

# power finance & risk

The exclusive source for power financing and trading news

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## Lone Star Wind Draws 20 Strong

Syndication of \$700 million in debt for FPL Energy's Lone Star Wind attracted strong bank interest.

(See story, page 3)

## RBC Preps Invenergy Funds

Royal Bank Of Canada is preparing to syndicate around C\$370 million in construction financing for Invenergy's gas-fired plant in Ontario.

(See story, page 3)

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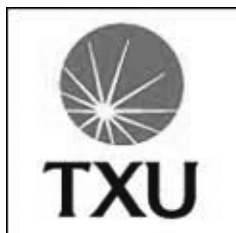
## HOUSTON ACQUIRER LOOKS TO CASH OUT

Complete Energy Holdings, a privately-held acquirer, owner and operator of two U.S. generating assets, is evaluating ways to monetize its investment. Options under consideration include selling equity interests in one or both of its facilities. But the company could also choose to refinance debt tied to the plant.

The firm runs two assets: the three-unit, 837 MW Batesville Electric Generating Facility in Batesville, Miss., which it bought for \$27.6 million from NRG Energy, and the 1,022 MW La Paloma Generating facility in Kern County, Calif., acquired from a Citibank-led

(continued on page 12)

## TEXAS DUO CONCEDE SHORT-TERM TXU HIT



"We don't think this will be a particularly high-return investment. This is about a long-term hold on a big investment and we'll find out five years from now how we did." So states Marc Lipschultz, partner at Kohlberg Kravis Roberts.

Cost tied to securing the private equity shop's planned takeover of TXU Corp., along with its partner Texas Pacific Group, and appeasing regulators and environmentalists will eat into potential early profits. Moreover, the buyout shops, known for juicing returns

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## WORENKLEIN, KRIEGLER IPPS TO HOOK UP

William Kriegel-run EBG Holdings and Astoria Generating Company Holdings, owned by US Power Generating Co. and Madison Dearborn Partners, are planning to merge in an equity swap valued at more than \$5 billion.

In late January, Astoria entered a 30-day period of

(continued on page 11)



## TEXAS T&D CO. TO LINE UP \$900M FINANCING

Texas transmission and distribution company Sharyland Utilities is plotting about \$900 million in construction loans to build the 800-mile Panhandle Loop transmission line. The \$1.55 billion project will have a structure of roughly 60% debt, says Pat Wood, the ex-chair of Federal Energy Regulatory Commission, who is advising Sharyland and project supporter Airtricity. The line will allow for better power delivery from planned wind projects.

Sharyland has already received financing commitments from Citigroup and Prudential Financial regarding debt and GE Energy Financial Services for equity and debt. The

(continued on page 12)

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



## At Press Time

### Shady Spot LS Power Plumbs Interest In Sunshine State Plant

LS Power Equity Advisors is soliciting interest in a 477 MW simple-cycle facility in Shady Hills, Fla.

The energy investment firm agreed to acquire the asset as a part of a larger, 3.6 GW portfolio acquisition from **Mirant Corp.** (PFR, 1/19) which has not yet wrapped. It does not appear to be using an advisor and its reason for offering the facility could not be learned.

At the same time, LS Power has landed a **JPMorgan Chase**-led B-loan financing package for the acquisition. Details on the package have not yet been hammered out. Calls to an official at JPMorgan were not returned, nor was a call to LS Power executives in New York.

Shady Hills, which can run on natural gas or type-two fuel oil, started operating in February 2002. Under the terms of a PPA with **Progress Energy** that runs from April 1 through 2024, there is potential to convert the simple-cycle unit to a combined-cycle one, as well as add 325 MW of incremental capacity.

## Calpine Lenders Unfurl \$5B DIP

**Credit Suisse, Goldman Sachs, JPMorgan Chase and Deutsche Bank** have rolled out a \$5 billion debtor-in-possession revolver for bankrupt San Jose, Calif.-based IPP Calpine.

The facility, which can be converted into exit financing for the energy outfit, consists of a \$4 billion first-lien term loan; and a \$1 billion first-lien revolving credit facility, including a \$550 million letter of credit (PFR, 2/5). Pricing has not yet been finalized but is in the LIBOR plus 200 basis point range. The final financing package must be approved in Chapter 11 bankruptcy as a part of Calpine's plan of reorganization, says one official tracking the deal. Syndication is expected to follow once it is approved.

Calpine, which has some \$17 billion in debt, is hashing out its plans for reemergence and is conducting discussions with firms interested in providing it with fresh equity. The reorganization options include selling equity to third parties, and it has approached several private equity firms, including Goldman-backed **Energy Capital Partners, Tenaska Power Fund, US Power Generating Co., LS Power, The Blackstone Group** and a unit of **General Electric** (PFR, 2/18).

A Calpine spokesman did not immediately return a call for comment and officials at its lending group either declined to comment or did not return calls.

The DIP will help Calpine pay down some \$2.5 billion in pricey project-level debt tied to **CalGen**—a 9.8 GW generation portfolio, which carries interest rates as high as 9-11% basis points over LIBOR and put it in better position to run its business once it emerges, says a deal tracker.

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INTELLIGENCE FIRST

## Twenty's Plenty Lone Star Wind Draws 20 Strong

Syndication of \$700 million in fresh debt for **Lone Star Wind**, a subsidiary of **FPL Energy**, was more than two times oversubscribed and drew commitments from around 20 banks expecting to be allocated tickets of either \$25 million or \$40 million. Proceeds will refinance development and construction costs for a 606.5 MW portfolio in ERCOT.

Syndication of the 15-year, \$600 million term loan and 10-year, \$100 million letter of credit, which FPL closed on Dec. 19, wrapped Feb. 28.

Leads **BayernLB**, **Fortis Capital** and **Mizuho Corporate Bank** pitched pricing at 125 basis points over LIBOR at a Jan. 24 bank meeting (PFR, 1/26) and recently invited **BNP Paribas** and **Calyon** in at the \$75 million level because of their solid relationships with the sponsor.

**Rolf Siebert**, v.p. of loan syndications at BayernLB in New York, says interest has been robust because FPL is the largest wind developer and operator in the U.S., and because the paper was priced to account for the fact power sales from the Texas projects—522.5 MW Horse Hollow II and III in Taylor and Nolan Counties, and 84 MW Red Canyon in Borden, Garza and Scurry Counties—is hedged, not contracted.

## Lenders Chase Spanish Solar Financing

Renewable energy bankers are circling two financing mandates, yet to be awarded by developers of large solar thermal projects in southern Spain.

On the drawing board is a sizeable solar thermal facility to be built by **Epuron**, the project development arm of German solar equipment wholesaler **Conergy**. Construction is slated to begin next year. “The process of approaching banks has already started, although we are in an early stage,” says managing director **Joachim Müller** in Hamburg. “We are open for cooperation partners on the equity side,” he adds, declining to elaborate on the size and location of the facilities, or the lenders the company is in discussions with.

Meanwhile, **Solucar Energia**, an affiliate of Spanish conglomerate **Abengoa**, also is seeking commercial loans for two 50 MW units in Sanlúcar la Mayor, Seville. The projects will use parabolic trough technology, where the sun's radiation is used to heat oil in tubes and generate steam that drives turbines. Abengoa recently mandated **Caja Madrid** and **Natixis** to underwrite EUR148.7 million (\$195 million) in loans for its PS10 (11MW) and PS20 (20 MW) projects on the same site, which will be a 302 MW solar park when complete. **Santiago Seage**, managing

director of Abengoa's solar division, could not be reached.

Spain has attracted the bulk of Europe's solar developments to date because sponsors benefit from fixed and guaranteed tariffs for selling power from facilities of up to 50 MW into the grid.

## RBC Readies Invenergy Ontario Plant Syndication

**Royal Bank of Canada** is getting ready to roll out syndication of construction financing for Invenergy's planned gas-fired plant to be built at the St. Clair Power station near Sarnia, Ontario. The bank meeting is scheduled for the week of March 12 in New York, according to deal trackers. RBC officials did not respond to requests for comment.

Invenergy is looking for around C\$370 million (\$316 million) in non-recourse debt for the 570 MW project. The debt is expected to be divided into two tranches, the details of which could not be learned. Price talk for the expected 22.5 year loan is between 125–145 basis points.

Permitting issues resolved Feb. 12 had been holding up the process, according to an Invenergy official. The company began looking for financing in late 2005 (PFR, 10/14/05). The facility has a 20-year offtake agreement with the **Ontario Power Authority**. **Stark Investments**, a Milwaukee, Wis.-based asset management firm, is providing a substantial equity stake in the project, according to a firm official, who declined to state the exact amount.

## Iberdrola Revolver Draws Interest

Phase-one syndication of a £7.9 billion (\$15.6 billion), 364-day revolving credit facility bankrolling Iberdrola's impending acquisition of **ScottishPower** has drawn interest from 24 sub-underwriters. Margins on the facility are thin but banks appear willing to lend in the hopes of bagging business in the future.

“Iberdrola as a credit is strong, and it's international with lots of business going on. Plus, it's a very short-term facility, so banks can put up a lot of money and know it's coming back quickly,” notes **Peter Ellemann**, head of European syndicated loan origination for co-bookrunner **ABN AMRO**. The other bookrunners are **Barclays Capital** and **Royal Bank of Scotland**.

The acquirer will be able to draw on the revolver as of April 20 and is expected to refinance it in the capital markets before or at maturity.

Pricing in retail syndication, set to launch sometime next quarter, is still to be determined. Sub-underwriters committed £500 million and were each scaled back to £275 million. They are offered up-front fees of 2.5 basis points, and a further 7.5 on their final participation after general syndication and the acquisition itself has closed.

The £11.6 billion transaction is slated to wrap in the last week



of April, says ScottishPower spokesman **Colin McSeveny**. It is subject to the approval of ScottishPower shareholders, who are due to vote March 30, and by the U.K. courts.

## Algonquin-Clean Power Tie-Up Could Be Trend

**Algonquin Power Income Fund's** pending acquisition of **Clean Power Income Fund** could signal a consolidation trend in the Canadian power sector as funds prepare to be taxed starting in 2011. Clean Power has many younger generation assets, Algonquin director **Ian Robertson** said in a conference call Feb. 26, which have high capital cost allowance credits—a tax deduction that businesses can claim for the loss in value of capital assets over time.

The Canadian government decided to begin taxing domestic income trust distributions as of 2011 (PFR, 11/25). Algonquin also expects to receive management and savings from the C\$207.6 million (\$177 million) deal where Algonquin will

acquire all of Clean Power's shares and take over its \$55 million outstanding in convertible notes..

"Costs have been increasing substantially each year," says **Rob Roberti**, cfo at Clean Power in Toronto. Since passage in 2003, Ontario Bill 198 has increased costly regulatory responsibilities as the Sarbanes-Oxley Act has done in the United States. These costs may drive smaller funds to look for suitors, he notes.

A tightening or loosening of the regulatory environment going forward should determine whether private-equity takeovers, such as **Harbinger Capital Partners'** acquisition of **Calpine Power Income Fund** (PFR, 1/05), or mergers among funds will become the trend, he says. "If the screws keep tightening, we could see more private equity," he says. In January, a parliamentary committee recommended a 10% reduction in taxes and an extension of the tax-free period for existing trusts until 2017.

Roberti said a private equity suitor could make an offer for Clean Power within the next 60 days, but he declined to comment as to the likelihood of such offers.

## Corporate Strategies

### CMS To Cut Short-Term Debt With Asset Sale Funds

**CMS Energy Corp.** plans to funnel proceeds from pending international asset to take down short-term paper at the parent level.

**Phillip McAndrews**, director of investor relations in Jackson, Mich., says the aim is to reinstate quarterly dividends to shareholders and bring equity in the company to 50% two years ahead of a plan to increase it 6% from present levels. "It was always our intention to restore [our dividend] as soon as it was prudent to do so." On Jan. 26, the board approved a \$0.05 per share dividend this quarter after a four-year suspension. Capital markets treasurer **John Murphy** declined comment.

Outstanding debt at the holding company level is expected to fall to \$1.3 billion by the end of next year after three previously announced transactions have closed, down from \$2.4 billion at the end of last year.

Proceeds will be also be directed at paying down debt with coupons of 8.6%, 8.9% and 9.875% will be addressed as a priority, says McAndrews, cutting interest-rate expenses by about 19 cents. The first of these three transactions is the sale of **CMS Generating Co.** to the **Abu Dhabi National Energy Company** for \$900 million, of which \$104 million will be used immediately to reduce leverage. The second is the sale of **CMS Enterprises'** Argentine business and its non-utility gas pipeline and processing assets in northern Michigan to **Lucid Energy** for \$180 million.

CMS also has an impending auction of some midstream and

generation assets located across Chile and Argentina; a 42.3% stake in a 63 MW power plant on Jamaica; plus an electric distribution business in Brazil—book values for which have not been disclosed.

### Inergy Places Shares To Clip Revolving Debt

Midstream gas and liquids shop **Inergy** has sold three million common units in a public offering to pay down revolving credit debt. "We didn't need to do an offering now, but it was a good opportunity to get long-term financing," says **Mike Campbell**, investor relations manager in Kansas City, Mo. He says the company looks to keep between a 3.5X to 4X debt-to-EBIDTA ratio, and is currently in that range.

Inergy upped the size of the offering from 2.85 million after getting indications of high demand, says Campbell. The offering was priced at \$31.05. In the open market, the stock closed at \$31.13 on Feb. 23 and hit a 52-week high of \$31.64 on Feb 21. Shares traded at a 52-week low of \$24.84 on May 25. Sole underwriter **UBS** was chosen for its relationship with Inergy, Campbell says.

Proceeds will pay down debt incurred under a \$425 million revolving credit facility arranged by **JPMorgan Chase** and **Wachovia**. The facility was issued in November 2004 was priced at 225 basis points over LIBOR.

Inergy completed the \$35 million acquisition of a 24-mile

lateral pipeline connecting Inergy's Stagecoach storage facility to **Tennessee Gas Pipeline Company's** Line 300. The company has been approved for construction of another lateral line connecting to the Millennium Pipeline, sponsored by **NiSource**, **KeySpan** and **DTE Energy**. In October, Inergy bought a liquid petroleum gas-storage facility.

Inergy has \$714 million in long-term debt and 45 million common units outstanding, according to its most recent **Securities and Exchange Commission** filing.

## Midwest Hold Co. Revs Up Gas Bonds

The **Central Plains Energy Project** has sold \$529 million in revenue bonds to fund a 20-year pre-payment for natural gas from **J. Aron & Co.**

CPEP is a gas holding entity created last year to allow members the **Omaha Municipal Utilities District** and **Cedar Falls Municipal Gas Utility** to combine purchasing and management for natural gas contracts.

Long-term pre-payment agreements have been around since the early 1990s, explains **Scott Keep**, v.p. for operations in

Omaha, but had been less frequently used since the **Internal Revenue Service** began to audit them in the early part of this decade. Rules for these agreements were clarified by the Energy Policy Act of 2005, and last year saw more than \$7 billion done in pre-payment agreements for natural gas, according to a report by **Standard & Poor's**.

Under the pre-pay gas structure the utilities can secure a supply of gas for 20 years and lock in gas costs at a discount to the regional market price. The two utilities estimate savings will be more than \$62 million over 20 years.

CPEP issued \$288.8 million as index-rate notes, equal to a fixed spread above 67% of the three-month LIBOR rate. An interest rate swap contract with co-underwriter **Goldman Sachs** fixes CPEP's rates on this portion of the debt.

The remaining \$240.2 million of notes carry coupons ranging from 3.72% on the shortest notes maturing 2007, to 4.2% on the longest, maturing in 2021.

The offering was led by Goldman and UBS, who were chosen for their experience, says Keep. He says they will look to use a mix of underwriters for future offerings. Omaha Municipal will pursue a second similar offering with deliveries targeted for next winter, according to a company statement.

## Financing Record (February 21-February 27)

### Debt

Launched	Issuer	Principal(\$M)	Coupon(%)	Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch
2/26/07	Kansai Electric Power Co Inc	203.3	2.75	Fxd/Straight Bd	3/26/12	100.628	2.617	-1	AA-	Aa3	NR

### M&A

Announced	Effective	Target Name	Target Advisors	Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Nation	Rank Value of Deal (\$mil)
2/21/07		OAQ WGC-5		Russian Fed	OAQ Gazprombank		Russian Fed	
2/22/07	2/22/07	Ensys AG		Germany	capiton AG		Germany	
2/22/07		International Bio Fuels Corp		United States	Consolidated Biofuels Inc		United States	
2/22/07		SEMCO Energy Inc	Credit Suisse Group BB&T Capital Markets	United States	Cap Rock Hldg Corp	Berenson & Co LLP	United States	878.3
2/23/07		Aguas de Valencia SA		Spain	Inversiones Financieras Agval		Spain	
2/23/07		Torrens Energy Ltd		Australia	Lefroy Resources Ltd		Australia	
2/26/07	2/26/07	Industrial Energy Pvt Ltd		India	Tata Power Co Ltd		India	
2/26/07		TXU Corp	Credit Suisse Group Lazard	United States	Investor Group	Citigroup Goldman Sachs & Co JP Morgan Morgan Stanley Lehman Brothers	United States	44,372.38
2/26/07		Terasen Inc		Canada	Fortis Inc	CIBC World Markets Inc	Canada	3,806.64
2/26/07		WP Water Co		United States	United Water Inc		United States	0.28
2/27/07	2/27/07	Endesa SA		Spain	Enel SpA		Italy	5,459.82
2/27/07		EBG Holdings	Lehman Brothers	United States	Astoria Generating Company Holdings	Credit Suisse	United States	5,000.00

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

# 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, senior reporter, at (212) 224-3165 or e-mail [kburne@iinews.com](mailto:kburne@iinews.com).*

## Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
InterGen	La Rosita (1.1GW Coal) Refi	Mexicali, Mexico	BNP Paribas, Calyon, Export Development Canada	Term Loan	\$400M	15 yr	CFE (Mexico), Shell Offtake.
	Generation Portfolio Refi	Various	TBA	Senior LC	\$47M	15 yr	Syndicating
Repsol, Irving Oil	Canaport (LNG Liquefaction)	Saint John, N.B.	BMO, Snatander, La Caixa, BBVA, RBOS	TBA	\$2.5B		Seeking Lead Banks
				Term Loan	\$756M	27 yr	Repsol Offtake. Syndicating. Commitments due 2/23
Iberdrola	Mexico Portfolio (5.5 GW) Refi	Various	Calyon, Citigroup, BBVA	Package	\$1.7B	5yr	Awaiting Close. Syndicating
EdF Energie Nouvelles	La Ventosa (80-100 MW Wind)	Juchitan, Oaxaca, Mexico	TBA	TBA			Choosing Lead Banks
LS Power	Plum Point (665 MW Coal) Refi	Osceola, Ark.	TBA	TBA			Mo. Joint Muni Electric Utility Offtake. Choosing Lead Banks
Calpine, Mitsui &Co.	Greenfield (1GW Gas)	Courtright, Ont., Canada	Bank of Tokyo, Mitsubishi, BMO Financial	Loan	\$500M	18 yr	Ontario Power Authority Offtake. Selecting Sub-underwriters. Syndication by April.
Airtricity	Sand Bluff (90MW Wind)	Sterling Co., Texas	HypoVereinsbank	Non-recourse Debt	\$140M		Awaiting Syndication
GenPower Holdings	Longview (690 MW Coal)	Maidsville, W.Va.	Goldman Sachs, WestLB	Term Loan	\$900M	7 yr	PPL Energy Plus (43%) and Merchant (53%) Offtake. Syndication wrapped 2/28
				Revolver	\$100M	6 yr	
				Synthetic LOC	\$100M	7 yr	
Terrawinds Resources	TerraWinds (201 MW Wind)	Rivier-Du-Loup, Quebec, Canada	HSH Nordbank	Senior Secured Construction and Term Debt Facility	C\$300M (\$259M)	TBA	Hydro-Quebec Offtake. Awaiting Syndication
Caithness Energy	Long Island Energy Center (350 MW Gas)	Brookhaven, N.Y.	Citigroup	Privately Placed Bonds	\$450M	TBA	LIPA Offtake. Placement expected by 2/07
Sumitomo Power	Hermiston Generation Plant (474 MW Gas)	Hermiston, Ore.	TBA	TBA	\$130M	10 yr	Lead banks expected 1Q2007
Lodi Gas Storage (ArcLight Capital)	Acquisition Refi		TBA	Secured Loans	\$145M	TBA	Seeking Lead Banks
Noble Environmental Power	Altona, Ellenberg, Clinton and Bliss (339 MW Wind)	Altona, Ellenberg, Clinton and Bliss, N.Y.	HSH Nordbank, Dexia Credit Locale	Non-recourse Loan	\$445M	TBA	Supported by 10 yr. hedges. Syndication expected 1Q2007
Bethel Energy	(100 MW Solar)	Imperial County, Calif.	TBA	Debt and Equity	\$368M	TBA	Looking For Lead Banks
Katabatic Power	(25.5 MW Wind)	Mount Hays, B.C.	TBA	TBA	TBA	TBA	Seeking Lead Banks
Winergy Power	Plum Island (30 MW Wind)	Long Island, N.Y. (Offshore)	TBA	TBA			Seeking For Lead Banks
MachGen	Merchant Portfolio (4 GW) refi	Various	Morgan Stanley, Deutsche Bank, Bear Stearns	package	\$1.5B	N/A	Syndicating
Borelais Infrastructure	Bruce Power (4.6 GW) Refurbishing	Tiverton, Ont.	TBA	Non-recourse Project Finance Debt	C\$1B (\$846M)	TBA	Choosing Lead Banks
Northern Star Generation	1.5 GW Portfolio	Various	Lehman Brothers, BNP Paribas	Term Loan B	\$286M	7.25 yr	Syndicating
				Synthetic Letter of Credit	\$32.5M	7.25 yr	
				High-Yield Debt	\$515M	18.5 yr	
Organizacion Soriana, Vientos Del Istmo	(216 MW Wind)	Oaxaca, Mexico	TBA	TBA			Chosing Lead Banks
Entegra	Gila Power Station and Union Power Station (5.3 GW Gas) Refi	Phoenix, Ariz., and El Dorado, Ark.	Lehman Brothers, Credit Suisse, Goldman Sachs	Second Lien Revolver for Working Capital	\$30M	7 yr	Syndication to launch 3/1
				Cash-pay Facility	\$450M	7 yr	
				Payment-in-kind Tranche	\$850M	8.5 yr	
Kelson Holdings (Harbinger Capital Partners)	Portfolio (4GW) Refi	Various	Merrill Lynch	Mezzanine Loan	\$150	7.5 yr	Syndication launched 2/14
				First Lien Senior Facility	\$1B	6 yr	
				Second Lien Senior Facility	\$500M	7 yr	
Econergy	Baja Sur and Santa Catarina (40MW Wind)	Baja California Sur and Monterrey, Mexico	TBA	TBA			Chosing Lead Banks

## Live Deals: Europe/Middle East (cont'd)

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
ACS Group	La Boga Portfolio (Wind)	6 Sites, Spain	Natexis, La Caixa	Term Loan	EUR 350M (\$462M)		Syndication 1Q2007
				Tax Facility	EUR 58M (\$77M)		
				Standby Facility	EUR90M (\$119M)	8 yr	

## Live Deals: Europe/Middle East

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Babcock & Brown, Eurowatt	Wind Portfolio (120MW)	Various, France	La Caixa, Natexis	Term Loan	EU183M (\$234M)		Syndication to Launch 1Q2007
Babcock & Brown Wind Partners	Wind Portfolio (1.2 GW) Refi	Various, Global	TBA	Financing Package	EUR1B (\$1.3B)		Choosing Lead Banks
Spanish Egyptian Gas Company	Damietta (LNG) Refi	Damietta, Egypt	TBA	Non-recourse loan	\$600M	15-16 yr	Choosing Lead Banks with Advisor RBOS
Suez	Barka II (678MW)	Barka, Oman	HSBC, Sumitomo Mitsui	Senior Term Loan	\$600M	17.5 yr	Oman Power and Water Procurement Company Offtake. Financial close expected 2/07
Marubeni	Messaieed (2GW Gas)	Doha, Qatar	Calyon, Managing Agents TBA	Financing Package	\$1.63B		Syndication 2Q2007
Gulf Total Tractebel Power	Taweelah A1 (1.35GW Gas IWPP) Refi	Abu Dhabi, UAE	BNP Paribas, Calyon	Term Loan	\$880M	22 yr	Abu Dhabi Water and Electric Authority Offtake. Awaiting Close
	Taweelah A10 (221MW Expansion to Gas IWPP)	Abu Dhabi, UAE	BNP Paribas, Calyon	Term Loan	\$212M	22 yr	Abu Dhabi Water and Electric Authority Offtake. Awaiting Close
Suez-Tractebel	Marafiq (2.5GW IWPP)	Jubail, Saudi Arabia	BNP Paribas	Financing Package	\$2.5B		Marafiq Power & Water Utility Offtake. Awaiting Syndication
ACWA Power	Shuqaiq (850MW IWPP)	Shuqaiq, Saudi Arabia	BayernLB, Gulf International Bank	Financing Package	\$2B		Syndicating. Awaiting Close
Ras Laffan Power Co. (AES)	Ras Laffan A (750 MW IWPP)	Doha, Qatar	TBA	TBA	\$572M		Looking For Lead Banks
C-Power	Thornton Bank (300 MW Wind)	Belgian Coast	Dexia	TBA	EUR100M (\$131M)	TBA	
AES Oasis, Mitsui & Co.	Almanakher (370MW Gas)	Almanakher, Jordan	Sumitomo Mitsui, Overseas Private Investment Corp., Japan Bank for International Cooperation	Senior Facility Equity Tranche	\$255M \$75M		Near Close. National Electric Power Co. Offtake

# PFR ANNUAL AWARDS



Power Finance & Risk will announce nominees for its fifth annual power project finance awards on **April 2** and announce winners **April 9**. We are seeking nominations from our readers for the best and worst deals of last year.

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

### YOU CAN MAKE YOUR 2006 AWARDS NOMINATIONS UNDER THE FOLLOWING PROJECT FINANCE CATEGORIES:

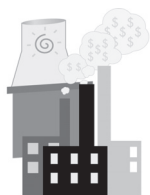
- ☐ Best North or Latin American Deal
- ☐ Best European/Middle Eastern Deal
- ☐ Best Renewable Energy Deal

When making your nominations please explain why you are making these choices.

Nominations must reach PFR by March 26.

**power finance & risk**

Please send your nominations to Peter Thompson, executive editor at [pthompson@iineews.com](mailto:pthompson@iineews.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, senior reporter, at (212) 224-3165 or e-mail [kburne@iineews.com](mailto:kburne@iineews.com).*

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
AES Corp.	Delano	Central Valley, Calif.	57	Biomass	Bodington & Co.	Teasers dispatched early Jan. (PFR, 1/29)
	Mendota	Central Valley, Calif.	25	Biomass		
AIG Highstar Capital	13 plants	U.S. portfolio, concentrated in Florida and Pennsylvania	2,378	Gas, coal and waste coal	Lehman Brothers	50% stake in Northern Star Generating for sale. Ontario Teachers' owns the balance. Two-stage auction begins this month (PFR, 1/29).
Astoria Energy	Astoria Plant	Queens, N.Y.	500	Gas	N/A	The partnership that owns the plant is said to be fielding offers from interested parties.
Atlantic City Electric Co.	B.L. England	Upper Township, N.J.	447	Coal/oil	Concentric Energy Advisors	Rockland Capital Energy Investments offered to buy for \$12.2 million so long as necessary approvals are made by March 31, 2007.
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Cargill-led investor group	Granite Ridge	Londonderry, N.H.	720	Gas	Morgan Stanley	Decision expected imminently. Advisor compiling a \$400 million staple financing package (PFR, 1/15).
Complete Energy	Batesville	Batesville, Miss.	837	Gas		See story, page 1
Desert Power	Desert Power plant	Rowley, Utah	65 installed 100 planned	Gas	N/A	Owners auditioning 25 debt and equity financing counterparties to complete construction by June 1 (PFR, 1/15).
Dominion Resources	State Line	Hammond, Ind.	515	Coal	Credit Suisse	N/A
DPL Inc.	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas	Pace Global Energy Services	N/A
Dynegy	Bluegrass	Oldham County, Ky.	573	Gas	JPMorgan Chase	Seller hopes to fetch between \$200-500 million in asset sales this year, (PFR 2/5).
	Heard County	Heard County, Ga.	539	Gas		
	Lyondell	Channelview, Texas	600	Gas		
EBG Holdings	Mystic 7	Everett, Mass.	560	Gas/Oil	Lehman Brothers	Owner K-Road Power to merge EBG with Astoria Generating in \$5 billion deal. Combined entity to have 5 GW and go by name of US Power Generating Co.
	Mystic 8	Everett, Mass.	832	Gas		
	Mystic 9	Everett, Mass.	832	Gas		
	Fore River	Weymouth, Mass.	832	Gas/Oil		
Entergy Corp.	50% stake in Top Deer Wind Ventures	Worth County, Iowa	40	Wind	New Harbor	Seller wants about \$500 million for the assets. Bidders shortlisted to about 10 financial players, (PFR, 2/8).
		Carsen County, Texas	40			
	RS Cogen	Lake Charles, La.	212	Gas		
	Roy S. Nelson	Westlake, La.	60	Gas/Oil		
	Warren Power	Vicksburg, Miss.	225	Gas		
	Harrison	Marshall, Texas	335	Gas		
	Independence	Newark, Ark.	121	Coal		
GE Energy Financial Services	Green County plant	Jenka, Okla.	795	Gas	N/A	GE said to be fielding offers for its 90% stake. Tyr said to be interested in acquiring, (PFR, 2/12/07).
	Birchwood	Fredericksburg, Va.	242	Coal	N/A	
Globaleq	Emerging market portfolio	Asia, Africa, Americas	2,298	Mixed	Lehman Brothers	Indicative bids were due Feb. 16 (PFR, 2/9).
Goldman Sachs	Horizon Wind Energy	Houston, Texas	1,350 targeted by year end	Wind	N/A	ExxonMobil, Babcock & Brown, Shell, Exelon and Iberdrola said to be bidding



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

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Greenwich Energy Investments	Masspower	Springfield, Mass.	258	Gas	Miller Buckfire	Six or seven financial players shortlisted. Final bids due mid-month, (PFR, 2/5). Barclays is arranging a \$150 million staple.
KGen Power Partners	Murray Energy	Dalton, Ga.	1,244	Gas	Friedman Billings Ramsey	Private placement completed early Jan. Morgan Stanley arranging a \$400 million credit facility to refinance existing debt (PFR, 1/15).
	Hot Springs	Hot Spring County, Ark.	620	Gas		
	Hinds County	Hinds County, Miss.	520	Gas		
	Enterprise	Clarke County, Miss.	640	Gas		
	Sandersville	Washington County, Ga.	640	Gas		
	Southaven	Southaven, Miss.	640	Gas		
	New Albany	Union County, Miss.	385	Gas		
	Marshall Energy	Calvert City, Ky.	680	Gas	N/A	Being sold to Tennessee Valley Authority
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	GE said to be aggressively pursuing, alongside Complete Energy, Conectiv Energy and PPL Corp. (PFR, 2/12).
MDU Resources' IPP unit, Centennial Energy Resources	Brush Power (units 1 & 3)	Brush, Colo.	213	Gas	Goldman Sachs	MDU considering sale of Centennial's generation to help fund acquisitions, e.g. purchase of Cascade Natural Gas (PFR, 1/18).
	Hartwell Generating Station (50%)	Hartwell, Ga.	310	Gas		
	Hardin Generating Station	Hardin, Mont.	116	Coal		
	Mountain View Power Partners	San Geronio Pass, Calif.	66.6	Wind		
	San Joaquin Cogen	Lathrop, Calif.	48	Gas		
Mirant	Curacao Utilities Co. (25%)	Curacao	133	Asphalt, refinery	JPMorgan	Seller said to be marketing to Asian buyers, and looking for a sale price around \$1.2 billion, (PFR, 2/26).
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151	Oil		
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro		
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas	JPMorgan	LS Power to acquire, but is already soliciting interest in Shady Hills (see story, p1).
	Apex plant	Nev.	527	Gas		
	Bosque	Texas	546	Gas		
	Shady Hills	Fla.	469	Gas/Oil		
	Sugar Creek	Ind.	561	Gas		
	Zeeland	Mich.	903	Gas		
	West Georgia	Ga.	613	Gas/Oil		
	Curacao Utilities Co. (25%)	Curacao	133	Asphalt, refinery	JP Morgan	(See story, pg. 1).
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151	Oil		
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro		
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas		
Mirant Corp., NY-Gen	Mongaup Generating Plant	Mongaup, N.Y.	4	Hydro	N/A	Being acquired by Alliance Energy.
	Swinging Bridge Generating Plant	Mongaup, N.Y.	12	Hydro		
	Rio Generating Plant	Mongaup, N.Y.	9	Hydro		
	Hillburn	Hillburn, N.Y.	51	Gas/Jet fuel		
	Shoemaker	Middletown, N.Y.	44	Gas/Jet fuel		
Progress Ventures	Walton	Walton, Ga.	450	Gas	JPMorgan Chase	Bear Stearns unit Arroyo Energy Investors in pole position to acquire, with Starwood Energy also in the running, (PFR, 2/5).
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		
Reliant Energy	IndianRiver	Titusville, Fla.	587	Oil/Gas	JPMorgan	Full marketing material imminent (PFR, 2/26)
	Osceola Generating Station	Holopaw, Fla.	470	Gas (peaker)		

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
	Bighorn Generating Station	Las Vegas, Nev.	598	Gas		
	Choctaw Generating Station	French Camp, Miss.	804	Gas (mothballed)		
Sithe Global Power	River Hill Power	Karthus Township, Pa.	290	Coal	Credit Suisse	Development rights to the project for sale.

## 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.*

### TXU

- TXU's bankers have contacted private equity groups and rival energy companies, including **Apollo Management**, **Blackstone**, **Carlyle**, **Hellman & Friedman** and **Warburg Pincus**, to gauge interest in besting the \$45 billion takeover bid by **Kohlberg Kravis Roberts** and **Texas Pacific Group** (*Financial Times*, 2/28). ... KKR and TPC are willing to listen to demands for further rate cuts beyond their planned 10% reductions (*Dow Jones*, 2/27).
- **Credit Suisse** is offering a debt package worth \$40.2bn to fund a competing offer for TXU, which could eliminate a key financial obstacle to several private equity groups that are considering a rival offer (*Financial Times*, 3/1). ... **Entergy** has received requests to launch a rival bid (*Reuters*, 3/1).
- A federal judge has approved a settlement between **Alcoa**, TXU and the U.S. **Department of Justice** that would allow TXU to build the new Sandow 5 coal plant at Alcoa's aluminum facility in Rockdale, Texas (*Associated Press*, 3/1).
- A Texas senate committee advanced legislation granting broader authority to the state's utilities regulator on mergers and acquisitions. If passed, the bill could pose a significant obstacle to TXU's ambitions of rapidly closing the deal (*Financial Times*, 2/27).

### South America

- **AES Corp.** has reached a definitive agreement to sell its 82% stake in **Electricidad de Caracas** to Venezuela's state-owned oil company for about \$739 million. As a result, it expects to record a pretax, non-cash charge of \$550 million to \$650 million in the first quarter of 2007 (*Associated Press*, 2/27).

### Europe

- Italy's **Enel** has boosted its stake in Spain's **Endesa** to a nearly 7%, through a share swap deal with **UBS** (*Associated Press*, 2/28).
- Italy's **Enel** plunged into the battle for **Endesa** with the purchase of a 9.9% stake in the Spanish utility for a total of EUR4.12 billion (\$5.5 billion). It is considering lifting its holding to 24.99% depending on approval by Spain's national energy commission (*Financial Times*, 2/27).
- Switzerland's **Aare-Tessin** is looking for partners to build one or more nuclear power plants in the country (*Bloomberg*, 2/26).

### Australia

- A **Société Générale Asset Management** unit made an A\$812 million (\$639 million) bid for **Queensland Gas**, trumping **AGL Energy's** rival proposal (*Bloomberg*, 2/28).



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## North America

- **TransAlta** and **Epcor Utilities** plan to start building the Keephills 3 power project at an existing plant near Edmonton, Alberta. The C\$1.6 billion (\$1.38 billion) project adds a 450 MW coal unit and is expected to be completed in 2011 (*Reuters*, 2/26).
- **Merrill Lynch** has acquired a minority stake in clean energy project developers **Russian Carbon Fund** in a financing package worth around \$200 million. Merrill has also arranged debt financing for the company, and bought a certain volume of carbon credits in a forward offtake contract (*Reuters*, 2/26).

- The **Southern California Public Power Authority** has signed a 20-year \$270 million contract with Utah's **UPC Wind** to buy 200 MW of wind generation (*Salt Lake Tribune*, 2/23).
- **Calpine** plans to add 400 MW of capacity to its Deer Park Energy Center in Texas (*Reuters*, 2/28).
- The **North Carolina Utilities Commission** has approved only one of the two 800 MW units **Duke Energy** wants to build at its Cliffside plant in Cleveland County, N.C. (*Associated Press*, 2/28).

## TEXAS DUO

(continued from page 1)

by using heavy leverage, say they are committed to not leveraging up its transmission and delivery business. "From a public company standpoint, Wall Street looks for near term growth. The double digit customer business is an earnings hit in the near term, but will help us grow the business in the long term," Lipschultz says.

Under the terms of the acquisition—the largest leveraged buyout to date—KKR and Texas Pacific have agreed to a number of concessions, including 10% rate cuts, scaling back the proposed coal plant building program from 11 to three and boosting the company's use of renewable energy resources. This, coupled with the urgent need for capacity in Texas, is expected to ensure the deal's safe passage with state lawmakers but comes at a cost to the private equity shops.

KKR and TPG have seen merger hopes dashed before: the former with **UniSource Energy Corp.** and the latter with **Portland General Electric**.

The private equity heavyweights unveiled a \$45 billion club deal to acquire the Lone Star state utility on Monday. Selling or spinning off parts of the business—transmission or otherwise—is not part of the immediate game plan, they insist. "We are investing up front to take the tension away from the company for the long-term payoff," says TPG partner **Michael MacDougal**, referencing criticism TXU has received for its \$11 billion coal build-out, (PFR, 11/10).

A handful of challengers are reportedly compiling rivals bids before the 50-day go-shop period expires April 16. Lipschultz and MacDougal declined to speculate which firms they could logically come up against. TXU CEO **John Wilder**, who is expected to stay on with the company, was not available for comment.

**Credit Suisse** and **Lazard Frères** are advising TXU on the deal, which consists of \$32 billion in cash and the assumption of \$12.3 billion in debt. The buyers are being advised by **Citigroup**, **Goldman Sachs**, **JPMorgan Chase**, **Lehman Brothers** and

**Morgan Stanley**, who are also providing staple financing for the transaction—slated to close later this year. —Katy Burne

## WORENKLEIN, KRIEGL

(continued from page 1)

exclusive negotiations with EBG and its private investor group led by Kriegel's **K Road Power**, which serves as the managing partner. It had previously shortlisted two buyers—one strategic and one financial—in an auction led by **Lehman Brothers**, (PFR, 1/8).

**Barry Sullivan**, vice chairman and coo of K Road in New York, says the sellers were hoping either to join with or sell to a strategic investor that could outbid a financial player, but market valuations of the assets were out of reach for strategic buyers. When Astoria, advised by **Credit Suisse**, approached K Road, it decided to shut the door on other suitors—including the strategic it was already in talks with, which didn't have the same appetite or mindset as Astoria—because the merger made more sense. "Along came Astoria, and we saw two real strategic values out of combining: one, diversification across two big-city markets, and two, building a bigger portfolio than either one of us could afford on our own," says Sullivan.

K Road completed a \$2.1 billion recapitalization Dec. 21, also via Credit Suisse, to boost the value of the 3 GW fleet prior to a sale (PFR, 12/01). Final cash bids were received in December from between six and 10 players, but Sullivan declined to disclose their identities and calls to **Jim Metcalfe**, head of power M&A at Lehman, were not immediately returned.

Asked if an initial public offering is part of the long-term game plan, **Jacob Worenklein**, ceo of US Power Gen., the expected name of the combined entity, said, "We are considering all possibilities as to where this company goes, and we expect to be consolidating with individual portfolios and projects we think are attractive in the Northeast and MidAtlantic states." US Power Gen will have an aggregate 5 GW of capacity across the New

York and Boston metropolitan area, but will look to diversify into other markets.

The privately-held electric generating companies plan to expand the operation via a number of portfolio and project acquisitions, as well as development and repowering opportunities, adds Worenklein. On the development side, Astoria sees an expansion of up to 600 MW at its 1,280 MW oil- and gas-fired plant in New York as a priority. Project financing will be pursued for the capacity additions and improvements, expected to cost in excess of \$1 billion, but the official declined to specify when a search for lead arrangers will begin. Expansion opportunities are also in the pipeline at EBG's Mystic and Fore River sites in Massachusetts.

Under the terms of the merger, which is expected to receive approval from shareholders and regulators before this summer, investors in EBG would own 54% of US Power Gen, while Astoria would hold the remaining 46%. —K.B.

## TEXAS T&D CO.

(continued from page 1)

company expects the funds to include an option for conversion to a seven-year bank loan, according to public filings. A Citigroup official and a Prudential official did not return calls, and a GE spokesman did not make an official available for comment.

Wood says wind in Texas has been developed with existing transmission capacity but, "Those days are coming to an end. We need new transmission." As with Southern California Edison's recently announced Tehachapi project, he says, Sharyland is building the line with the expectation that wind developers will follow. He has been advocating this type of connection to the ERCOT grid for several years and hopes it and Tehachapi will be the first of a number of projects in the country.

Airticity has committed to building 1.8 GW of wind generation connecting to the 345 kV loop in the northern part of the panhandle region, and Babcock and Brown Renewable Holdings will build at least 1 GW in that area. Sharyland estimates that 4.2 of the 8 GW potential capacity will come from wind producers, 2 GW from gas-fired generation, and 1.8 GW from coal generation.

Chemical producer Celanese will connect an existing 150 MW coal facility to the line. It currently provides power to Celanese's chemical plant in Pampa, Texas, but now plans to sell power to the ERCOT grid. An Occidental Petroleum subsidiary plans to build two gas-fired facilities, 500-680 MW in Yokum County and 230 MW in Hockley County. "It won't be hard to get more gas-fired generation," says Wood, but coal will be more difficult given the uncertainties over its future in Texas.

—Ben Miller

## HOUSTON ACQUIRER

(continued from page 1)

creditor group (PFR, 4/11/2005). It could not be determined if the Houston-based shop has engaged a financial advisor **Peter Dailey**, managing director at its Pittsburgh satellite office, declined to comment.

Complete put Batesville, which is contracted to **Goldman Sachs** commodity arm **J. Aron** and **Aquila Energy Marketing Corp.**, in play via **Dexia Global Structured Finance** last summer. But the firm later announced the operation would be acquired by its own subsidiary, in a deal that has not yet closed. **Edmund Ludwig**, managing director at Dexia, declined comment on the auction.

Complete was founded in 2004 with a view toward amassing a 7-10 GW portfolio in its first three years. But it has been challenged by well-heeled private equity shops, infrastructure funds and financial firms, which have been driving up prices for generation assets. One banker notes the firm has limited equity behind it, which has hindered its ability to acquire assets.

Seeing diminishing opportunities to grab attractive plants, the firm might be aiming to take advantage of demand, particularly as the plant markets—**California ISO** and the **Southwest Power Pool**—are reaching peak pricing levels, says the banker.

Complete acquired La Paloma, output from which is sold partly to **South California Edison** and partly on a merchant basis, from its creditor group for \$580 million in August 2005. The firm is backed by **Engage Investments**, a private equity shop supported by the **Erving Wolf** family. —Katy Burne

## Calendar

**Power-Gen** will host the *2007 Power-Gen Renewable Energy and Fuels* conference at the **Mandalay Bay** hotel in Las Vegas Tuesday and Wednesday. To register, call 1-888-299-8016 or 1-918-831-9160.

## Quote Of The Week

"Those days are coming to an end — we need new transmission." —**Pat Wood**, advisor to **Sharyland Utilities**, on how ERCOT can no longer support wind farms with existing transmission links (see story, page 1).

## One Year Ago In Power Finance & Risk

**International Power**, **Tenaska Power Fund**, **Complete Energy Holdings**, **Oaktree Capital Management** and a joint bid from **AIG HighStar** and **Ontario Teacher's Pension Plan** made the short list in the auction for generation plant **Coletto Creek** in Texas. **Sempra Generation** and **Carlyle/Riverstone Holdings'** 632 MW coal-fired facility put the asset on the block via **Goldman Sachs**. [IP's ANP subsidiary won the auction (PFR, 4/21). **Goldman** and **Credit Suisse** provided a \$1.14 billion B loan funding package.]