointed to ErSol and

Solarworld as companies that run similar business models. Both are listed in Germany and have market caps of €560 million (\$666 million) and €2.8 billion (\$3.33 billion) respectively. Pichel says he expects six or seven solar companies could go public in the next year provided certain conditions are in place:

"If the poly-silicon shortage doesn't restrict growth and affect margins—which I think is unlikely; if oil prices, and as a result utility costs, remain high; and if companies execute on their plans to lower [manufacturing] costs, you could see that kind of deal flow," says the analyst.

In the last two months of 2005, Credit Suisse First Boston brought two solar technology companies public: SunPower and SunTech Power, which have risen 113% and 41% respectively since their debuts.

MORGAN STANLEY

(continued from page 1)

revenue stream. Syndication of the financing is slated for sometime next month. Officials at WestLB and Credit Suisse declined to comment and calls to Goldman were not returned.

LS Power is still awaiting regulatory approval which is due over the next few months, officials say. Duke Energy kicked off the sale of its assets late September (PFR, 09/26). WestLB acted as sole financial advisor for LS Power, and Credit Suisse and

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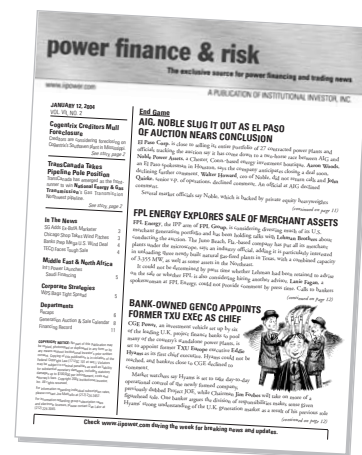
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Goldman arranged staple financing said to be in the \$800 million range. LS Power agreed to pay about \$1.54 billion for the DENA non-Midwest assets. —M.D.

CIT MULLS

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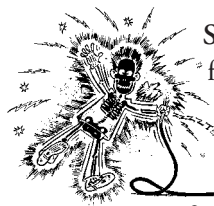
fund, says a CIT official. "[CIT] is trying to build out public private partnerships, project leverage leasing and wants to invest as a principal," the official explains. Morash declined to comment and Peek did not return a call for comment.

The investment program will be geared toward Canada, the U.S. and Western Europe and will involve raising some \$1 billion in equity from institutional sources such as pensions, insurance firms, and wealthy private clients. Details are still being hammered out, but followers say legal documentation will be worked out in the next few weeks and an initial capital raise will follow soon thereafter.

The plans could also include opening new offices in Calgary and Houston in order to have staffers in key markets, the official says, adding it is too early to talk about staffing levels and timing. Investments would aim to finance oil and gas pipeline projects and generation facilities. "There is a huge problem in this country: we are way too dependent on Middle East energy," the executive notes, adding that toll roads would also be a part of its investment focus. Targeted internal rate of returns will be in the 18-20% range.

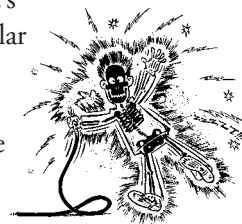
Backers in past CIT funds have been units of **John Hancock Financial Services**, **Pacific Life Insurance Company**, **CIGNA**,

Alternating Current



Summer Rayne Oakes, an independent fashion industry marketer and journalist, was mingling with bankers and reporters at **Piper Jaffray & Co.'s Opportunities in Solar & Clean-Tech**

Symposium at the New York Palace. The model was planning to integrate coverage of the conference into her work on renewable energy and environmentally conscious fashion. She is planning on launching several fashion brands based on her reconnaissance at the event. For more info, go to www.summerrayne.net.



New York Life Insurance Company, **Lincoln Financial Group** and, **ING**, **American Internal Group**.

Brooks Klimley, who was hired as president of CIT Energy in January, will be handling CIT's energy project finance unit while Morash runs the new endeavor, observers say. —**Mark DeCambre**

Calendar

- **Platts** will host the 21st Annual Global Power Markets Conference in Las Vegas on April 2-4 at the Bellagio Hotel. For additional information, please contact **Kevin LaPierre** via email at Kevin_lapierre@platts.com, or via phone at 212-904-4358.
- **Euromoney** and the **American Council on Renewable Energy** will host the third annual Renewable Energy Finance Forum-Wall Street in New York at the Waldorf Astoria Hotel June 21-22. For more information, please contact **Glenn Cooney** via phone at +44-0-20-7779-8914.

Quote Of The Week

"The market has never been better." —**John Beuhler**, managing partner at **Energy Investors Fund**, on projections for deal-making, and private equity's role in deals, in 2006 (see story, page 3).

One Year Ago In Power Finance & Risk

Canadian Hydro Developers was planning to issue corporate-level bonds in a private placement for the construction of two wind farm projects estimated to cost about \$540 million. [**John Keating**, ceo at Calgary-based Canadian Hydro, says phase I of the Melancthon wind project is about complete, with financing arranged and completed. Construction on the second phase is slated to begin soon with an online start-up projected for spring 2007. Permitting on the second wind farm, Wolfe Island, is slated to begin soon.]

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