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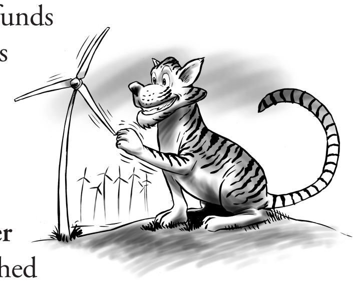
HEDGE FUNDS SIZE UP RENEWABLES



Renewable assets are attracting the attention of some hedge funds looking to enter a sector that has access to the capital markets and the potential for long-term growth. Some funds with capital in the neighborhood of $15 billion and up are evaluating potential investments, observers say.

Hedge funds, of course, are not new to the power sector. But the interest of several, including an affiliate of giant **Tiger Management**, marks the first time some funds have approached the industry, says a banker who has spoken with a handful. **Tiger Infrastructure Partners**, established in 2009, includes power in its mandate but has yet to make an investment in the sector, although it's looking around, bankers say. Talking with people at hedge funds is

(continued on page 7)

'A Rosy Picture?'

AES PUTS N.Y. COAL PORTFOLIO ON THE BLOCK

AES is looking to divest four coal-fired plants totaling 1.169 GW under subsidiary **Eastern Energy** in upstate New York. Financial shops interested in picking up assets without laying out a lot of cash are expected to comprise most of the first round bids, says a banker. Indicative bids are due later this month to **Barclays Capital**; the date could not be learned.

Interested financial shops will likely look to pick up assets while they are under pressure—from natural gas prices and power demand—with the hopes of a rebound. "At the end of the day buying is an option on natural gas prices and there are a lot more efficient ways to do that," says an M&A banker. Companies with a background in biomass retrofits may also look at the two smaller facilities, bankers say, although the costs of the upgrades might prove to be prohibitive, one notes.

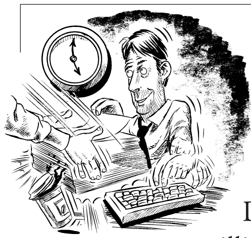
(continued on page 8)

NON-RECOURSE PRICING FORECAST TO FALL

Pricing on loans backing power project development is poised to fall toward 200 basis points over LIBOR this year, as lenders gain confidence in the project finance market and look to compete for mandates in a period of limited deal flow. Deals have been pricing at LIBOR plus 225 bps or more.

Japanese banks and European banks unaffected by the sovereign debt crisis are "pushing spreads and willing to go out 17-18 years," says a Toronto-based lender at a Canadian bank. "They're being really aggressive." **Bank of Tokyo-Mitsubishi UFJ**, **Crédit Agricole**, **ING**, **Société Générale** and **Union Bank** are especially competitive, willing to tighten margins and lengthen tenors to score mandates, lenders say. Successful deals wrapped in 2010 boosted financiers' confidence in the market, spurring the flux in pricing, explains an originator. The

(continued on page 8)



At Press Time

Riverstone-Backed Geo Co. Hunts Equity

Developer **Davenport Power** is looking for up to $30 million in equity investment to fund development of its Newberry project in Bend, Ore. "I think the standard line in this business, and I'm no exception, is that we'd like to have it as soon as possible," says **Douglas Perry**, president in Stamford, Conn., on when the company aims to secure the funds. **Riverstone Holdings** and **U.S. Renewables Group** have investments in the company.

Davenport, which is looking to strategic partners and financial investors, is working with an undisclosed financial advisor. **Ewing Bemiss** had been advising the sponsor as late as 2008, but that relationship has since ended. Perry declined to identify potential investors.

The company holds federal geothermal leases for 62 square miles of land in Bend and funds will go toward developing more than 120 MW of geothermal at the project. The company has received a grant from the U.S. **Department of Energy** for exploration and demonstration projects at the site. Project construction and operation will likely begin in the next five years.

A USRG official in Los Angeles and spokesmen for Riverstone in New York and the DOE in Washington, D.C., did not respond to inquiries by press time.

Calpine Chases Conectiv Debt Refi

Calpine is in the market with a $1.3 billion term loan that will refinance debt associated with its purchase of **Conectiv Energy** last year. Pricing on the seven-year term loan were expected to be set on Friday. **Morgan Stanley** is left lead among the five leader arrangers, the others being **Citigroup**, **Credit Suisse**, **Deutsche Bank** and **Goldman Sachs**.

The deal is rated B1 and B+ rating from **Moody's Investors Service** and **Standard & Poor's**, respectively. At some point, Calpine will likely refinance the term loan with bonds, says a deal watcher.

The speculative grade term loan is unusual because of its lack of financial covenants and because it is senior secured. "At the end of the day if bad things were to happen, the lenders would be in the same place as the others. It is unusual for a spec grade to not have covenants but it is also unusual to have all debt be senior secured debt," says an analyst. The term loan is backed by the same collateral package, which includes 725 MW of geothermal facilities and 15.2 GW of natural gas-fired plants across the country, as the rest of the company's debt.

The independent power producer's $1.4 billion B loan financing backing its purchase of 19 power plant assets from **Pepco Holdings** saw a 200 bps price increase to 550 bps over LIBOR after original pricing drew soft demand (PFR, 6/11).

A spokeswoman for Calpine in Houston didn't respond to an inquiry while spokesmen for Morgan Stanley, Citi, Credit Suisse and Goldman Sachs declined to comment. A spokesman at Deutsche Bank could not immediately comment.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Project Finance

RBS Joins Oakley Deal

Royal Bank of Scotland has joined a financing backing **Radback Energy**'s $800 million-1.5 billion Oakley combined-cycle plant in Contra Costa, Calif. **Bank of Tokyo-Mitsubishi UFJ**, **Crédit Agricole**, **ING** and **Scotia Capital** are also participating (PFR, 2/22).

The size of the financing as well as other deal details, including pricing and tenor, couldn't be learned. **Bryan Bertacchi**, Radback president and ceo in Danville, Calif., didn't return calls by press time. Officials at RBS and Scotia declined to comment, while officials at BoTM, Crédit Agricole and ING didn't return calls.

Pacific Gas & Electric has a purchase and sale agreement for the 624 MW Oakley plant, which is expected to be operational in 2014. Ownership will transfer to PG&E in 2016.

Wind Capital Marks Q2 For Wind Deal

Wind Capital Group is targeting the second quarter to wrap a financing backing a U.S. wind project. **NordLB** is a participant in the deal and could be joined by **Dexia Crédit Local** and other lenders (PFR, 2/14). Wind Capital relationship lenders include **Banco Santander**, **BayernLB**, **Rabobank** and **Union Bank**.

The St. Louis, Mo.-based sponsor landed an offtake agreement with **Westar Energy** in December for its 201 MW Post Rock farm in Ellsworth and Lincoln counties in Kansas. Whether Wind Capital's financing backs Post Rock and whether its relationship lenders are considering joining the latest financing couldn't be learned. A call to **Thomas Carnahan**, Wind Capital president and ceo, was forwarded to a spokesman who declined to comment. Bank officials either declined to comment or didn't respond to inquiries.

EverPower Clinches Pa. Wind Financing

Key Bank has closed a $59 million financing backing **EverPower**'s roughly $150 million, 75 MW Highland North Wind Farm in Cambria County, Pa. The New York-based sponsor has landed a $6 million grant from the Pennsylvania **Commonwealth Financing Agency** and is also expected to garner a cash grant from the U.S. **Department of Treasury** for the project (PFR, 11/24).

Deal details, including pricing and tenor, couldn't be learned. The size of the DOT cash grant also couldn't be ascertained. An EverPower official in New York didn't return a call seeking comment. A Key Bank official in Cleveland, Ohio, and DOT spokeswoman in Washington, D.C., declined to comment.

EverPower is negotiating an offtake agreement for Highland North, says a spokesman, who didn't elaborate further. The identity of the potential offtaker couldn't be learned. Highland North is expected to be operational late next year.

NRG Scopes N.M. Solar Funding

NRG Solar is looking to finance its roughly $80 million, 20 MW Roadrunner Solar Electric Facility near Santa Teresa, N.M. The **NRG Energy** subsidiary initiated construction on the project in December and it is slated for completion this year.

The Carlsbad, Calif.-based sponsor plans to invest up to $21 million in the photovoltaic plant. The size of the financing and details, including pricing and tenor on, and the source of its $21 million investment, couldn't be learned. An NRG spokesman in Houston didn't return a call by press time.

NRG and **Eurus Energy** wrapped a $200 million financing in September backing a 45 MW portfolio of pPV projects in Southern California (PFR, 9/27). **Banco Santander**, **Crédit Agricole**, **Natixis**, **Sumitomo Mitsui Banking Corp**. and **UniCredit** financed the plants. Whether those lenders are eyeing the Roadrunner financing couldn't be learned. Bank officials either declined to comment or didn't return calls.

El Paso Electric Co. has a 20-year offtake agreement for Roadrunner. Roadrunner will use advanced thin-film PV modules produced by **First Solar**. The panel maker is also the plant's engineering, procurement and construction contractor.

MUFG Closes AES Wind Deal

MUFG Power & Utilities Group has wrapped a $133 million financing backing **AES Wind Generation**'s 49 MW Mountain View IV wind farm in Palm Springs, Calif. The financing comprises an $82 million term loan, a $24 million cash grant from the U.S. **Department of Treasury** and a $27 million letter of credit, a deal watcher says. The term loan has a tenor of construction plus 17 years.

MUFG, an alliance of **Bank of Tokyo-Mitsubishi** and **Union Bank**'s power and utilities groups that markets its services under BoTM's parent **Mitsubishi UFJ Financial Group** (PFR, 2/18/2010), provided the entire facility. Pricing starts at 250 basis points over LIBOR. The amount of equity AES contributed to the project and its source couldn't be learned. A spokeswoman for AES Wind Generation parent **AES Corp**. in Arlington, Va., didn't return calls, while an MUFG official in Los Angeles declined to comment.

Southern California Edison has a 20-year offtake agreement for Mountain View IV, which will be operational by year-end.

AES landed a purchase and sale agreement to buy the first two phases of the Mountain View farm with a combined 67 MW capacity from **Bicent Power** in January 2008 (PFR, 1/4/08). The size of the third phase could not be learned.

EME Wind Refi Wraps

A roughly $260 million refinancing backing a portfolio of **Edison Mission Energy** wind farms in the U.S. has wrapped. **WestLB** led the deal for the Viento Funding II portfolio and **Banco Santander**, **Caja Madrid**, **CIBC**, **CIT Group**, **Intesa Sanpaulo**, **Key Bank**, **Siemens Financial Services**, **Sovereign Bank** and **Union Bank** participated.

Siemens took a $40 million ticket, the largest among participating lenders, a deal watcher says. Pricing starts at 275 basis points over LIBOR for the 10-year loan.

Dexia Crédit Local and **Scotia Capital** had been expected to participate in the deal (PFR, 1/31), but dropped out for undisclosed reasons. Ticket sizes for participating banks and whether other lenders joined the refinancing couldn't be learned. Bank officials and spokespeople declined to comment or didn't respond to inquiries. An EME spokesman in Chicago didn't return a call.

WestLB and **BNP Paribas** led the original Viento II deal, a $207.2 million financing (PFR, 5/22/09). The portfolio includes a 161 MW farm in Wildorado, Texas, and the 120 MW San Juan Mesa farm in Elida County, N.M.

CPV Sets Thermal Pricing Low

Bank of Tokyo-Mitsubishi UFJ has priced a more than $400 million financing backing a **Competitive Power Ventures** gas-fired plant at 225 basis points over LIBOR. The deal marks the lowest priced, long-term, thermal financing since the 2008 financial collapse, lenders say.

NextEra Energy Resources is the only other sponsor to get pricing below the 250 bps over LIBOR mark on a long-term deal since the collapse. It wrapped a refinancing backing its 507 MW Blythe Energy Center at 237.5 bps over LIBOR (PFR, 12/22). Deals backing projects under **Starwood Energy** and **Clean Energy Partners** in the summer of 2008 were among the last thermal financings to fall below 200 bps over LIBOR. Those financings scored pricing in the range of 170-175 bps over LIBOR, a syndicator says.

ING, **Royal Bank of Scotland** and **Sumitomo Mitsui Banking Corp**. are talking to CPV about joining the financing backing the 850 MW Sentinel plant in Riverside, Calif., a deal watcher says. The tenor is expected to be at least 10 years (PFR, 2/10). **Paul Buckovich**, CPV senior v.p. of finance in Braintree, Mass., didn't return a call and a spokesman didn't immediately reply to an inquiry. Bank officials declined to comment or didn't return calls.

Southern California Edison has a 10-year offtake agreement for Sentinel. CPV expects Sentinel to be operational in 2013.

Mergers & Acquisitions

Utah Geothermal Co. Widens Sale

Raser Technologies has broadened a planned sale from a single geothermal facility to the company as a whole, as it looks to net a bigger pool of interested buyers. Raser is aiming to find a buyer, or partner, within the coming months, says **Issa Arnita**, director of investor relations on Provo, Utah, as it faces upcoming debt maturities. All options are on the table as the company looks to pay down debt and proceed with a 15 MW project in New Mexico, he says.

The company is in talks with a number of interested parties, Arnita says, declining to comment on the identity or exact number. **Bodington & Co**. is advising Raser.

Raser has an interest payment on a $55 million convertible note from **Merrill Lynch** due April 1 although the payment doesn't have to be made until the end of the month, Arnita says. The company used proceeds from a transaction with private equity firm **Evergreen Clean Energy** in November to pay down interest on the loan (PFR, 11/2). The sponsor agreed to forgo marketing a sale of a 14 MW geothermal facility near Thermo, Utah, in exchange for an upfront payment of $1.15 million from Evergreen.

That transaction for Thermo 1, which has a 20-year power purchase agreement with the City of Anaheim, Calif., has not yet resulted in an outright sale and is becoming part of the larger restructuring process, says another deal watcher. The status of Evergreen's interest in acquiring Thermo I or Raser could not be learned.

The company just finished its first production well on its 15 MW Lightning Dock geothermal project in Hidalgo County, N.M. **Salt River Project** has a 20-year PPA with Lightning Dock. There is also an early stage 15 MW project near Thermo 1.

A Bodington official in San Francisco, Calif., declined to comment and a call to an Evergreen official was not immediately returned.

Hedge Fund Contends EFH Unit Loan In Default

Aurelius Capital Management has submitted a letter to **Citigroup** alleging that **Energy Future Holdings** is not in compliance with its credit agreement for a loan under its $29.3 billion senior secured credit facilities. The hedge fund sent the letter to Citi Feb. 25 stating that intercompany loans to EFH from subsidiary **Texas Competitive Electric Holdings Co.** have not been made on an arm's-length basis, according to an EFH spokeswoman.

Aurelius holds about $50 million of the $29.3 billion under the TCEH credit facilities. To date, no other lenders have joined Aurelius on its claim, according the filing. Citi is in discussions with other lenders, including **Credit Suisse**, **Goldman Sachs** and **JPMorgan**.

The spokeswoman says that EFH will vigorously defend themselves against the claim; a conference call, facilitated by Citi for other lenders on the tranche had been set for Feb. 28. An Aurelius official in New York did not respond to an inquiry. A Citigroup spokesman declined to comment.

The debt package supports **Kohlberg Kravis Roberts & Co**. and **TPG Capital**'s buyout of TXU Energy in 2007 (PFR, 9/7/07).

Other bank officials and spokespeople didn't immediately respond.

U.S. PowerGen Targets Final Bids For Astoria

U.S. Power Generating Co. is expecting final bids for its 2.3 GW Astoria Generating unit to come in at the end of this month. Shoppers that cleared the first round of bids this fall automatically moved into the auction, says a banker. **Goldman Sachs** is advising. A timeline could not be learned.

U.S. PowerGen put the brakes on the sale in November to see if the market for Astoria would improve and to focus on its bankruptcy sale of Boston Generating to **Constellation Energy** (PFR, 11/3).The companies thought to be in the running included **Capital Power**, **Energy Capital Partners**, **GDF Suez** and **NRG Energy**. **Morgan Stanley** and **Credit Suisse** are buyside advisors. First round bids came in north of $1.3 billion (PFR, 10/8). The identity of other players in the mix and which entities are being advised by Morgan Stanley and CS could not be learned.

Between first and final bids, Astoria Generating is expected to benefit from **NYISO** having its three-year demand curve reset approved by the U.S. **Federal Energy Regulatory Commission** this past December. The new three-year curve, which establishes guidelines for increased capacity power prices, raised power prices such that Astoria could be bumped up in value by 30-40% by one deal watcher's estimation. "Clearly that is good for [the potential sale]. Capacity market revenues are critical," says another observer.

Astoria Generating is an operating company that consists of three facilities and two development projects in Queens totaling 500 MW. The operational plants include:

- 1.28 GW Astoria Generating fuel oil and gas-fired facility in Queens
- 542 MW Gowanus fuel, oil and gas-fired facility that floats on the Gowanus Canal in Brooklyn
- 276 MW Narrows fuel oil and gas-fired floating facility in Brooklyn

An official at U.S. PowerGen didn't respond to a message by press time and a spokeswoman couldn't immediately comment on whether the bid timeline is on track. An official at ECP and an NRG spokeswoman declined to comment while spokespeople for the other companies did not immediately reply to inquiries. Spokespeople at the banks either declined to comment or couldn't respond immediately.

Generation Auction & Sale Calendar

Generation Sale DATABASE

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 ***Holly Fletcher*** *at (212) 224-3293 or e-mail hfletcher@iinews.com.*

Seller	Plants	Location	Advisor	Status/Comments
AES	Cayuga (306 MW Coal) Greenidge (105 MW Coal) Somerset (675 MW Coal) Westover (83 MW Coal)	Lansing, N.Y. Dresden, N.Y. Barker, N.Y. Binghamton, N.Y.	Barclays Capital	First round bids are due soon (see story, page 1).
AES California Management Co.	Placerita (63 MW Natural Gas)	Newhall, Calif.	TBA	Clean Energy Systems is planning to retrofit the offline facility after its acquisition is finalized (PFR, 2/28).
Axio Power	Stakes (development PV)	Various		Has entered exclusive talks with a buyer (PFR, 2/21).
Capital Power Income Fund	Various (1.4 GW in U.S and Canada)	Various	CIBC, Greenhill & Co.	Management presenations for potential second round bidders are underway (PFR, 1/17).
First Wind	Various (Wind)	Maine, New York	Credit Suisse Macquarie Capital	Infrastructure players and some pension funds are involved in the first round (PFR, 2/28).
Iceland America Energy	New Truckhaven (35 MW Geothermal) East Brawley (10 MW Geothermal) South Brawley (Geothermal development)	Imperial Valley, Calif.	MDB Capital	Nevada Geothermal Power is buying the trio with the aim of two qualifying for federal subsidies (PFR, 2/28).
Martifer Renewables Electricity	San Joaquin (107 MW Solar thermal and Biomass) Various (600 MW Wind)	Coalinga, Calif. Duval, Jim Hogg, Webb and Zapata Counties, Texas	TBA	One-time partner Spinnaker Energy has bought the assets (PFR, 2/28).
Morris Energy Group	York (52 MW CCGT) Pedricktown (132 MW CCGT) Camden (152 MW CCGT) Bayonne (180 MW CCGT) Elmwood (80 MW CCGT) Newark Bay (140 MW CCGT) Massena (85 MW CCGT) Dartmouth (70 MW CCGT) Dartmouth II (25 MW Simple Cycle) Lowell (29 MW CCGT)	York, Penn. Pedricktown, N.J. Camden, N.J. Bayonne, N.J. Elmwood Park, N.J. Newark, N.J. Massena, N.Y. Dartmouth, Mass. Dartmouth, Mass. Lowell, Mass.	Barclays Capital	Teasers for the 945 MW portfolio went out earlier this quarter (PFR, 2/14).
National Power	Big Valley Power (7.5 MW Biomass)	Bieber, Calif.	Bodington & Co.	Lender NexBank is in talks about a potential foreclosure (PFR, 2/21).
Noble Environmental Power	Granite Reliable (99 MW Wind)	Coos County, N.H.	No advisor	Brookfield is working with WestLB and Citigroup on acquisition and construction financing (PFR, 1/31).
Raser Technologies	Thermo 1 (14 MW Geothermal) Lightning Dock (15 MW Geothermal development)	Thermo, Utah Hidalgo County, N.M.	Bodington & Co.	Raser broadened the sale to include a development project and company (see story, page XX).
Recurrent Energy	Various (stakes in 170 MW solar PV)	Ontario	No advisor	Looking to bring in equity partners for its pipeline (PFR, 2/28).
Royal Dutch Shell	Shell Wind Energy (stakes in 1.1 GW)	U.S. and Europe	Morgan Stanley	Terms sheets are being negotiated with two investors (PFR, 2/7).
Tenaska Capital Management	Wolf Hills (250 MW Simple Cycle) Big Sandy (300 MW Simple Cycle)	Briston, Va. Kenova, W.Va.	Barclays Capital	The auction for the peakers is in the initial round (PFR, 2/14).
U.S. Power Generating Co.	Astoria Generating (1.28 GW Natural Gas) Gowanus (542 MW Fuel, oil and gas) Narrows (276 MW Fuel oil and gas)	New York City New York City New York City	Goldman Sachs	Final round bids are due by the end of the month after a hiatus since November (see story, page 5).

Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Senior Reporter **Brian Eckhouse** at (212) 224-3624 or e-mail beckhouse@iinews.com.*

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES	Mountain View IV (149 MW Wind)	Palm Springs, Calif.	MUFG	TBA	$82M	17-yr	Deal wraps (see story, page 3).
Bloom Energy	Unidentified (Fuel Cell)	TBA	TBA	TBA	TBA	TBA	Sponsor reaches out to project banks (PFR, 2/28).
Brookfield Asset Management, Isolux Corsan	CREZ (300 Miles Transmission)	Texas	TBA	TBA	$240M	TBA	MUFJ, RBC, Santander, Scotia and SocGen named finalists to help finance project (PFR, 2/28).
Brookfield Renewable Power, Coram Energy	Unknown (102 MW Wind)	Tehachapi, Calif.	TBA	TBA	TBA	TBA	Sponsors target first-quarter close (PFR, 2/7).
Competitive Power Ventures	Sentinel (850 MW Gas)	Riverside County, Calif.	BoTM	TBA	TBA	TBA	Deal priced at 225 basis points over LIBOR (see story, page 4).
EDF EN Canada	Lac-Alfred (300 MW Wind)	La Matapédia et la Mitis, Quebec	TBA	TBA	TBA	TBA	KfW IPEX-Bank, NordLB, SocGen and SMBC close to winning mandate (PFR, 2/7).
Edison Mission Energy	Various (362 MW Wind)	Neb., N.M., Texas	WestLB	TBA	$260M	10-yr	Deal wraps with 9 participants (see story, page 3).
EverPower	Highland North (75 MW Wind)	Krayn, Penn.	TBA	TBA	TBA	TBA	Deal wraps (see story, page 3).
LS Power, NV Energy	One Nevada Transmission Line	Nevada	Federal Financing Bank	TBA	TBA	TBA	LS wraps federal loan (PFR, 2/21).
NextEra Energy Resources	Genesis Solar Energy Project (250 MW)	Blythe, Calif.	TBA	TBA	$1B+	TBA	NextEra hunts DOE loan guarantee (PFR, 2/7).
NRG	El Segundo (550 MW Gas)	Carlsbad, Calif.	TBA	TBA	TBA	TBA	Dexia targets mandate (PFR, 2/14).
	Roadrunner (20 MW Solar PV)	Santa Teresa, N.M.	TBA	TBA	TBA	TBA	Sponsor hunts financing backing farm (see story, page 3).
Radback Energy	Oakley (624 MW Gas)	Contra Costa . County, Calif	BoTM, Crédit Agricole, ING, Scotia	TBA	TBA	TBA	RBS joins financing (see story, page 3).
Recurrent Energy	Various (170+ MW Solar)	Ontario	TBA	TBA	TBA	TBA	CIBC considered to lead bonds portion of deal (PFR, 2/7).
Salt River Project, Shell WindEnergy, SouthWestern Power Group II, Tri-State Generation and Transmission Association, Tucson Electric Power	SunZia (460 Miles Transmission)	Arizona and New Mexico	TBA	TBA	TBA	TBA	Financing scouted (PFR, 2/28).
Sharyland Utilities	CREZ (300 Miles Transmission)	West Texas	TBA	TBA	TBA	TBA	Sharyland discusses deal with SocGen (PFR, 2/21).
Starwood Energy	Unidentified (100 MW Solar)	Ontario	TBA	TBA	TBA	TBA	SocGen eyes financing (PFR, 2/14).
Terra-Gen Power	Alta Phase 5 (100-150 MW Wind)	Tehachapi, Calif.	TBA	TBA	TBA	TBA	Sponsor hunts tax equity before launching financing (PFR, 2/28).
Western Wind Energy	Unidentified (30 MW Solar)	Yabucoa, Puerto Rico	Manulife	TBA	$249M	TBA	Manulife snags mandate (PFR, 2/14).
Wind Capital Group	Unidentified (Wind)	TBA	TBA	TBA	TBA	TBA	Closing targeted for second quarter (see story, page 3).

HEDGE FUNDS

(continued from page 1)

challenging because often they have little to no experience in renewables and it takes them longer to "wrap their heads around an investment," says the banker.

Tiger Management, which was a pioneering hedge fund active from 1980 to 2000 via its subsidiary funds, managed some $22 billion in assets at its peak in the mid '90s. Founder **Julian Robertson** has begun restaffing the original Tiger, which became a shell for its subsidiary funds after its peak, with plans to create a seeding fund from his own money and outside investors, according to press reports.

The seeding of **Quantum Utility Generation** by fund **Quantum Energy Partner** is a recent example of an investor with no investments in power moving into the sector with its eyes on long-term contracts, says a banker (PFR, 9/24). Quantum Energy was a natural fit given its investments in up- and mid-stream energy companies, the banker notes.

The cyclical nature of the industry—meaning the peaks and valleys of power demand that often translate into inexpensive acquisitions followed later by profitable exits—is luring some big names, one banker notes. Renewables with power contracts and federally guaranteed loans are particularly attractive because the guaranteed debt increases the likelihood of an attractive equity return.

Appetite for power and renewables is piqued by the leverage available to the sector and built-in market growth. Independent power producers can get long-term debt on plants with power contracts, which hedge funds love because they can get a better return on equity, says a banker. "Existing hedge funds, should I say, have always come in and out of the IPP sector. They have taken a hard look at renewables because of the opportunity to leverage them up," the advisor says.

A Tiger Infrastructure official in New York declined to comment. A call to a Quantum official in Houston was not returned. *—Holly Fletcher*

NON-RECOURSE

(continued from page 1)

last time long-term power project financings fell below 225 basis points was mid-2008—before the financial collapse.

As recently as January, lenders expected steady pricing from 250 bps to 237.5 bps for most long-term project financings (PFR, 1/11). But the expected glut of deals hasn't emerged—not because of any finance market constraints, but rather a slew of lingering permitting issues. The paucity of deals has sparked competition among lenders not seen since 2007, notes a longtime financier. That climate is likely to benefit reputable sponsors, including **Starwood Energy** and **Saint-Laurent Énergies**, which is backed by **EDF Energies Nouvelles** that are eying margins at or near 200 bps over LIBOR. That spread would break the recent floor of 225 bps set by **Competitive Power Ventures** for its 850 MW Sentinel simple-cycle plant in Riverside County, Calif., (see story, page 4). Only one long-term 2010 deal fell below 250 bps—and that spread, 237.5 bps, was landed by experienced sponsor **NextEra Energy Resources** for a refinancing sans construction risk (PFR, 12/22).

Some financiers anticipate Starwood, which is looking to finance at least $400 million of solar projects in Ontario (PFR, 1/28), to match or best NextEra's spread despite little precedent for large solar financings. The Greenwich, Conn.-based sponsor is seeking a tenor of construction plus 18 years. "Starwood is very savvy," says another head of project finance. "They have very strong bank relationships that they can leverage."

Sponsors monitoring this new lending marketplace caution that increasingly favorable spreads and tenors alone won't compel them to enter. "You have to look at the all-in rate," says a cfo for a developer, noting that the cost of currency swaps for deals backing projects in Canada might make overall pricing less attractive for developers.

Brad Nordholm, Starwood ceo in Greenwich, Conn., declined to discuss financing while **Jim Peters**, v.p. of project finance for EDF EN affiliate **enXco**, didn't return a call seeking comment. Bank officials and spokespeople declined to comment or didn't return calls. *—Brian Eckhouse*

AES PUTS N.Y. COAL

(continued from page 1)

The cash flows at the plants have been hit by lower power prices and have not been able to compete with the cost of power generated by area natural gas-fired plants, according to AES' 2010 10-K filing with the **Securities and Exchange Commission**. The portfolio includes:

- 306 MW Cayuga in Lansing;
- 105 MW Greenidge in Dresden;
- 675 MW Somerset in Barker; and
- 83 MW Westover near Binghamton.

The four plants have short-term offtake contracts in place and AES leases the two larger facilities under sale-leaseback agreements. The $650 million leases were inked in 1999 and are in place until about 2030, which will impact the purchase price as the future lease payments will have to be accounted for or bought out.

In the face of uncertainty over emissions regulations, there have been few coal-fired plants traded in the last two years, leaving the value to the eye of the beholder. The price range for the individual plants in the portfolio is likely to vary greatly with Greenidge and Westover possibly coming in between $350-550 per kW and the two larger facilities in the $750-900 per kW range, says a banker.

Alliant Energy has bought a 25% stake in the 380 MW Edgewater 5 coal-fired plant from **Wisconsin Electric Corp**. for about $400 per kW. Whether a sale is made will come down to whether AES can get comfortable with the bids that come to the table. "It's hard for me to see how a fund makes a rosy picture out of this," says a banker.

Neither the identity of the lessors for Cayuga and Somerset nor of shops looking to submit indicative bids could be immediately learned. A spokeswoman for AES in Arlington, Va., did not return a call. A Barclays spokesman confirmed the sale but declined further comment. *—H.F.*

Quote Of The Week

"I think the standard line in this business, and I'm no exception, is that we'd like to have it as soon as possible."—**Douglas Perry**, *president of **Davenport Power** in Stamford, Conn., on looking to secure equity investment for developing its Newberry geothermal project (see story, page 2).*

One Year Ago In Power Finance & Risk

Larry Kellerman retired as **Cogentrix**'s president and head of power assets, and was succeeded by **Tom Bonner**, coo. [Kellerman was tapped to head **Quantum Utility Generation**, a new Houston-based generation company that is looking to spend $1 billion on fully contracted renewables and gas-fired assets (PFR, 9/24).]