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InterGen, El Paso Auctions Near Deadline

Bid due dates for two overseas generation portfolios–Houston-based **El Paso Corp.**'s international assets and **Royal Dutch/Shell Group** and **Bechtel Group**'s **InterGen** portfolio–are approaching.

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In The News

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INTERGEN EYES TRANSFERRING THREE U.S. PLANTS TO LENDERS

InterGen is looking at transferring three natural gas-fired plants back to the project finance lenders who funded construction, signaling it might be giving up on recovering value in the merchant assets. The IPP venture asked **Lehman Brothers** last fall to advise it on its options for its Redbud, Magnolia and Cottonwood facilities, according to bankers. It is unclear what prescription the bank offered or if Lehman is still advising it. Calls to **Martin Rees**, cfo, and spokeswoman **Sarah Webster**, were not returned. Bankers at Lehman declined to comment.

Observers say a transfer could be initiated some time in the second quarter, possibly leading to an auction of the assets. The joint venture between **Royal Dutch/Shell Group** and **Bechtel Corp**. injected some $250-300 million in letter of credit loans into the plants to

(continued on page 12)

Back To Square One?

K-ROAD BID FOR GENHOLDINGS PLANTS FLOUNDERS

New York-based **K-Road Ventures**' attempt to acquire a 3.7 GW merchant generation portfolio from a **Société Générale**-led creditor group has unraveled, placing the lengthy auction process back at square one. No agreement was in place but the private equity firm, led by **William Kriegel**, had been the frontrunner to take over the package of U.S. plants, known as GenHoldings.

K-Road had tentatively agreed to buy at or near the seller's roughly $1 billion price target. But it pushed for a cheaper price at the bargaining table, according to officials following the deal, and eventually the banks balked. Requests for comment left with Kriegel's assistant

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EXELON BOSTON SALE REPORTEDLY DOWN TO FINAL TWO BIDDERS


Mystic

Two bidders are reportedly vying to acquire the 3 GW Exelon Boston generation portfolio, which was put on the auction block by bank creditors. The identities of the bidders could not be determined, but bankers familiar with the deal say both bids are in the $1.1 billion range, which would cover the debt load attached to the fleet. Any sale is contingent upon lender approval and it is unclear when a winner will be selected.

The Exelon debt is being quoted at 107-108, up

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AEP Plans To Trim Debt

American Electric Power plans to pay down $800 million of debt this year, including debt at the utility and parent levels. The Columbus, Ohio–based energy company will wipe out $250 million of utility-level debt and $550 million of parent-level debt, CFO **Susan Tomasky** said at an analyst meeting in New York last week. Tomasky could not immediately be reached to provide additional comment.

AEP will fund the debt reduction, along with a previously announced $500 million stock repurchase, with $300 million of cash on hand and the proceeds of its January sale of a controlling interest in **Houston Pipe Line Co.** to **Energy Transfer Partners** for $1 billion, Tomasky said. The precise timing of the redemptions will be based on market conditions, she added. The debt reduction will allow AEP to maintain a capitalization ratio below 60%, which will afford it the flexibility to invest in new generation and potentially make acquisitions.

Invenergy Plots Financing For 200 MW Farm

Invenergy will be looking to finance its 200 W Wisconsin wind farm by year-end, leveraging the approximate $240 million price tag at 60-70%. **Carter Brown**, manager of business development in Chicago, declined to comment.

The Forward Wind Energy Center has four power contracts in place with Wisconsin Utilities including **Wisconsin Public Service** and **Wisconsin Power and Light**. WPS has purchased 70 MW for 20 years, says **Rob Benninghoff**, director of renewable and special projects, who adds the PPA pricing is confidential. The utility chose to ink the deal because it is a way to comply with the state's renewable energy portfolio standard and because the utility has a previous relationship with Invenergy. Calls to WPL went unreturned.

Invenergy is in the process of getting a certificate of public convenience and necessity, a necessary document in Wisconsin. The document should be obtained in June and construction should start by year-end. The Cheese State facility should be spinning by the beginning of 2006.

Mirant's Revolvers Move Higher

Mirant Corp.'s '03 and '04 revolvers moved up to 76-77 from 74-74 1/2, while the '05 traded around 81 1/2-82 1/2 from 79 1/2-81 1/2. A higher valuation for competitor **NRG Energy**, market technicals and a better-than-expected recovery are all factors in the rise, according to traders.

"People think there's going to be a much better recovery, closer to par than the 80-90s like everyone thought," one trader said. NRG's stock has traded higher and the market sees this as positive for Mirant, he added. At press time the stock quoted at $38.63, up from $35 at the start of February. But another trader attributed the rise to market technicals and questioned the role of NRG's stock. The value has not gone up in the last two days while Mirant's revolvers have, he said.

Last month, Mirant's revolvers traded actively after a bullish report published by Conn.-based broker **Libertas Partners**. The '03 and '04 revolvers traded around 74-74 1/2, while the '05 found a market around 79 1/2-81 1/2. A Mirant spokesman did not return calls.

The base rate for the '03 loan is LIBOR plus 200, LIBOR 195 on the '04 and LIBOR plus 60 basis points for the 2005. But since Mirant filed for bankruptcy last year the rates have shifted to prime rate plus an adjustable spread. The total size of all three facilities is $2.7 billion.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Babcock Aussie Deal Costs Rise

Babcock & Brown and Sydney-based IPP **National Power** have raised the construction costs of the second phase of their 210 MW Lake Bonney wind project south of Sydney. The project will cost $250 million, an additional $20-30 million, due to turbine expenses, says **Adrian Rizza**, deal originator at Babcock's Melbourne office.

The developers were originally looking to purchase 60-70 1.75 MW or 1.8 MW turbines from **Vestas**, the Danish turbine developer and manufacturer, says **Tim Flato**, an official in National Power's Oakland, Calif., office and instead decided to go with 53, three MW machines. The company is seeking 70-75% project debt, says Rizza. The venture will secure financing the second quarter of this year but have not chosen lead banks. Phase one was financed at 60% debt (PFR, 11/15). Australian banks now have more experience with wind farm financing and are willing to up the leverage. "Banks were a little more conservative. It's a learning process," he adds.

Deadlines Loom for InterGen, El Paso Sales

Bid due dates are approaching for two generation portfolios auctions: **El Paso Corp.**'s international assets and the InterGen portfolio. Second-round offers for the El Paso plants are due April 15, and InterGen offers are due March 24, say bankers familiar with the auctions. **Aaron Woods**, a spokesman for El Paso, declined to comment and a call to **Martin Rees**, cfo at InterGen, was not returned.

The InterGen portfolio comprises 10 power plants and two under development. The portfolio, which totals 7,844 MW and has a book value of about GBP3 billion, is located in the U.K., the Netherlands, China, the Philippines, Mexico and Australia. Firms that reportedly submitted first-round bids for the assets included Japan's **Mitsubishi Corp.**, **Teachers' Private Capital**, the private equity arm of **Ontario Teachers' Pension Plan** and **American International Group** as well as **Tanjong PLC** of Malaysia.

Also bidding were **Reliance Energy** of India, the U.K.'s **International Power**, which teamed up with Japanese trading house **Mitsui & Co. Ltd.**, and **YTL Corp** of Malaysia. Calls to **Roger Wood**, director at **Citigroup**, which is advising on the sale (PFR, 10/15), were not returned.

El Paso's portfolio consists of plants in China, Turkey and Brazil, with the Asian assets valued at about $500 million. According to published reports, bidders so far include Singapore's **Keppel Corp Ltd.**, China's **Meiya Power Co.**, Malaysia's **Genting Bhd**. and a joint venture between the U.K's **CDC Globeleq** and Australia's **Macquarie Bank Ltd.**, which would split the assets.

Developer Hunts Financing For Alberta Farm

Douglas Sereda

Greenwind Power Corp. is seeking project debt to develop a 60 MW farm in South Alberta, Canada. Non-recourse financing will make up about 50-60% of the financing, says **Douglas Sereda**, coo of **Wind Source Management** in Vancouver, a consultant for the specialist renewable developer. The total construction cost is estimated at about C$109 million, he says. Calls to **Glen Collick**, president of Greenwind in Vancouver, were directed to Sereda.

The renewable developer is looking to tap European banks, says Sereda, declining to name potential lenders. "Canadian banks just can't get their heads wrapped around financing wind projects," comments Sereda.

The Alberta location was chosen for its access to the grid and its favorable wind resources, Sereda says. Greenwind hopes to be completely permitted within the next three months and begin construction by the end of 2005 and the Prairie Homes facility should be up and running by the first quarter of the following year.

Hoped-For Spark In M&A To Boost AIG Financing Biz

AIG Financial Products is anticipating a ramp up in mergers and acquisitions in the power/energy sector, which it predicts will result in more financing transactions for the risk management company. The Wilton, Conn.-based financing subsidiary of insurer **American International Group** hopes to complete around 12 deals this year, double last year's activity, says **David Ackert**, managing director and head of the transaction development group. Ackert declined to identify specific deals or provide a dollar estimate for its future activity, noting that it would source deals on an opportunistic basis. "Our approach to the energy market is characterized by efforts to find opportunities where our capabilities, particularly related to commodity price risk, financial securities or complex contracts, can unlock value for our partners, our clients and ourselves."

Tim Sullivan, managing director, says AIG FP will go after deals with more wrinkles than traditional lenders might pursue since it tends to keep loans on its own balance sheet rather than shopping them to investors. It is looking to complete deals similar to its $350 million acquisition financing package for sister company **AIG Highstar Capital**, which acquired a portfolio of U.S. generation facilities from **El Paso Merchant Energy** for more than $700 million last year with **Ontario Teachers' Pension Plan**.

HSBC Eyes Additional U.S. Energy Bankers

HSBC Securities is looking to add additional bankers to its New York energy investment banking bridgehead. **Mark Bentley**, global head of energy and utilities in London, says the bank will add more energy staffers, but it doesn't have a set number in mind. The U.K.-based banks recently announced it had tapped **JPMorgan Securities** vets **Anthony Ianno** and **Christopher Lowe** to fill new slots as co-heads of the Americas energy and utilities sector within its global investment banking division. The bank, which had been searching for suitable candidates to head the U.S. energy group since 2003 (PFR, 10/6/03).

The move is part of a broader build-out of HSBC's U.S. investment banking platform. HSBC traditionally had focused primarily on Europe, Asia and the Middle East. "We can't really be a global bank unless we have the U.S. properly covered," says Bentley. The energy group will offer services across the corporate investment banking spectrum, including project finance and mergers and acquisitions advisory. It will target the U.S. and Canada, but will also cover some Latin American deals.

Calls to **Kristin Lemkau**, a JPMorgan spokeswoman, were not immediately returned.

Lone Star State Hedge Fund To Debut Offshore

2003 Houston Energy Partners is planning a roll out in mid-April a hedge fund targeting offshore investors keen on breaking into the U.S. power and energy markets. The Houston long/short fund manager already runs a domestic energy-oriented vehicle launched three years ago, but has been fielding recent requests from investors from Hong Kong and London to form an international version, says **Stephen Pouns**, managing partner, declining to name prospective investors.

"[International] investors have an appetite for energy hedge funds and particularly operations based in Houston, where local knowledge is key," Pouns notes. The firm could look to raise some $25 million initially but several details including the ultimate size, the fund's name and its precise launch date need to be fine tuned, he explains.

Pouns says the planned vehicle's structure will more or less mimic its existing hedge fund and therefore aim for net returns as high as 16%. The existing fund has seen returns in the 40% range investing in a portfolio of stocks, junk bonds and secondary debt, encouraging the firm to raise about $100 million in additional cash to deploy as its holdings increase in value (PFR, 2/14). Its current holdings include debt associated with **El Paso Corp.**'s 2000 acquisition of **Coastal Corp** as well as equity and debt positions in **Calpine** and **Reliant Energy**.

New York based **Gersten, Savage, Kaplowitz, Wolf & Marcus** is advising the company, Pouns says. Attorneys involved in the plans declined to comment.

PPM Looks To Bolster Trading

PPM Energy, the Portland, Ore.-based IPP of the U.K.'s **ScottishPower**, is looking to hire three energy traders. Two of the positions involve spot energy trading and marketing, while the third deals with trading physical power and gas in the day-ahead and prompt-month markets, says a headhunter familiar with PPM's plans. It could not immediately be determined whether PPM is seeking to fill existing positions or create new ones. Calls to **Ralph Currey**, senior v.p. of energy management, were not immediately returned.

Responsibilities for the real-time traders will include negotiating wholesale sales and purchases in the hourly markets and negotiating transmission purchases. The day ahead trader will develop and manage hedging strategies for generation assets and fixed price contracts, among other duties. The company has added 830 MW of wind generation projects and 800 MW of gas-fired assets to its portfolio in the past three years.

Carlyle/Riverstone Plans Renewables Push

Carlyle Group/Riverstone Holdings is planning a foray into renewable energy. New York-based private equity joint fund recently acquired a stake in 150 MW of solar generation assets in California and plans to evaluate other renewable energy opportunities on a case-by-case basis, says **Michael Hoffman**, managing director. Carlyle/Riverstone views renewables as a significant and growing market, he adds, and its interest will not necessarily be limited to solar, he says.

The solar assets were bought in conjunction with Juno Beach, Fla., developer **FPL Energy**, with FPL acquiring a 45% interest and Carlyle/Riverstone purchasing a 49% interest. The remaining stake is held by a group of limited partners. Hoffman declined to comment on the financing of the acquisition, saying funding details have not been finalized.

The assets consist of five solar plants, which are located in the Mojave Desert and generate 30 MW each, were developed by Israeli firm **Luz Industries** from 1984 to 1991. Luz was acquired by **Solel Solar Systems**, also based in Israel, in 1992. The plants sell power to **Southern California Edison**.

Riverstone Holdings and **The Carlyle Group** are the co-general partners of the Carlyle/Riverstone Global Energy and Power fund II, a $1.1 billion private equity fund that holds investments in upstream and midstream energy companies.

Corporate Strategies

Duke Plots Long-Term $2.5B Buyback

Duke Energy plans on repurchasing $2.5 billion in common stock over the next three years and fund it through cash on hand and anticipated asset sales. "These transactions have been done purely for their strategic value rather than to strengthen our balance sheet," explained **Jim Mogg**, chief development officer, during a conference call to analysts late last month. **Peter Sheffield**, spokesperson in Charlotte, N.C., was unable to make an executive available for comment.

Gary Hovis, analyst at **Argus Research Corp.** in New York, says the decision to buy back shares is simply a case of supply and demand. "They want to get their earnings per share up [by reducing outstanding shares]," he says. Hovis adds the sales and restructuring illustrate how Duke is continuing to move away from the unregulated activity. "They're going back to being a regulated company, going back to basics," he says.

Duke has sold subsidiary **Duke Energy Field Services**' (DEFS) interests in **TEPPCO Partners LP**, a master limited partnership, which serves as a transportations, storage and gathering facility. It is also reducing its stake in DEFS to 50% from 69.7% and has announced plans to, fully or partially, shed generation assets known as Duke North American Assets (PFR, 1/31).

The reshuffling means that over $1.1 billion will be added to the company's balance sheet in cash and assets, meaning it will be set for future acquisitions as they arise, Mogg, noted.

Canadian Energy Co. Slashes Debt With Equity Issue

Fortis Inc. has issued C$130 million ($105 million) of common stock to pay down short-term debt and fund capital expenditures at the utility level. The St. John's, Newfoundland, energy holding company decided to launch the equity offering now because of receptiveness in the capital markets and because it wants to maintain a strong balance sheet, says **Barry Perry**, cfo.

Fortis generally likes to maintain a 60:40 debt/equity ratio but recent debt issuances have pushed the debt levels higher, prompting the company to issue additional equity. "They like to keep that ratio to maintain their credit rating," which currently stands at BBB for the holding company, says **Genevieve Lavallee**, analyst at **Dominion Bond Rating Service** in Toronto.

The company's outstanding short-term debt is a result of its May 2004 acquisitions of **Aquila Alberta** and **Aquila British Columbia**, says Lavallee. A total of C$990 million ($798 million) was issued last year to finance the purchases.

Remaining proceeds will be used to fund capital expenditure programs at utilities **FortisAlberta**, **FortisBC** and utility **Maritime Electric** on Prince Edward Island, including maintenance and transmission and distribution upgrades. A smaller chunk of the financing will be used to fund the acquisition of three hotels in western Canada by **Fortis Properties**, a real estate holding company subsidiary, Perry says.

Scotia Capital and **RBC Capital Markets** underwrote the offering. Fortis does not expect to issue any additional equity this year, Perry says. The shares were priced at C$74.65 on the **Toronto Stock Exchange** and had a 12-month high-and-low of C$75.50 and C$56.90, respectively, as of last Tuesday.

UniSource Places Notes To Delever Tucson Utility

UniSource Energy Corp. has privately placed $125 million in convertible senior notes in the first leg of a two-part effort to trim debt and boost liquidity at its regulated utility. The Tucson, Ariz. holding company plans on injecting more than $235 million into debt-laden **Tucson Electric Power** over the next several months to shore up the unit's balance sheet, says **Maurice May**, utilities analyst at boutique **Power Insights/Soleil Securities** in Westport, Mass. Outstanding debt, not including property leases, represents about 71% (or $1.1 billion as of Sept. 30) of the utilities capital structure with UniSource aiming to shrink that to 60%. UniSource spokesman **Joe Salkowski** declined to comment.

"They're essentially levering up the parent to delever the sub," says **Anne Selting**, utilities and project finance analyst at **Standard & Poor**'s in San Francisco, noting that 80% of UniSource's revenues are derived from its utility.

A part of the capital restructuring effort will involve UniSource retiring a $95 million inter-company loan provided by TEP in 1997 when UniSource was formed, explains May. Including unpaid interest, the loan, which carried an open-ended term and a coupon of about 9.5%, totals about $106 million. Remaining loan proceeds will wipe additional debt, he notes.

UniSource will issue the second leg of the offering publicly sometime this month or next, speculates Selting. S&P rates the parent a double BB with a stable outlook. "It's junk debt, but good junk," says May.

The private placement, which is due 2035 and led by **Credit Suisse First Boston**, was priced to yield 4.5%. Notes can be converted at a rate of 26.6667 shares for every $1,000 par amount. The $37.50 conversion price represents a roughly 25% premium to the company's share price, which closed last Tuesday at $30.15.

PG&E Earmarks NEGT Settlement For Buyback

PG&E Corp. plans on buying back $1.6 billion in stock this year with proceeds from last year's settlement with **Natural Energy & Gas Transmission**, **Peter Darbee**, president and ceo, told attendees an investors' conference Feb 25. The San Francisco-based holding company expects to buy back $1 billion in stock by the end of the month and the remainder by year-end, he added. **Shawn Cooper**, spokesperson in San Francisco, could not make an official available to comment.

"This has been part of their stated strategy. It's part of their restructuring," says **Michael Worms,** managing director at **Harris Nesbitt Gerard** in New York. The buyback will help repay shareholders pinched after PG&E declared bankruptcy in April 2001. The repurchase plan is expected to boost earnings and possibly the company's stock price, he says. After diversifying investments in the late 1990s and having two subsidiaries in bankruptcy at the same time last year, the company is refocusing on its core utility business, says Worms.

Earlier, PG&E sold $1.9 billion in bonds in an effort to strengthen its balance sheet and renew dividend payments to shareholders (PFR, 2/18). The company now has a capital structure of 52% equity and its stock closed last Tuesday at $35.66 against a 12-month high and low of $36.18 and $25.90, respectively.

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.

Asia and Middle East

• India will impose tough conditions on Iran for guaranteed supply of natural gas through a proposed pipeline runing across Pakistani territory, Petroleum Minister **Mani Shankar Aiyar** said on Tuesday. "The project developers have to cover the risk of the project for the Pakistan segment of the pipeline by securing adequate financial and sovereign guarantees as well as necessary insurance cover," Aiyar told parliament (*Reuters,* 3/1).

• The Chinese legislature has approved a law to push the nation toward renewable energy, a move that could clean the air amid threats of more global warming and ease pressure on China's declining fossil fuel supplies. Last week, the Standing Committee of the National People's Congress approved the Renewable Energy Law, which said China will promote wind, water, solar, thermal and biomass energy instead of oil and gas (*Kyodo,* 3/1).

• **North West Shelf** venture partners have signed a letter of intent for the procurement and construction management contract of the proposed LNG phase 5 project for the onshore gas plant near Karratha in Western Australia, **Woodside Petroleum** said. The six equal participants in the North West Shelf project are **Woodside**, **BHP Billiton**, **BP**, **ChevronTexaco**, **Shell and Japan Australia LNG** — comprising **Mitsui & Co.** and **Mitsubishi Corp** (*AFX*, 3/1).

The Americas

• **Holly Energy Partners** has closed its previously announced deal to buy about 500 miles of pipeline and other assets from **Alon USA Inc**. for $150 million in cash and financing, Alon USA said Tuesday. The deal consists of $120 million in cash and about $30 million in Holly Energy Partners' class B subordinated units (*Dallas Business Journal*, 3/1).

• California is the target of a multimillion-dollar campaign to increase liquefied natural gas (LNG) imports from the Far East. If these high-powered energy companies — among them **Mitsubishi** and **Chevron/Texaco** — succeed in their plans, California could become dependent on imports of foreign LNG to heat its homes and power our electric grid by 2010 (*The Mercury News*, 3/1)

• **Royal Dutch/ Shell**, the Anglo-Dutch company, signed a $7 billion deal with state-owned **Qatargas** to build a liquefied natural gas project that will send 7.5 million tons per year to the fast-growing markets of Europe and North America. The Qatargas-4 project is a boost to Shell as it tries to convince skeptical investors that it can secure new energy reserves (*Financial Times*, 2/28).

• **Cheniere Energy Inc**, which develops terminals to receive LNG, on Monday said its wholly owned Sabine Pass LNG had closed a $822 million senior secured credit facility to fund a new Louisiana terminal. The facility is lead by arrangers **HSBC Securities** and **Societe Generale** (Reuters 2/28).

• Gov. **Mike Rounds**' plans to attract new power plants to South Dakota by offering tax breaks were approved last week by state legislators. (*Associated Press*, 3/2).

Europe

• **Endesa SA** reportedly has been shortlisted by **Electricite de France** in its bid for **Edison SpA**'s holding company, **Italenergia Bis**. Endesa has also submitted a full bid for Edison, in which Italenergia Bis has a 62% stake (*AFX Europe*, 3/1).

Spanish electricity companies holding a stake in **Red Electrica de**

• **Espana SA** will have until 2008 to cut their holdings in the country's power grid operator to 1%. During a press conference on the government's plan to boost competition in the energy sector - among other sectors – Spain's Deputy Finance Minister **David Vegara** said the companies will have until Jan. 1, 2008, to reduce their stakes in the operator (*Dow Jones*, 3/1).

Generation Auction & Sale Calendar

*Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call **Mark DeCambre**, managing editor, at (212) 224-3293 or e-mail mdecambre@iinews.com.*

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AES	Wolf Hollow	Texas	730	Gas	N/A	Transferred to KBC-led creditor group.
	Termomamonal	Colombia	90	Gas	None	Ongoing.
	Ottana	Italy	140	Gas		
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention To Sell.
BNP -led bank group	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
(Exelon developed plants)	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Citi & SocGen-led creditor group	Union	Ark.	2,200	Gas	Goldman	Ongoing.
(TECO Energy developed plants)	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Dept Portion. (PFR, 12/27)
(NEG developed plants)	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	None	Ongoing.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due.
(Merchant assets)	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April. Looking To
	Balzac	Alberta	106	Gas	HSBC	Exit Generation Business.
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention To Sell.
	Crockett	Calif.	240 (24%)	Gas		
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
EPRL	Glanford	U.K.	14	Poultry Litter	Rothschild	Ongoing.
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		

Power Finance & Risk

Power Finance & Risk will announce its fourth annual power project finance awards on April 25 and we are seeking nominations from our readers for the best deals of last year.

You can make nominations under three categories:

- ❑ Best North or Latin American Deal
- ❑ Best Renewable Energy Deal
- ❑ Best European or Middle East Deal

All 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 explain why you are making these choices.

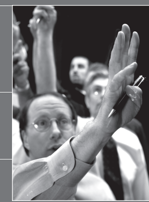
Nominations must reach *PFR* by March 28.
A shortlist of candidates will be announced in the April 4 issue.

Please send your nominations to **Mark DeCambre**, managing editor, at **mdecambre@iinews.com**
All correspondence will be treated with confidentiality.

Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Ernst & Young Corporate Finance	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring Sale.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.
InterGen	Larkspur Energy	Calif.	90	Gas	Citi	Ongoing.
	Indigo	Calif.	135	Gas	Citi	
	El Bajio	Mexico	600 (50%)	Gas	N/A	
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport	Texas	80	N/A		Considering Liquidation.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Dominion Has It Under Contract.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
Royal Ductch /Shell Group	La Rosita	Mexico	1,100		Citigroup	Closing In On Buyer.
	Redbud	Okla	1,220			
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
	Bajio	Mexico	600			
	Termocali	Columbia	235			
	Rocksavage	U.K.	748			
	Spalding	U.K.	860			
	Coryton	U.K.	732			
	Rjinmond	Netherlands	820			
	Knapsack	Germany	790			
	Catadau	Spain	1,200			
	Meizhou	China	724			
	Island Power	Singapore	750			
	Quezon	Philippines	460			
	Callide C	Australia	920			
	Millmerran	Australia	880			
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
	Dell Power Station	Ark.	540	Gas		
	McAdams Power Station	La.	599	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In May.

Institutional Investor NEWS



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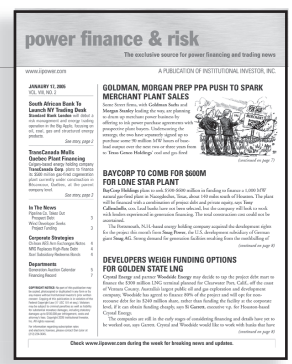
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Institutional Investor NEWS

KGen Reworks B-Loan Debt

KGen Partners, via arranger **Credit Suisse First Boston,** has tweaked a $475 million seven-year B-loan. The new debt, which refinances a $325 million B loan, was originally pitched as a $225 million senior secured tranche A and a $250 million senior secured term loan B. But the tranche A has been increased by $50 million with pricing remaining the same. The B tranche has been reduced in size to $175 million with pricing pushed up by 175 basis points. The pricing now is being pitched at LIBOR plus 300 and LIBOR plus 600, respectively. **Standard & Poor's** rates the debt B+ on the tranche A and and B- on the second-lien. The deal is expected to close in the next few days.

The financing is tied to the acquisition of **Duke Energy**'s 5, 325 MW southeast merchant generation portfolio, comprising nine-gas fired plants (PFR, 8/20).

The portfolio, while mostly merchant, has a seven-year PPA with **Georgia Power**. KGen also inked an agreement with **Sequent Energy Management** that supports the energy production requirements under the PPA.

EXELON BOSTON SALE

(continued from page 1)

from the high 70s early last year. At those levels the offers place the value of the plant at about $398 per kW.

The bulk of the plants' debt is now owned by a handful of hedge funds, including New York-based **Longacre Management**. A Longacre official, would not provide any details.

An observer following the deal speculated that Houston-based **Tractebel North America** would be a logical candidate because Tractebel subsidiary **Distrigas of Massachusetts LLC** owns an LNG terminal that provides gas to two of the plants, Mystic River 8 and 9. Calls to **Julie Vitek**, spokesperson at Tractebel, were not returned.

In July, a **BNP Paribas**-led bank group hired **Lazard Freres** to lead the sale. Calls to a spokeswoman at BNP and **George Bilicic**, a managing director with Lazard's global energy and power group, were not returned. The Boston area plants were developed and owned by **Exelon Corp**. which decided to hand back the keys last year.

In addition to Mystic 8 and 9, the plants include Fore River, all 832 MW gas-fired plants, along with Mystic 7, a 560 MW oil and gas-fired plant. A **Lehman Brothers**-led auction of the Exelon Boston plants faltered in 2003, largely because potential acquirers were deterred by their heavy debt burden (PFR, 11/25/03).

—Christine Buurma & M.D.

K-ROAD BID

(continued from page 1)

were not returned. **Roger Bredder**, head of project finance at SocGen, declined to comment. A 17- lender group led by SocGen hired **The Blackstone Group** to sell the **PG&E National Energy Group**-developed plants more than a year ago (PFR, 6/16/03). Blackstone spokesman **John Ford** declined to comment.

Blackstone's contract to sell the portfolio was believed to have been terminated after the K-Road deal collapsed, but that could not be confirmed. Exactly where this leaves the sales process is unclear. Creditors are said to be fielding unsolicited bids for the plants but neither the bidders nor the price of the offers could be learned.

The package, which was foreclosed on by its non-recourse lenders (PFR, 6/10), consists of Athens (1,080 MW) in New York, Millennium (360 MW) in Massachusetts, Covert (1,170 MW) in Michigan and Harquahala (1,092 MW) in Arizona. The lenders funded the construction of the quartet with a $1.46 billion non-recourse loan.

—M. D.

INTERGEN EYES TRANSFERRING

(continued from page 1)

ensure that interest payments on $1.5 billion of non-recourse construction debt could be made (PFR, 9/1). A chunk of that cash, about $50 million, has been eaten up, one banker notes, adding that InterGen wants to walk away because it no longer wants to plow any more money into the merchant facilities.

The plants have struggled since their inception because of the collapse of the merchant power market. Redbud (1,100 MW) is in Luther, Okla., Magnolia (900 MW) is in Benton County, Miss. and the crown jewel of the portfolio, Cottonwood Energy Project (1,236 MW), is located in Newton County, Texas. **Citigroup**, **ABN Amro** and **Deutsche Bank** are the respective leads on the debt associated with the facilities. Officials at the banks either declined to comment or did not return calls.

At present, Citi is advising Intergen on the sale of its global portfolio (see story, page 3), which did not include the trio of assets because the venture did not want to muddle the auction process by including merchant plants since the other facilities have PPAs in place.

—Mark DeCambre.

Calendar

The Canadian Institute will be hosting its annual conference on March 29-30. The event entitled, *Generation Adequacy in Ontario —The Latest Strategies to Sustain a Reliable Power Generation Portfolio*, will be held at the Four Seasons Hotel, Toronto. For details contact TCI at 1-877-927-7936 or in Toronto 416-927-0718.

Quote Of The Week

"It's junk debt, but good junk."—**Maurice May**, *utilities analyst at* ***Power Insights/Soleil Securities*** *in Westport, Mass., on the credit rating for* ***UniSource Energy Corp.****'s parent-level debt (see story, page 5).*

One Year Ago In Power Finance & Risk

National Energy and Gas Transmission was considering liquidating the company by divesting its remaining portfolio of generation facilities and gas pipeline investments. The company had filed for bankruptcy on July 8, 2003 and decided the move would be in the best interest of its creditors. [The company is still in the process of selling its assets and some subsidiaries, such as **NEGT Energy Trading Holdings Corporation**, **NEGT Energy Trading - Gas Corporation**, **NEGT ET Investments Corporation**, **NEGT Energy Trading - Power, L.P.**, **Energy Services Venture, Inc**. and **Quantum Ventures**, remain in bankruptcy. NEGT expects to cease operations in 2005.]