

power finance & risk

The exclusive source for power financing and trading news

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Kelson Taps Banks For Texas Plant Purchase

Credit Suisse and **Union Bank of California** have been selected to help finance **Kelson Energy's** \$468 million acquisition of 830 MW Channelview from **Reliant Energy**.

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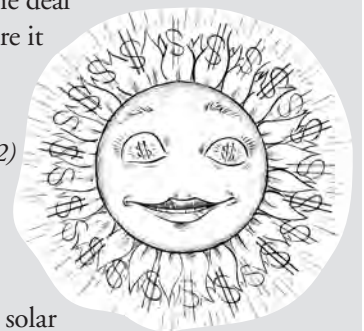
Sunny Side Of The Street

BIG U.S. SOLAR PLAYER MAY GO PUBLIC

SunEdison is considering an initial public offering and has retained **Goldman Sachs** and **Morgan Stanley** to underwrite it. As first reported by *PFR* last Wednesday, the Beltsville, Md.-based company could file as early as April, according to one deal tracker, but how much of the company would be sold and where it will list could not be determined.

SunEdison is a so-called solar integrator, installing

(continued on page 12)



FIRST RESERVE TO ACQUIRE EUROPEAN SOLAR PLATFORM

Energy private equity firm **First Reserve Corp.** is set to acquire solar equipment specialist **Gamesa Solar** from Spain's **Gamesa Corporación Tecnológica** for EUR261 million (\$396 million), including the assumption of EUR53 million in Gamesa debt. As first reported in *PFR Daily* on Thursday, the predominantly equity-financed transaction is expected to close in about a month, supported by a new revolver led by an

(continued on page 12)

DEVELOPER PLOTS FINANCING FOR \$1B IN LATAM HYDROS

Australian developer **Pacific Hydro** is in talks with banks to finance its 106 MW Chacayes hydro project south of Santiago, Chile. The project will cost more than \$300 million and is the first of five in the region collectively expected to need around \$1 billion in project financing. "We want to tease out what kind of terms we could get," says **Kevin Sze**, executive manager of corporate finance. Financing for the other projects is at least a year away.

The company issued a request for proposals in October and will shortlist potential lenders

(continued on page 12)

CONSORTIUM LOOKS TO BAIL OUT AUCTION RESET

A syndicate of institutional investors is approaching utilities and electrical cooperatives about refinancing their auction-rate debt. One \$300 million deal for an unidentified Midwestern co-op is set to close within two weeks. In this type of transaction, the issuer places standard debt privately with the investors, using proceeds to pre-pay the auction-rate debt. How the pricing compares is unclear, but such a negotiated deal would be more expedient than tapping the public debt market.

"We're talking to a number of utilities and co-ops. Many want to stay in the tax-exempt

(continued on page 11)

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



At Press Time

U.K. Wind Co. To Shop Americas Sub Outright

Renewable Energy Systems has decided to solicit offers for 100% of its U.S. subsidiary RES Americas. As first reported by *PFR*, it had previously envisaged selling a 30% stake (*PFR*, 1/4). The change is predicated on the U.K. wind company's evaluation of the extent of capital it needs to grow in Europe and Australasia. It intends to retain RES Canada.

In a communication to staff last week, Ian Mays, ceo, said, "During our preparation of detailed business plans for RES Americas as part of this process, and with the rapid evolution of the U.S. market, it has become clear that in order to enable this part of our business to realize its considerable potential its financial needs will be significantly higher than originally anticipated." Anna Stanford, a spokeswoman, had no immediate comment.

Credit Suisse is advising on the sale and a decision is expected by early this summer. A call to the bank was not returned.

RES is part of U.K. construction and engineering specialist Sir Robert McAlpine Group. Its U.S. subsidiary has 1 GW under construction—including the recently financed 166 MW Hackberry farm in Shackelford County, Texas—and a roughly 11 GW pipeline.

Kelson Taps Duo For Channelview Acquisition Financing

Kelson Energy has mandated Credit Suisse and Union Bank of California to underwrite financing for its affiliate's \$468 million purchase of 830 MW Channelview in Lyondell, Texas, from Reliant Energy.

The Harbinger Capital Partners-backed IPP was one of handful of finalists alongside AllCapital and FORTISTAR (*PFR*, 1/25), and is seeking ERCOT exposure to round out its portfolio in advance of a planned equity offering (*PFR*, 1/22). Houlihan Lokey Howard & Zukin Capital ran the auction.

Details of the debt and syndication strategy could not be learned and calls to the banks were not returned. Neal Cody, president of Kelson, declined to comment.

Channelview is predominantly contracted through 2023 with Equistar Chemicals, with surplus output sold spot. But because the plant is under bankruptcy protection, having breached loan covenants on roughly \$342 million in non-recourse debt last summer, a judge could order an auction to confirm the terms of the sale will give Reliant and debt holders adequate value, according to Reliant spokeswoman Pat Hammond. There is about \$338 million in debt outstanding on the plant.

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 **Katy Burne**, managing editor, at 212-224-3165 or kburne@iineews.com.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

GE Seen Shopping PJM Waste Coal Plant

An affiliate of **GE Energy Financial Services** has begun shopping GE's lessor interest in an unidentified 80 MW waste-coal plant in Pennsylvania. It does not appear to be using an advisor.

The lessee could not be learned but plants that fit the bill include John B. Rich Memorial Power, an 80 MW contracted, qualifying cogenerating unit in Frackville, Panther Creek, a 94 MW contracted qualifying facility in Nesquehoning, and Scrubgrass, an 85 MW contracted cogen in Scrubgrass. All three are owned by multiple parties.

A call to **Randall Hornick**, an M&A official at GE EFS in Greenwich, Conn., was not returned and a spokesman declined to comment.

Citi Anoints Head Of Renewables

Citigroup has appointed **Sandip Sen** to the new role of head of alternative energy, effective immediately. Sen, who was formerly managing director and head of North American power investment banking in New York, will report to **Andrew Safran** and **Peter Tague**, co-heads of energy, power and chemicals investment banking.

"Citi has already begun to build an important position within this space, and Sandip's focus and domain knowledge will accelerate this growth," read an internal memo to staff sent last Monday.

Sen will be succeeded by **Kirk Andrews**, a managing director in power and utility M&A, and **Dean Keller**, a managing director in power and utilities, both of whom will also report to Safran and Tague. Calls to Sen, who will work closely with **Tracy McKibben**, head of environmental banking strategy (PFR, 8/24), were not returned. Previously, an alternative energy taskforce had overseen renewable energy transactions.

Dexia Loses Two Project Financiers

A pair of assistant v.p. project financiers at **Dexia Crédit Local** has left to join rival European banks. As first reported in *PFR Daily* last Tuesday, **David Gonzalez**, assistant v.p. handling U.S. and Latin American origination, left to join **BBVA Securities** this week as a v.p. of North American project finance. **Gregory Hutton**, assistant v.p. for origination, reportedly left Dexia a couple of weeks ago and will likely join **HSH Nordbank** at the beginning of March as a v.p.

"The pipeline is huge, and we're trying to strengthen our capabilities in the U.S.," says **José Ramón Vizmanos**, BBVA's head of North American project finance in New York, to whom Gonzalez will report. Calls to **Tom Emmons**, head of structured finance at HSH, to whom Hutton will report, were not returned.

A Dexia official confirmed the two bankers have left, but declined to comment otherwise.

Before spending four years with Dexia, Gonzalez was an associate with **Standard & Poor's** handling project finance in Mexico for two years, and before that he had a stint at **MBIA Insurance**. Hutton, who spent six years at Dexia, worked on financing for **Invenergy's** then-99 MW Forward Energy wind farm in Dodge and Fond du Lac counties, Wis., (PFR, 10/26), which has since been upsized to 129 MW.

ABN Soft-Circles Storage Deal Bank Meeting

ABN Amro has tentatively set March 27 as the date for launching syndication of the \$420 million financing for **First Reserve** and **Royal Vopak's** acquisition of the **Bahamas Oil Refining Company** (Borco) oil storage terminal in Freeport, Bahamas (PFR, 2/15). The bank meeting will be held in New York, but no venue has been chosen.

On deck is a \$325 million, 10-year term loan, an \$85 million working capital facility and a \$10 million, 10-year revolver for debt service reserve. **WestLB** is considering signing up as a co-lead arranger and another unnamed bank was expected to commit at a senior level as *PFR* went to press Friday. Pricing on the deal has not been finalized, but tickets are being targeted at two levels—one around \$25 million and the higher one at \$35 million or \$40 million. Lower commitments may be accepted on a case-by-case basis.

The facility, to be renamed Vopak Terminal Bahamas, will be owned 80% by First Reserve and 20% by Vopak, its operator. The seller is **Petróleos de Venezuela**. A spokeswoman for First Reserve declined to comment and a call to a Vopak spokesman was not returned. Officials at the banks either declined to comment or did not return calls.

Portuguese IPP Set To Close On CCGT Funds

Tejo Energia is expected to close on a EUR550 million (\$832.05 million) club financing for a planned 800 MW combined-cycle plant near Abrantes in central Portugal this week. The plant, Tejo II, will be located next to the sponsor's existing 600 MW coal-fired Pego Power plant.

As first reported by *PFR* last Wednesday, **Nuno Capunho**, director of project finance at **Caixa Banco de Investimento** in Lisbon, confirmed CaixaBI is one of six arrangers on the financing. The other banks and details of the syndication strategy could not be immediately learned.

The Portuguese IPP is majority owned by **International**

Power with 50%, Endesa Generación with 38.9% and Energias de Portugal subsidiary EDP Participações SGPS with 11.1%. A spokeswoman for International Power in London declined to comment and officials at Tejo could not be reached.

Moses Lands DoE Role In Hawaii

Edwin Moses, formerly director of infrastructure and project finance at **RBC Capital Markets** in New York, has landed a consulting role to the **Department of Energy** on its Hawaii Clean Energy Initiative—a plan to change the state's oil-based economy to 70% renewable energy by 2030. "Hawaii will be a showcase of what can and needs to happen in many cases in the rest of the 50 States," he says.

Moses will serve as senior project manager, reporting to **Stephen Chalk**, deputy assistant secretary at the DOE's Office of Energy Efficiency and Renewable Energy. He will be consulting from New York, Washington D.C. and Hawaii, while continuing to serve existing clients. **William Parks** heads the initiative on the ground, along with Assistant Secretary **Alexander Karsner**, a friend of Moses' from his days in the wind energy business. Other stakeholders include the U.S. Department of Defense, Hawaii's largest electricity customer, and the U.S. Department of Agriculture.

Moses joined RBC in January last year to head its entry into renewables (PFR, 2/12) but the bank decided to exit the business last November (PFR, 12/7).

Babcock Seeks Banks For 600 MW Turbine Club

Babcock & Brown is looking for one or two additional banks to join a club financing supporting roughly \$1 billion of turbine purchases next year. **HSH Nordbank**, **BayernLB**, **Mizuho Corporate Bank** and **Banco Espírito Santo de Investimento** signed up some time ago, and **Commerzbank** and **ING Capital** recently joined. **NordLB** had been one of the original arrangers, but dropped out for unknown reasons.

The developer was in talks with banks last spring to line up a roughly \$800 million turbine loan (PFR, 5/18), but the exact size and structure of the deal is still being finalized, according to deal watchers. The debt, which needs to be in place during the second quarter, will have a short tenor and be paid down with construction financing for the farms. Whether Babcock will use the turbine loan arrangers for construction financing is unclear, but the developer works with a limited number of relationship banks.

Hunter Armistead, head of the North American energy development group at Babcock in San Francisco, declined to comment via a spokesman, as did officials at the banks.

PF Advisory Shop Founders Part Ways

Harold Fairfull and **Andrew Elliott**, co-founders of U.K. project finance advisory boutique **Advisorum**, have dissolved the venture due to disagreements about how to take the business forward.

Advisorum was known for advising on Middle Eastern independent water and power project financings. The firm advised on the \$2.8 billion financing for **International Power** and **Marubeni's** 2 GW, 130 gallons of water per day Fujairah II project, commissioned by the Abu Dhabi government. It also recently advised on the financing for a 428 MW expansion of **InterGen's** 820 MW Rijnmond Energie Center in the Netherlands, underwritten by **HSBC** (PFR, 12/14).

Fairfull has established a new venture known as **Consilium** with **Staffan Wallin**, who he worked with in the 1990s at **ABB Project and Trade Finance**, and retains InterGen as a client. Elliott has retained Marubeni as a client but he could not be reached.

Dutch CCGT Financing Wraps

Fortis, **HSBC** and **Royal Bank of Scotland** have closed a EUR535 million (\$793.3 million) financing for **Électricité de France** and **Delta Energy's** 870 MW combined-cycle gas-turbine greenfield facility in Vlissingen, The Netherlands (PFR, 11/02). Pricing on the loan could not be learned but it is set to be syndicated in the coming months.

The debt package, underwritten in equal chunks, consists of an 18-year, EUR520 loan and a EUR10 million facility for debt service reserve, says **Nigel Slater**, director at advisor **Project Financing Solutions** in Hampshire, England. The plant, known as Sloe Centrale, is leveraged to 85% and has a 25-year tolling agreement. **Siemens** has been constructing the project since March, funded by sponsor equity (PFR, 6/15), and it is set to come online next year.

Hedge Fund Taps Credit Suisse Banker

Highbridge Capital Management, the New York hedge-fund with \$30 billion of assets under management, has hired **John Murphy**, a v.p. in **Credit Suisse's** power team in New York, as an analyst on its utility equities desk in San Francisco. He starts in a few weeks, reporting to two portfolio managers, who could not be identified.

A spokeswoman for Highbridge declined to comment. The firm has a strong presence in its energy via its New York-based natural resources group and its joint venture with integrated merchant energy company **Louis Dreyfus Energy Services**. Officials at Credit Suisse declined to comment and Murphy could not be reached.

Corporate Strategies

Auction-Rate Aftermath

LIPA Scopes Refi Options On \$993M Program

The Long Island Power Authority is evaluating ways to refinance \$993 million in auction-rate securities, after its auctions began failing just over two weeks ago. CFO Elizabeth McCarthy in Uniondale, N.Y., says the non-profit utility is considering converting the bonds to variable-rate or fixed-rate debt, or refunding or redeeming a chunk of it. "We haven't determined what structure we're going with," she says, noting LIPA is moving as quickly as it can and will base its decision on rates in the market.

"Starting about Feb. 12, the auctions started to fail," McCarthy explains. "Since that time, our auctions for the most part have been failing and setting at the maximum rate, which for us is a percentage of LIBOR." The weighted average interest across LIPA's issues is now 4.1%—up from 3.4% before Feb. 12. On top of a \$3.8 billion annual budget, this is costing it an extra \$100,000 each week.

LIPA has \$7 billion in debt outstanding, of which \$624 million are seven-day bills, \$294 million are 35-day bills and \$75 million have a tenor of just one day. The bonds are insured by Financial Security Assurance, XL Capital, which was downgraded to A from AAA by Fitch Ratings last month, and MBIA, which was at risk of a recent downgrade.

Any new debt the utility issues would likely be sold publicly and would be held as inventory by the authority, says McCarthy, declining to elaborate on potential underwriters.

Duke Looks To Refinance \$883M In Auction-Rate Debt



Stephen De May

Duke Energy is in the process of refinancing \$883 million in auction-rate securities across four subsidiaries because its most recent auctions failed to land new holders. "We think the auction-rate market is either dead, or we are not prepared to wait until it comes back. So, we are going to look at our various options for refinancing them," says Stephen

De May, treasurer in Charlotte, N.C.

One option is to term out the bills until their final maturity; another is to convert them to short- and medium-term put bonds or variable-rate demand bonds. "It's likely to be a combination of them, because we have 20 different series of auction-rate securities. The urgency is a cost of capital one, not a liquidity

one," De May says.

The interest rate on the securities have traditionally tracked within a tight margin of the municipal bond index, but are now much higher than other forms of short-term borrowing, adds De May, declining to discuss specific rates. Most of the bonds have a 35-day tenor and are held across Duke Energy Indiana, Duke Energy Kentucky and Duke Energy Ohio, with others at Duke Energy Carolinas. They are insured by either XL Capital or Ambac Financial.

Any new issue would have a tenor between one week and five years. "We're looking to replace them dollar for dollar." Duke has not yet selected banks to underwrite further offerings and De May declined to comment on how firms would be chosen. The company ended last year with 35% debt to total capitalization.

Tenn. Co-Op To Shop \$215M Bonds For Capex

The Chattanooga Electric Power Board plans to use \$169 million of the proceeds from its upcoming \$215 million bond issue for a new fiber-optic network, and the remainder for transformers. The network will connect the utility to a so-called smart grid, facilitating automatic meter reading, reducing electricity theft and allowing customers to use energy only off-peak, when rates are lower. "The total savings, conservatively, will be \$130 million over a ten-year period," says Greg Eaves, cfo in Chattanooga, Tenn., noting savings could be as much as \$250 million.

The City of Chattanooga-owned utility estimates it loses \$4 million annually, or 1% of its revenues, to electricity theft. The national average is 2%. It purchases all its power from the Tennessee Valley Authority and has not come to market since 2006, when it issued \$40 million in bonds to pay for the construction of its headquarters and another \$40 million to fund capital improvements.

The 25-year bonds priced last Tuesday with an expected coupon of 5%, according to Eaves. Goldman Sachs is lead underwriter, with 50%, and the co-managers are Bank of America with 10%, Merrill Lynch with 15%, Morgan Keegan with 15%, and SunTrust Banks with 10%. EPB issued an RFP before selecting these firms, says Eaves, and chose the ones it believed were best qualified. Public Financial Management, a financial advisor to government clients, advised Chattanooga. Fitch Ratings assigned the bonds an AA rating, citing the utility's debt to equity ratio of 27:73 and solid purchase contracts with the TVA, says Jason Clark, analyst in New York.

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

- **Industry Funds Management** has agreed to take over **Allco's** equity stake in their \$1.447 billion acquisition of a power portfolio from **Consolidated Edison Development**. Allco will pay IFM \$63 million in addition to the transference of its equity in joint acquisition vehicle **North American Energy Alliance**, in which IFM already held a 62.4% stake (*CNN Money*, 2/25).
 - **Cheniere Energy** has hired **Credit Suisse** as financial advisor with a view to evaluating ways to optimize the value of its Sabine Pass gas-import terminal (*Houston Chronicle*, 2/25).
 - **American Electric Power** has sold four inactive Texas power plants, with a total generating capacity of 656 MW, to **Eagle Construction and Environmental Services** for an undisclosed sum. The company sold another inactive plant to the city of Sweetwater, Texas (*Reuters*, 2/22).
 - **Colbun**, Chile's second-biggest electricity generator, will invest \$1.5 billion over the next five years to bolster output, including the construction of hydroelectric and coal plants financed in part by a \$400 million capital increase (*Reuters*, 2/24).
 - **Petroplus**, Europe's largest independent refiner, has set up a \$2 billion acquisition vehicle in partnership with **The Blackstone Group** and energy private equity firm **First Reserve Corp.** with a view to buying crude oil refineries (*Forbes*, 2/27).
 - French industrial engineer **Alstom** has launched a 1.7 MW carbon capture project in Pleasant Prairie, Wis, with U.S. partners **Electric Power Research Institute** and **We Energies** (*Reuters*, 2/27).
 - **SaskPower**, Saskatchewan's government-owned utility, will launch a C\$1.4 billion (\$1.44 billion) refit at the coal-fired Boundary Dam Power Plant, near Estevan, to add carbon-capture capability, after the federal government committed C\$240 million to the project in its latest budget (*Reuters*, 2/27).
- ### Europe
- **UES**, Russia's former electricity monopoly, is accepting bids for the government's 34% stake in **TGK-6**, a regional power producer which is holding a public offering for 31.2% of its shares. It is accepting bids until March 11 (*Reuters*, 2/22).
 - Portugal's **Energias de Portugal** is in the process of creating a renewables unit in South America through its subsidiary **Energias do Brasil** (*Reuters*, 2/26).

- **Suez**, through its subsidiary **Electrabel**, and merger partner **Gaz de France** have each acquired 50% of the 1,875 MW Teesside plant in England, Europe's largest combined-cycle gas turbine plant, from **Goldman Sachs** and **Cargill** for an undisclosed sum (*Reuters*, 2/25).
- **Gazprom** and the **Siberian Coal and Energy Company** have announced plans to merge their power and coal assets into a joint venture and will finalize the deal by September. Before the deal is finalized, the companies must sell some of their assets to gain regulatory approval (*Forbes.com*, 2/27).
- **E.ON**, Germany's largest energy group, has proposed to sell its electricity transmission network to an operator and committed to divest 4,800 MW of generation to competitors in the hope of garnering political sympathy (*Financial Times*, 2/28).

—PFR ANNUAL AWARDS—



Power Finance & Risk will announce nominees for its fifth annual power project finance awards on March 28 and announce winners April 11. We are seeking nominations from our readers for the best and worst deals of

All project finance nominations must be based on **non-recourse** financing to the power sector. Beyond that the selection criteria is up for grabs. However, you may want to nominate deals based on:

- size
- innovative structure or syndication
- speed of execution
- ability to overcome market challenges

When making your nominations please

YOU CAN MAKE YOUR 2007 AWARDS NOMINATIONS UNDER THE FOLLOWING PROJECT FINANCE CATEGORIES:

- ☐ Best North or Latin American Deal
- ☐ Best European/Middle Eastern Deal
- ☐ Best Renewable Energy Deal

Nominations must reach PFR by March 21.

power finance & risk

Please send your nominations to Katy Burne, managing editor at kburne@iinews.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 Katy Burne, Managing Editor, at (212) 224-3165 or e-mail kburne@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
American Electric Power	Paint Creek	Stamford, Texas	218	Gas	N/A	Bids were taken on Texas portfolio Nov. 14, with five other plants being sold in Feb.
	Abilene Power Station	Abilene, Texas	18			
Arroyo Energy Investors	Thermo Cogeneration	Fort Lupton, Colo.	272	Gas	N/A	Starwood Energy Group Global said to be closing a purchase and sale agreement shortly (PFR, 2/6).
Astoria Energy	Astoria plant	Queens, N.Y.	500	Gas	N/A	Owners fielding offers. Suez Energy acquiring 30% (PFR 9/29).
Barry Bates and Michael Underwood	Thompson River Cogen	Montana	16	Coal, Waste Wood	Energy Advisory	Wayzata Investment Partners reportedly acquired.
Bicent Power	Mountain View	Palm Springs, Calif.	67	Wind	Goldman Sachs	AES to acquire (PFR, 1/7).
Black Hills Corp.	Arapahoe	Denver, Colo.	130	Gas	Credit Suisse	Seller looking for an all-cash transaction. Preliminary bids taken Nov. 20. Bids said to be close to \$800 million (PFR, 12/10).
	Valmont	Valmont, Colo.	80	Gas		
	Fountain Valley	Colorado Springs, Colo.	240	Gas		
	Las Vegas I	Las Vegas, Nev.	53	Gas		Hastings Funds Management, AllCapital, Beowulf Energy in partnership with Natural Gas Partners, Tenaska Energy, Energy Investors Funds, and EnergyCo. on shortlist to acquire (PFR, 1/28).
	Las Vegas II	Las Vegas, Nev.	224	Gas		
	Harbor	Long Beach, Calif.	98	Gas		
	Valencia	Albuquerque, N.M.	149	Gas		
Bluff Power Partners	McCommas Bluff	Dallas, Texas		Landfill Gas	CRG Partners	Cambrian Energy Development named stalking horse, replacing Montauk Energy Capital (PFR, 10/12).
E/S Solutions						
Calpine	Acadia Energy Center	Eunice, La.	1,016 (50%)	Gas	Miller Buckfire	Sold to Cajun Gas Energy for \$189 million (PFR, 8/6).
	Fremont Energy Center	Sandusky County, Ohio	512	Gas		FirstEnergy won with \$253.6M bid (PFR, 2/7).
	Hillabee Energy Center	Alexander City, Ala.	774	Gas		CER Generation won with \$155M (PFR, 2/6).
	Texas City	Texas City, Texas	425	Gas		Teasers went out w/c Nov. 26 (PFR, 11/26). First-round bids deadline pushed back to 1/24.
	Clear Lake	Clear Lake, Texas	375	Gas		
Catamount Energy	Sweetwater	Nolan County, Texas	505 (50%)	Wind	Goldman Sachs	Unsolicited approaches have been made to backer Diamond Castle Holdings (PFR, 8/31).
	Ryegate Power	Vermont	20	Wood waste		
	Rumford	Rumford, Me.	85	Cogen		
CIT Group	RockGen Energy Center	Cambridge, Wis.	460	Gas	Bear Stearns	Lessee Calpine to acquire for an undisclosed sum.
Central Vermont	Various	Vermont	70 in summer, 86 in winter	Hydro	Morgan Stanley	Believed to be in advanced stages, (PFR, 5/18).
Public Service						
City of Vernon	Malburg Generating Station	Southern Calif.	134	Gas	Lehman Brothers	Beowulf Energy and Natural Gas Partners agreed to buy for \$342 million. Lehman Brothers to lead debt financing (PFR, 10/22).
	Palo Verde Power	Southern Calif.	11	Nuclear		
	Hoover Upgrading	Southern Calif.	22	Hydro		
Conectiv Energy (Pepco Holdings)	Various	PJM Interconnection	3,700	Various (merchant)	Credit Suisse	Company reviewing strategic alternatives, including whole or partial sale and merger (PFR, 12/10).
Con Ed Development	CEEMI	Springfield, Mass.	185	Gas, Oil, Hydro	Morgan Stanley	Industry Funds Management to take Allico's equity stake for \$63 million in its \$1.447 billion acquisition.
	Newington Energy	Newington, N.H.	525 (99.5%)	Gas		Barclay's to lead the debt, expected to launch into syndication next month (PFR, 2/11). RBS may co-lead (PFR, 2/19). Ada not sold. Partner is Olympus Power.
	Ada Cogeneration	Ada, Mich.	29 (48%)	Gas		
	Lakewood	Lakewood, N.J.	246 (80%)	Gas		
	Ocean Peaking Power	Lakewood, N.J.	339	Gas		
	Rock Springs	Rising Sun, Md.	670 (50%)	Gas		
	Genor	Puerto Barrios, Guatemala	42 (49.5%)	Oil		Not sold.
	EverPower Wind	NEPOOL, NY, PJM	500 planned	Wind		CED sold its 50% stake in Oct. (PFR, 12/9).
ConocoPhillips	Immingham	Lincolnshire, U.K.	730	Gas	Citigroup	Reportedly looking at strategic options on the plant (PFR, 1/18).
Complete Energy Holdings	La Paloma	McKittrick, Calif.	1,022	Gas	JPMorgan	In second round. Shortlist unclear. Final bids due Feb. 28.
	Batesville	Batesville, Miss.	837	Gas		Kelson Holdings believed to be bidding (PFR, 2/8).
Corona Power	Sunbury Generating	Shamokin Dam, PA	432	Coal, oil, diesel	Merrill Lynch	Soliciting equity to complete \$250M of upgrades (PFR, 12/24).
DONG Energy	Evia, Karistos and Tourla	Greece	18.6 MW	Wind	HSBC	Teasers expected later this quarter after IPO (PFR, 1/18).
DTE Energy	East China	East China, Mich.	320	Gas	N/A	Seller exploring options, including outright sale.
	River Rouge	Detroit, Mich.	240	Gas	N/A	On books at scrap value, decommissioned.
EISSL	Various	Catalonia, Spain	630	Wind, Hydro	JPMorgan	Company weighing sale (PFR, 12/24).
Energy Future Holdings (Luminant)	Sandow 4	Milam Co., Texas	545 (50%)	Coal	Credit Suisse	Plans to sell to Perennial Power Holdings (PFR, 2/18).
	Sandow 5		581 (50%)	Coal		
Entegra	Gila	Phoenix, Ariz.	2,300	Gas	N/A	Reportedly in talks to merge with KGen (PFR, 1/17).
	Union	El Dorado, Ark.	3,000	Gas		
Entergy Corp.	50% stake in Top Deer Wind Ventures	Worth County, Iowa	40	Wind	New Harbor	Seller wants about \$520 million for the assets.
	RS Cogen	Carsen County, Texas	40			Bidders shortlisted to four players: two financial; two infrastructure (PFR, 6/18).
	Roy S. Nelson	Lake Charles, La.	212	Gas		
	Warren Power	Westlake, La.	60	Gas/Oil		
	Harrison	Vicksburg, Miss.	225	Gas		
	Independence	Marshall, Texas	335	Gas		
	Robert Ritchie	Newark, Ark.	121	Coal		
		Helena, Ark.	544	Gas/Oil		
Exergy Development Group	Various	Upper Midwest, Northwest U.S.	3600 (176 ready to construct)	Wind	Marathon Capital	Weighing partnership, joint venture, recap or sale (PFR, 12/17).
Fluor	Greater Gabbard	Thames Estuary, U.K.	500	Wind	RBC Capital Markets	Specs went out in late Aug. for Fluor's 40% stake (PFR, 8/17).
Foresight Wind Energy	Various	Arizona, New Mexico	2 GW pipeline	Wind	CP Energy	Transaction delayed (PFR, 10/8).
FPL Energy	Posdef	Stockton, Calif.	44	Coal/Petcoke	New Harbor	Teasers sent (PFR, 12/17).
	Tesla	Tracy, Calif.	1,120	Gas/Steam	Credit Suisse	Development site. Status unclear.
General Electric	Baglan Bay	Port Talbot, Wales	510	Gas	Lexicon Partners	GE deferred sale. Carron Energy interested.
Goldman Sachs, Cargill	Teesside Power	Teesside, U.K.	1,875 MW	Gas	Rothschild	Gaz de France and Suez jointly agreed to acquire Feb. 25 for an undisclosed sum.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Goldman Sachs (Cogentrix Energy)	Southaven Power	Southaven, Miss.	810	Gas	Houlihan Lokey Howard & Zukin	Kelson Energy named stalking horse with \$305 million bid (PFR, 1/9).
InterGen (AIG Highstar Capital II, 50%)	Rocksavage Coryton Spalding Rijnmond Rijnmond II Bajio La Rosita Quezon Millmerran Callide	Runcorn, U.K. Essex, U.K. Lincolnshire, U.K. Rotterdam, the Netherlands San Luis de la Paz, Mexico Mexicali, Mexico Philippines near Brisbane, Australia Queensland, Australia	748 732 860 820 400 development 600 (306 stake) 1,100 460 (211 stake) 880 (228 stake) 920 (230 stake)	Gas Gas Gas Gas Gas Gas Coal Coal Coal	Lehman Brothers	Two-part auction kicked off late Jan. (PFR, 2/7).
Kelson Holdings	Dogwood Redbud Cottonwood Magnolia	Pleasant Hill, Mo. Luther, Okla. Deweyville, Texas Benton County, Miss.	620 1,230 1,230 922	Gas Gas Gas Gas	Goldman Sachs, Merrill Lynch	Weighing strategic options, including sale/merger (PFR, 10/9). Signed agreement to sell Redbud for \$852 million to consortium of load-servicing entities (PFR, 1/21).
KGen Power	Murray I Murray II Hot Spring Hinds Sandersville	Murray Co., Ga. Murray Co., Ga. Hot Spring Co., Ark Jackson, Miss. Washington Co., Ga.	630 620 620 520 640	Gas Gas Gas Gas Gas	Credit Suisse	Reportedly in talks to merge with Entegra (PFR, 1/17).
LS Power	Sugar Creek	Sugar Creek, Ind.	561	Gas	N/A	Northern Indiana Public Service to acquire (PFR, 11/2).
MACH Gen	Millennium Athens Covert Harquahala	Carlton, Mass. Athens, N.Y. South Haven, Miss. Tonopah, Ariz.	360 1,080 1,100 1,092	Gas/Oil Gas/Oil Gas Gas	Credit Suisse	Considering sale or a merger (PFR, 12/17).
Mirant	Lovett Generating Station	Tompkins Cove, N.Y.	183	Coal/Gas	N/A	Alliance Energy offered to buy for undisclosed sum but withdrew offer when Mirant did not respond (PFR, 2/14).
National Grid	Ravenswood Station	Queens, N.Y.	2,450	Gas	Merrill Lynch	Bids due March 20 (PFR, 2/21). About \$1.5 billion of the \$1.9 billion staple is funded debt (PFR, 2/1).
Navasota Energy (Navasota Holding Texas) (Montgomery Energy Partners)	Colorado Bend Quail Run L'Energia Billerica Energy Center	Wharton, Texas Odessa, Texas Lowell, Mass. Billerica, Mass.	1,650 825 84 240-360	Gas (development) Gas (development) Gas (repowering) Gas (development)	JPMorgan	Teasers not yet dispatched (PFR, 2/11).
Noble Environmental Power	Various	N.Y., Mich.	385	Wind	Goldman Sachs	Company reportedly looking to IPO.
North American Power Group	Rio Bravo Fresno Rio Bravo Rocklin Chinese Station	Fresno, Calif. Roseville, Calif. Jamestown, Calif.	25 25 22	Biomass Biomass Biomass	N/A	In discussion with potential buyers (PFR, 8/31).
NorthWestern Energy	Colstrip Unit 4 (30%)	Mont.	740 MW	Coal	Credit Suisse	Exploring strategic options (PFR, 2/8).
NRG Energy	Indian River	Millsboro, Del.	784	Coal	N/A	Seller soliciting offers on plant (PFR, 11/8).
PSEG Global	Electroandes	Andean region, Peru	180	Hydro	JPMorgan	Statkraft Power Invest acquired in Oct. for \$390 million.
Primary Power International	Hillman Grayling Genesse Dapp Generating Valley Power	Hillman, Mich. Grayling, Mich. Flint, Mich. Westlock, Alberta Drayton Valley, Alberta	19 36 35 17 12	Biomass		Fortistar agreed to purchase an interest in the portfolio. Deal set to close in 30 days (PFR, 2/19).
Reliant Energy	Channelview	Lyondell, Texas	830	Gas	Houlihan Lokey	Kelson Holdings agreed to acquire for \$468 million.
RES Americas	Various	U.S.	1,000 under construction; 10,000 in pipeline	Wind	Credit Suisse	Company looking to sell up to 30% to a financial investor to finance growth (PFR, 1/7).
Ridgeline Energy	Various	Idaho, Ore., Wash.	3,700 in development	Wind	Marathon Capital	Back in play after talks were nixed with a southern U.S. utility (PFR, 10/8).
Rockland Capital Energy Investments	B.L. England	Cape May County, N.J.	447	Coal, Oil	JPMorgan	Owner seeking strategic equity partner with which to finance \$400-600M repowering (PFR, 12/10). Bids due March 4.
Sempra Generation	Catoctin	Frederick Co, Md.	development	Gas	N/A	Development project reportedly for sale.
Signal Hill Power	Wichita Falls	Wichita Falls, Texas	77	Gas	Miller Buckfire	Teasers dispatched. Bids due March 17 (PFR, 2/20).
Sumas	Sumas Cogeneration	Sumas, Wash.	125	Gas	N/A	Puget Sound Energy agreed to buy for undisclosed sum. Deal set to close by year end.
Temasek Holdings	PowerSeraya Senoko Power Tuas Power	Singapore	3,100 3,300 2,670	Gas Oil Steam	Credit Suisse, Morgan Stanley	Teasers dispatched 10/15. Tuas to be sold first (PFR, 10/22).
Tenaska Power Fund	Commonwealth Chesapeake	New Church, Va.	315	Oil	JP Morgan	Tyr won the auction and Fieldstone Private Capital Group is advising on the purchase and debt financing (PFR, 2/19).
Third Planet Windpower	Various, U.S.	Various, U.S.	3 GW late-stage 5-7 GW early-stage	Wind	Marathon Capital	Developer looking for joint venture partner.
TransAlta	Campeche Chihuahua	Mexico Mexico	252 259	Gas/Diesel Gas	N/A	InterGen to buy for \$303.5M, funded with equity and non-recourse debt.
Tyche Power Partners	Brooklyn Navy Yard	Brooklyn, N.Y.	286	Gas Cogen	Credit Suisse	Temporarily iced due to credit crunch.
UPC Wind	Various	North America	3GW in development	Wind	JPMorgan	Market test did not lead to a sale, so company is reportedly weighing an IPO (PFR, 6/8).
U.S. Renewables Group	Bottle Rock power project	Geyers area,	55	Geothermal	Goldman Sachs	Preliminary bids due Dec. 17 (PFR, 12/3).
Waterbury Generation	Waterbury Generation	Waterbury, Conn.	96	Gas	N/A	Energy Capital Partners in negotiations to buy development rights (PFR, 8/29).
Wheelabrator Technologies	Shasta	Anderson, Calif.	49	Biomass	ABN Amro	Seller evaluating a sale. Review close to completion.

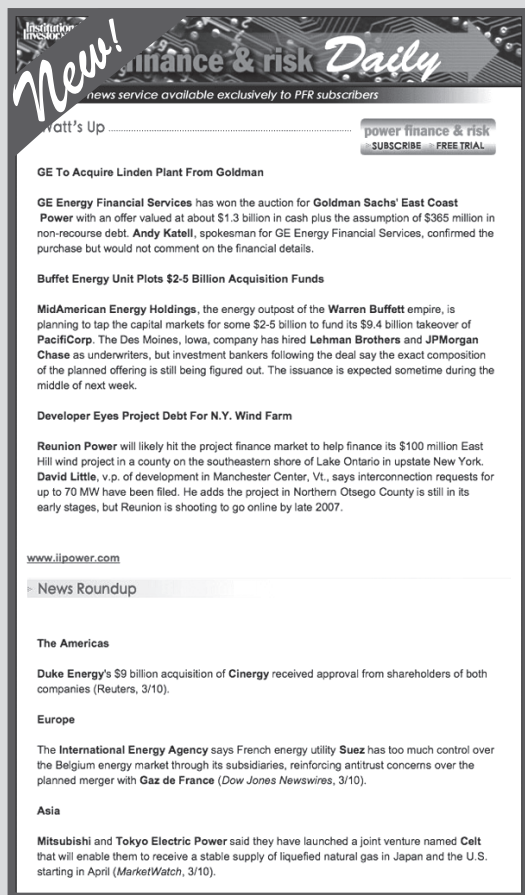
Project Finance Deal Book

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 Katy Burne, Managing Editor, at (212) 224-3165 or e-mail kburne@iineews.com.

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES	Termoeléctrico de Penoles (230 MW Petcoke)	Tamuin, Mexico	Calyon	Refinancing	\$227M		Four of six commitments in.
Babcock & Brown Power, Pittsburg Power	Trans Bay Cable (400 MW, two 200 kV cables)	San Francisco, Calif.	BayernLB	Construction Loan	\$299M	33-yr	Syndication of subordinate tranche launched.
	2009 Turbine Supply	Various	TBA	Turbine supply	\$188M	7-yr	Selecting lenders.
Biomass Group	South Point (200 MW Biomass)	South Point, Ohio	WestLB	Construction Loan	\$265-300M	TBA	Syndication expected in April.
Borealis Infrastructure	Bruce Power (4.6 GW)	Tiverton, Ontario	Scotia, Dexia HoldCo Loan	TBA	C\$750M (\$710M)	TBA	Leads considering relaunch in U.S.
				\$100M	TBA		
Brick Power Holdings	Tiverton (265 MW Gas)	Tiverton, R.I.	Credit Suisse, Merrill Lynch	Recapitalization	TBA	TBA	Timeline unclear.
	Rumford (265 MW Gas)	Rumford, Maine			TBA	TBA	
Carlyle/Riverstone	Portfolio (1.5 GW Gas)	Various, Texas	Morgan Stanley	TBA	\$900M	TBA	Morgan tapped at end of Jan.
EarthFirst Canada	Dokie I (144 MW Wind)	Peace River, British Columbia	WestLB	TBA	\$212M	17-yr	Syndication to launch in two weeks.
Econergy International	La Gloria (50 MW Wind)	Guanacaste Province, Costa Rica	NordLB	Term Loan, Letter of Credit	\$125M	TBA	Lead weighing strategy (PFR, 2/22).
Empresas ICA	La Yesca (750 MW Hydro)	Nayarit, Mexico	WestLB, Citibank/Banamex, HSBC, BBVA Bancomer, Santander, NordLB	Construction Loan Revolver	\$910M \$80M	4-yr, 9m	Syndication ongoing.
Energy Investors Fund	Hot Springs (48MW Geo)	Elko, Nev.	DZ Bank, Fortis Capital	TBA	\$120M	TBA	32 MW phase to come online in 2009.
ENMAX Energy	Calgary (1.2 GW Gas)	Calgary, Alberta	TBA	TBA	TBA		Timeline unclear.
EverPower Renewables	2009 Turbine Supply	Various	KeyBanc Capital Markets	Turbine supply	\$130M		Syndication launched 11/28.
Excelsior Energy	Mesaba Energy (603 MW IGCC)	Minn.	TBA	TBA	TBA	TBA	Barclays advising.
Falcon Gas Storage	MoBay (50Bcf Gas Storage)	Mobile County, Ala.	TBA	TBA	\$300-350M	TBA	Selecting lenders.
FPL Energy	Northern Frontier (600 MW Wind)	Various	UniCredit, Mizuho	Back-Leveraged Loan	\$250M		Commitments due 2/21.
GNL Quintero	LNG Receiving/Regasification	Quintero Bay, Chile	TBA	TBA	TBA	TBA	Lenders shortlisted.
Green Rock Energy	Green Rock (Gasification)	St. James Parish, La.	TBA	TBA	\$1B	TBA	Selecting lenders.
CarVal Investments et al.	Granite Ridge (720 MW Gas)	Londonderry, N.H.	Lehman Brothers, Merrill	TBA	\$300-350M	TBA	Timeline TBA.
Invenergy	Forward Energy (99 MW Wind)	Dodge and Fond du Lac counties, Wis.	Dexia Credit Local, NordLB	Construction Loan	\$249M	17-yr	Commitments due 3/14 (PFR, 2/22).
				Equity Bridge Loan	TBA		
	Grand Ridge (99 MW Wind)	Ottawa, Ill.	UniCredit HVB	TBA	TBA	TBA	Syndication expected.
	McAdoo (150MW Wind)	Dickens County, Texas	UniCredit HVB	TBA	TBA	TBA	Syndication expected.
J-Power USA	Orange Grove (95 MN Gas)	Orange Grove, Calif.	Royal Bank of Scotland	Construction Loan	\$70M	25-yr	Syndication ongoing.
				LC Facility	\$25M		
				Equity Bridge Loan	\$30M		
Kleen Energy Systems	Middletown (520 MW)	Middletown, Conn.	Goldman Sachs	TBA	TBA	TBA	Timeline unclear.
LVE Energy Partners	LVE Energy Center (16 MW Thermal backup power)	Las Vegas, Nev.	Sumitomo Mitsui Banking Corp.	Term Loan	\$145M		Syndication ongoing.
				Letter of Credit	\$20M		
				Letter of Credit	\$100M		
Mesa Power	Mesa Power (4 GW Wind)	Roberts, Gray, Hemphill, Wheeler Counties, Texas	TBA	Turbine Supply Loan	TBA	TBA	Will look for lenders soon (PFR, 2/22).
Nacogdoches Power	Nacogdoches (100 MW Biomass, 300 MW Gas)	Sacul, Texas	TBA	TBA	TBA	TBA	Looking for debt/equity for \$600M project.
NGS Energy Fund	Tres Palacios (36.4 bcf Gas Storage)	Matagorda County, Texas	ING Capital	Construction Loan	\$285M		Retail commitments due 2/26.
				Term Loan	\$100M		
				Revolver	\$50M		
Noble Environmental Power	Turbine Supply Loan	Various	HSH, KeyBanc	Turbine Supply Loan	\$460M	3-yr	Syndication launched mid-Nov.
	New York 2008 Portfolio	Upstate New York	TBA	TBA	TBA		Selecting lenders.
NuCoastal	Lon C. Hill (530 MW Gas)	Corpus Christi, Texas	TBA	TBA	TBA	TBA	Seeking lenders.
Padoma Wind Power	Sherbino I (150 MW Wind)	Pecos County, Texas	Fortis	Construction/Term Loan	\$280M	15-yr	Syndication ongoing.
Perennial Power	Hermiston (474 MW Gas) and Bliss (339 MW Wind)	Hermiston, Ore. Clinton and Bliss, N.Y.	TBA	TBA	\$130M	10-yr	Status unclear.
Rollcast Energy	Greenway (50MW Biomass)	Heard County, Ga.	TBA	TBA	TBA	TBA	Selecting lenders.
Shear Wind	Various (300 MW Wind)	Alberta and Nova Scotia	TBA	TBA	TBA	TBA	Selecting lenders.
Siemens Building Tech.	Various (4-10 MW each)	Various	TBA	TBA	TBA	TBA	Selecting lenders.
StormFisher Biogas	Various (30 2-5 MW, Biogas)	Ontario	TBA	TBA	TBA	TBA	Recently landed private equity funds (PFR, 2/22).
Starwood Energy	Midway (120 MW Gas)	Fresno County, Calif.	TBA	TBA	\$100M	TBA	Selecting lenders.
Solar Utilities	Various (Solar)	Various	TBA	TBA	\$1.3B	TBA	Selecting lenders (PFR, 2/22).
SUEZ Energy International	Central Termoeléctrica	Northern Chile	TBA	TBA	TBA	TBA	Looking for banks for \$500M.

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FPL Portfolio Financing Draws Eight

Joint lead arrangers **UniCredit HVB** and **Mizuho Corporate Bank** have wrapped syndication of a \$250 million back-leveraged loan for **FPL Energy's** 600 MW Northern Frontier wind portfolio with a syndicate of eight banks. **NordLB** and **Bank of Tokyo-Mitsubishi UFJ** joined as co-documentation agents, while **Bank of Ireland**, **BayernLB**, **Commerzbank**, **Helaba**, **Lloyd's TSB** and **Scotia Capital** joined at the participant level. HVB also acted as administration agent, and Mizuho as syndication agent.

Exact allocations could not be learned, but tickets on offer were \$35 million and \$25 million, with the higher tickets by invitation only (PFR, 2/15). Pricing started at 112.5 basis points over LIBOR and steps up to 125 over with an upfront fee of one basis point per million. The deal works like a cash sweep, with distributable cash going to the sponsor for the first five to seven years to repay debt, after which funds are channeled to tax equity investors **Morgan Stanley** and **JPMorgan Capital**.

Officials at the banks declined to comment or did not return calls and FPL did not return calls.

CONSORTIUM LOOKS

(continued from page 1)

market if they can, but we hope to support at least one of them in a refinancing," says **Gavin Danaher**, director in the power and project finance team at **John Hancock**, which is in the consortium. He declined to identify the other syndicate members.

Auction-rate securities are long-term, variable-rate bonds that are priced and traded as short-term instruments because the market is typically liquid enough for the rates to reset on a weekly or monthly basis. A broker/dealer oversees a modified Dutch auction to determine the winning bid, which then serves as the reset, or clearing, interest rate. But since the credit crunch has deepened, the market has grown illiquid and these auctions have begun to fail, leaving issuers scrambling to refinance or consider alternatives, (see *Corporate Strategies*, page 5).

"You either live with the interest rate going sky high or pull the issues back in somehow and wait out the market," explains **Tony Kamerick**, v.p. of treasury at **Pepco Holdings** in Washington, D.C. "We can afford to wait several months. But if by the summer or early fall it still looks like the market's in the toilet,

power finance & risk

Exclusive News...

FEBRUARY 19, 2008

CO-LEAD SCOPED FOR CON-ED SALE FINANCING

Royal Bank of Scotland is in talks with Barclays Capital about co-leading the circa \$1 billion financing supporting AllCapital and Industry Funds Management's \$1.48 billion

FEBRUARY 07, 2008

STARWOOD SEEN BUYING ARROYO PLANT

Starwood Energy Group Global is understood to be close to inking a purchase and sale agreement for Thermo Cogeneration Partnership, owner of 272 MW of gas-fired combined-cycle capacity in Fort Lupton in the Front Range region of Colorado.

JANUARY 30, 2008

MERRILL, LEHMAN READY GRANITE RIDGE RECAP

Merrill Lynch and Lehman Brothers are preparing a roughly \$300-350 million recapitalization of the 720 MW Granite Ridge generating facility in Londonderry, N.H.,

JANUARY 24, 2008

AIRTRICITY EXECS HATCH NEW WIND VEHICLE

Eddie O'Connor, ceo and founder of Airtricity Holdings, and Fintan Whelan, the developer's corporate finance manager, are preparing to launch a new wind energy company. "We chose wind

JANUARY 17, 2008

KGEN, ENTEGRA REPORTEDLY TALK ABOUT MERGER

KGen Power Corp. and Entegra Power Group are reportedly in talks to merge, with Credit Suisse advising KGen. Such a link-up would bring together two of the best power players in the southern U.S.,

JANUARY 09, 2008

CIT TAPS ABN FOR NEW ENERGY HEAD

CIT Group has tapped Peter Gaw, global head of power and utilities at ABN Amro, as its new president of CIT Energy. He fills an opening first created when Brooks Klimley was ousted last summer (PFR 7/11).

JANUARY 04, 2008

WIND CO. LOOKS TO SELL STAKE IN AMERICAS SUB

U.K.-based Renewable Energy Systems is looking to sell a roughly 30% stake in its North American construction, development and operations business and

DECEMBER 20, 2007

IS CALYON'S \$850M EIF FINANCING STRUGGLING?

Lead bank Calyon still has until the year-end to meet its planned wrap of an \$850 million acquisition financing for Energy Investors Funds, but the market drumbeat is that the fully underwritten deal might struggle. The problem,

DECEMBER 17, 2007

AIG LOOKS TO CASH OUT OF INTERGEN

AIG Highstar Capital II is looking to sell its 50% stake in InterGen and has tapped Lehman Brothers to advise it. Co-owner is not selling. "[AIG's] not the same long-term holder at Teachers is," said one deal watcher, noting the auction is expected to kick off next quarter. Rumors of the sale were circulating the London

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we're going to have to find some form of permanent financing."

The investors in this consortium have come together on private transactions before but never in the auction-rate securities market. Each is limited by its maximum exposure to a particular name, but depending on the credit quality of a particular company, would consider modifying that limit. The co-op in question is an infrequent issuer, so is seen as a one-off, says Danaher.

—K.B.

DEVELOPER PLOTS

(continued from page 1)

in May before awarding a mandate in the third quarter. Sze declined to name banks in the running. Work has started on building roads and camps for the contractors and construction of the plant will begin after financial close in September. Commercial operation is slated for 2010.

Chacayes and the other run-of-river hydro projects on the Upper Cachapoal River will feed into the grid or Central Interconnected System. Pacific Hydro's 58 MW Coya II and 98 MW Las Lenas plants are set to come online in 2011, followed by 184 MW Nido de Arguilas in 2012 and 78 MW Las Maravillas in 2014.

—Thomas Rains

FIRST RESERVE

(continued from page 1)

unnamed Portuguese bank.

Citigroup advised Vitoria-based Gamesa when it decided to auction off the business late last year. **Francesco Giuliani**, director at First Reserve, says the Greenwich, Conn., buyout shop was already informally working with Citi on finding a renewables platform in Europe. "There was no engagement letter, but they were aware of our appetite," he says. A financial sponsor and a strategic had shown an interest early on, but First Reserve persuaded the seller to continue on a negotiated basis, underscoring its ability to bring immediate growth in new markets. "Gamesa was truly a Spanish-owned business, but we came in with a different angle. The others weren't able to bring the international perspective."

This deal will be closely followed by a small portfolio acquisition in a neighboring country, adds Giuliani, declining to talk specifics though he notes development pipelines in Italy, France, Greece and Portugal are attractive. These countries "have very aggressive growth plans in solar" just like leading markets Germany and Spain, but "there is a bottleneck on the sourcing of materials, engineers and competencies," he says. Italy has roughly 40 MW installed and Spain has nearly 400 MW, for example. The business will be run by **Paolo Pietrogrande**, the former ceo of Italy's **Enel GreenPower**, who worked with First Reserve on the deal and funding will come from its Fund XI, which closed

in 2006 with \$7.8 billion, about 10% of which was dedicated to alternative and renewable energy.

Gamesa Solar focuses on equipment manufacturing and construction of photovoltaic and solar thermal facilities and provides turnkey management for third-party developers. It owns 150 MW of photovoltaic projects across southern Spain. But the parent's core business is wind turbine manufacturing, which it has decided to focus on exclusively.

—K.B.

BIG U.S. SOLAR

(continued from page 1)

photovoltaic power systems at sites owned by large commercial clients, such as **Staples**, **Whole Foods Market** and **Wal-Mart**, and passing the proceeds and tax incentives on to its investors.

It owns and operates facilities across several states, predominantly in California and New Jersey, and in December brought online an 8.24 MW plant north of Alamosa, Colo., supporting substation loads for **Xcel Energy**. It also has utility-scale plants under development at its Canadian subsidiary in conjunction with **Lehman Brothers**-backed **SkyPower Corp.** and roughly 20 MW in the works in Spain with contractor **Sunergy** and independent developer **Blue-Green Capital**. As of Jan. 30 it had 31 MW under management and more than 52 MW of installation experience.

Thomas Rainwater, ceo, declined to comment via a spokeswoman, who said the company is separately putting the finishing touches to a fresh round of private capital raising. That would help determine the value of the business before an IPO. In 2006, Goldman led a consortium of investors that included **MissionPoint Capital Partners** and **Allco Financial Group**, and in 2005 Goldman and **Hudson United Bank**, now part of **TD Banknorth**, contributed an initial \$60 million. Officials at Goldman and Morgan Stanley declined to comment via spokespeople.

—Katy Burne

Quote Of The Week

"We want to tease out what kind of terms we could get." —**Kevin Sze**, executive manager of corporate finance at Australian developer **Pacific Hydro**, on its planned \$1 billion project financing for hydro plants in Chile (see story, page 1).

One Year Ago In Power Finance & Risk

Complete Energy Holdings was looking for ways to monetize its interests in 837 MW Batesville and 1,022 MW La Paloma. [The Houston IPP had a \$1.3 billion deal with **KGen Power**, but the deal dissolved (PFR, 10/5). It subsequently appointed **JPMorgan** to auction the plants again. Second-round bids were due at the end of last month and **Kelson Holdings** is among the parties pursuing Batesville (PFR, 2/8).]