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The exclusive source for power financing and trading news

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## WestLB To Advise Coal Plant Builder

WestLB has been hired as joint advisor with **Goldman Sachs** to advise on the construction of a coal-fired generation facility in W. Va.

*See story, page 3*

**FPL, Constellation May Aim For Northeast Assets**  
**Constellation Energy** and **FPL Group** are seen as likely acquirers of **Northeast Utilities'** competitive generation assets.

*See story, page 3*

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## GE TO ACQUIRE LINDEN PLANT FROM GOLDMAN

GE Energy Financial Services has won the auction for Goldman Sachs' East Coast Power with an offer valued at about \$1.3 billion in cash plus the assumption of \$365 million in non-recourse debt. **Andy Katell**, spokesman for GE Energy Financial Services, confirmed the purchase but would not comment on the financial details.

GE is expected to finance the deal internally with cash, says an M&A official familiar with the sale of the holding company that owns the 940 MW cogeneration facility in Linden, N.J. The sale represents a huge profit for Goldman's power group. It was purchased by the bank for \$456 million in cash and the assumption of about \$600 million in non-recourse debt three years ago.



*(continued on page 11)*

## BUFFET ENERGY UNIT PLOTS \$2-5 BILLION ACQUISITION FUNDS

MidAmerican Energy Holdings, the energy outpost of the Warren Buffett empire, is planning to tap the capital markets for some \$2-5 billion to fund its \$9.4 billion takeover of **PacifiCorp**. The Des Moines, Iowa, company has hired **Lehman Brothers** and **JPMorgan Chase** as underwriters, but investment bankers following the deal say the exact composition of the planned offering is still being figured out. The issuance is expected sometime during the middle of next week.

**Patrick Goodman**, cfo at MidAmerican declined comment, as did an official at JPMorgan. Lehman officials did not return calls. Officials at PacifiCorp also did not return calls for comment.

Bankers say much of the debt portion will be of various tenors from five to 30-years.

*(continued on page 12)*

## DEVELOPER EYES PROJECT DEBT FOR N.Y. WIND FARM

**Reunion Power** will likely hit the project finance market to help finance its \$100 million East Hill wind project in a county on the southeastern shore of Lake Ontario in upstate New York. **David Little**, v.p. of development in Manchester Center, Vt., says interconnection requests for up to 70 MW have been filed. He adds the project in Northern Otsego County is still in its early stages, but Reunion is shooting to go online by late 2007.

Little, an ex-executive at **Catamount Energy Corp.**, says he has solid banking relationships from his days with Catamount, declining to name names. Reunion hopes to file the necessary permits within the next two months, with construction to start towards year-end. It will then assess financing.

*(continued on page 12)*

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## At Press Time Clean Energy Gains VC Steam

Venture capital firms poured \$917 million into clean energy companies last year, a 28% increase from 2004, according to a report by **Nth Power**, a venture capital firm in San Francisco, and **Clean Edge**, a consultancy. The annual Clean Energy Trends noted that clean energy companies were helped by more than just high oil prices. Solar companies laid claim to the year's three largest tech IPOs worldwide: **Q-Cells**, **SunPower** and **Suntech Power**. The three IPOs raised a combined \$800 million.

As a percentage of total venture investments, energy technology accounted for 4.2% in 2005, up from 3.3% in 2004. The authors expect the public markets to open their arms to more than just solar companies in 2006. They pointed to companies making longer-lasting batteries and others dealing in energy-intelligence systems as especially strong candidates. Energy-intelligence systems allow owners to use energy more efficiently through data management, metering or load control.

## S.C. Utilities Weigh Distant Financing Options For Nuclear Facility

**Santee Cooper** and **SCE&G**, subsidiary of **SCANA Corp.**, will consider all debt options to finance the proposed 1.1 GW nuclear facility in Jenkinsville, S.C., projected to cost roughly \$2 billion. The plant's approval isn't expected until 2010 and funds won't be needed until after that date.

**Kevin March**, cfo for SCANA in Columbia, was out of town and calls were referred to **John Winn**, director of investor relations. Winn says SCANA will determine its funding plan once approval from the **Nuclear Regulatory Commission** has been received, which is not expected until 2010. The ownership structure of the plant has also not been established, he adds. The developing entities hope to go online with the facility by 2015. In the past SCANA has sold stock and issued bonds and to fund projects. Winn explains most of the money for this project will not be needed until after 2010.

**Laura Varn**, spokeswoman for Santee Cooper in Moncks Corner, says it is looking to maintain its 30:70 debt-to-equity ratio. Both Varn and Winn emphasize the project is in the beginning stages, and the final determination to build and proceed will not be made until approval comes through from the NRC, and all generation options are re-evaluated.

Santee Cooper has worked with **Goldman Sachs** and **JP Morgan Securities** on its bonds and **Banc of America Securities** and **Wachovia Securities** acted as co-lead arrangers for SCE&G's \$400 million revolver.

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INTELLIGENCE FIRST

## Ernst & Young: EU Policy Plan May Be Tough Spark

Ernst & Young says there is much work to be done to improve a preliminary unified energy policy proposal the European Union released last week for review. The green paper outlines a series of goals, including a single European market, gas storage, security of energy supply and harmonization of the grid operators. **Jayesh Parmar**, gas partner and head of security of supply at E&Y in London, says the main idea championed in the paper, one of an EU Energy Commissioner, is a positive. But he adds there are too many unknown variables, mainly a timeline the EU has in mind for wanting to accomplish certain goals, or how its plans will be realistically achieved. "There are vast array of challenges," he says.

A call and e-mail to **Ferran Tarradellas i Espuny**, spokeswoman at the EU in Brussels, were not returned.

Parmar says a single regulator would be a good idea, since regulation is done on a country-by-country basis. "It provides a clearer framework at the EU...takes out variability at the national level, and potentially clarifies the process at the national level."

There appears to be no date set for the proposal to come to fruition, Parmar says, noting that it is intended to encourage discussion at an upcoming EU meeting. The EU Heads of State and Government are scheduled to meet in Brussels March 23-24.

## FPL/Constellation Seen As Likely Bidder In Northeast Sale

Constellation Energy and FPL Group are seen as likely acquirers of **Northeast Utilities'** competitive generation assets. **Maury May**, an analyst at **Power Insights** in Worcester, Mass., says the companies, which announced plans to merge earlier this year, would be logical bidders because of their power marketing activities in New England. May also mentions **Mirant**, which is sitting on a sizable amount of cash, and **Sempra Energy**.

Preliminary marketing materials have been sent out, four months after Northeast announced its intention to sell. A private-equity official who has seen the book expects the process, which is being handled by **JPMorgan Chase**, to be extremely competitive. **Lazard Freres** is also serving as a general advisor to Northeast. Calls to **Paul Dabbar** at JPMorgan in New York, **George Bilicic**, senior managing director at Lazard in New York, **David McHale**, cfo at Northeast, and **Lloyd Avram**, spokesman for Mirant in Atlanta, were not returned. **Melinda Smith**, spokeswoman at

Constellation in Baltimore, did not make officials available for comment. **Mayco Villafuna**, spokeswoman for FPL, declined to comment.

## WestLB To Advise On W. Va. Coal Plant Construction

WestLB has been hired as joint advisor to **GenPower**, a private Needham, Mass.-based power plant developer, planning to develop a \$1 billion coal-fired generation facility in Maidsville, W.Va. **Goldman Sachs** is also serving as an advisor on arranging financing for the 600 MW facility (PFR, 3/6). Terms of the financing will be hammered as the launch gets closer to fruition, which is likely in the next few months, a banker says.

Officials at WestLB declined comment and Goldman officials did not return a call for comment. GenPower executives also did not return a call.

The Longview Power project will be located north of Morgantown and benefits from its proximity to what is viewed as a coal-rich area. Much of the permitting has been completed but it is not known where the company stands on securing a PPA.

## New England Proposal Gives Exelon Boston Shares Pop

Reacting to a positive proposal by **ISO New England**, equity units linked to **Exelon Boston Generating** have traded up 10% over the past several days. The plan calls for merchant electricity providers, such as Exelon Boston, to receive more attractive capacity payments and set up an auction process that would encourage a more competitive market.

The news sent shares of Exelon Boston, which were issued in mid February (PFR, 2/7) up to \$250 from \$225, say traders. Officials at Exelon Boston, run by a group of hedge funds including New York-based **K-Road Power**, did not return calls. There are 6.5 million Exelon shares outstanding.

The proposal, which has been talked about since last year, was approved by four of the six New England states and the ISO has asked the **Federal Energy Regulatory Commission** to give its final greenlight by June 30, says an ISO spokeswoman in Holyoke, Mass. Massachusetts and Maine have not signed off on the plan, but it can still go through, albeit with some revisions, without their explicit approval, the spokeswoman notes.

The New England power grid operator believes its region could see energy shortfalls if suppliers are not encouraged to sell power or develop new plants, the spokeswoman says. There are roughly 350 plants in the ISO region, totaling more than 31 GW and the ISO predicts increases in demand by as



much as 2% (the equivalent of a roughly 620 MW plant) per year over the next several years.

The ISO agreement includes a multi-year transition mechanism that will compensate new and existing resources between December 2006 and May 2010. During a 42-month period, monthly payments would start at \$3.05 per kW and escalate to \$4.10 per kW.

## Leads Rework Plum Point B-Loan

Merrill Lynch, Credit Suisse and Goldman Sachs have tweaked construction financing being arranged on behalf of LS Power for the development of a pulverized coal-fired plant near Osceola, Ark., known as Plum Point. The banks are aiming to create a second lien with likely pricing in the LIBOR plus 325 basis point range. That lien likely would be sized at about \$200-250 million and include payment-in-kind paper. Originally, the debt, which represents approximately 80% of the cost of the plant includes was expected to include a \$590 million first lien, a \$105 million term loan for letters of credit and a \$65 million working capital revolver. In the restructuring the first lien will be reduced.

Observers of the financing believe the tweaking might imply leads were aggressive in their original structuring. Officials at the firms either declined to comment or did not return calls. Officials at East Brunswick, N.J.-based LS Power

did not return calls for comment.

Bankers note Merrill also is expected to place approximately \$105 million in tax exempt bonds to back the term loan this year or next (PFR, 2/27). **Standard & Poor's** has rated the debt B and **Moody's Investors Service** rates the deal B1.

The financing is expected to wrap in two weeks and is co-managed by **WestLB**.

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

## Corporate Strategies

### Allete Picks Long-Dates For Refi

Duluth, Minn.-based Allete has privately placed approximately \$50 million, 30-year, 5.69% bonds to replace an equal amount in 7% first-mortgage bonds. **Laura Schauer**, assistant treasurer, says the flat yield curve allowed it to obtain attractive rates on the long-dated debt.

Schauer declined to disclose the banks that worked on the deal but noted Allete usually turns to banks within its syndicate of underwriters. In the past, Allete has worked with **JPMorgan Chase**, **Lasalle Bank** and **Wells Fargo Bank**.

The 7% bonds were issued in 1993 to refinance a batch of 8.35% bonds issued in 1977 used to fund a mid-to-late 1970s expansion, explains Schauer.

Allete generates, transmits, distributes and markets power for retail and wholesale customers in the Upper Midwest. The company currently has a 39:61 debt to equity ratio.

### Con Ed Taps Long Bonds

**Consolidated Edison Company of New York** has sold \$400 million of 30-year, 5.85% senior unsecured debt. Proceeds will be used for general corporate purposes including retiring commercial paper used to finance power and gas purchases, as well as to fund costs related to a cap ex program. **John Perkins**, director of corporate finance at Con Ed in New York, says appetite for investment-grade utility debt has been strong, and he was happy to get the deal done now because interest rates have begun to drift upward.

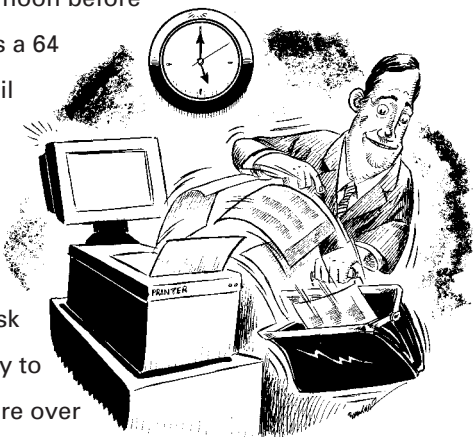
The offering, the first for Con Ed this year, will be followed by further debt and equity issuances this year, Perkins notes, declining to be specific. He says equity will be offered in order to maintain a 50:50 debt-to-equity ratio. The energy outfit has no long-term maturities coming due this year. It has about \$6.5 billion in debt and about the same amount in equity, along with \$213 million in preferred securities, he notes.

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## Corporate Strategies (cont'd)

Citigroup Global Markets, J.P. Morgan Securities and Wachovia Capital Markets acted as joint lead managers on its long-bond sale and are part of Con Ed's underwriting cadre. Standard & Poor's rates the offering A, and Moody's Investors Service rates it A1.

## Dominion, Units Reshuffle Revolvers

Dominion Resources and its subsidiaries have reshuffled revolving credit agreements, trimming overall capacity. Aneesh Prabhu, analyst at Standard & Poor's in New York, says the Richmond, Va.-based company tapped better pricing and more favorable covenants. He explains that Dominion entered into its old revolvers when gas prices were higher last year, and it no longer needs as much capacity. "Now that gas prices have trended lower, they've taken the time to redo them," the analyst says.

At its peak, Dominion and its units had to post more than \$5 billion to back up its gas-hedging activities, Prabhu notes. Dominion spokesmen declined to comment or to make officials

available for comment.

Since Jan. 1, Dominion and its subsidiaries have trimmed credit agreements, specifically bilateral agreements, from \$3.49 billion to \$1.215 billion, and cut aggregate credit lines from \$7.94 billion to \$7.165 billion.

As part of its financing revamp, subsidiaries Virginia Electric & Power and Consolidated Natural Gas Company entered into a five-year \$3 billion revolver led by JPMorgan Securities and Citibank Global Markets, replacing a five-year \$2.5 billion facility signed in May 2005. The credit line is arranged so that Virginia Electric and CNG share the capacity.

CNG also amended a five-year \$1.75 billion facility, inking a five-year \$1.7 billion revolver led by Barclays Capital and KeyBank National Association, and added a 364-day \$1.05 billion revolver, also led by Barclays and KeyBank. It terminated a 364-day \$1.9 billion bilateral credit agreement.

Prabhu says Dominion's debt-to-capitalization ratio currently stands around 64:36. Standard & Poor's rates senior unsecured debt from Dominion, Virginia Power and CNG BBB.

## Financing Record (MARCH 1-MARCH 7)

### Debt

144A	Issued	Issuer	Business Description	Amount(\$M)	Coupon(%)	Security	Maturity	Price	YTM(%)	Spread	S&P	Moody's	Fitch
	3/6/06	Consolidated Edison Co of NY	Electric, gas and steam utility"	400	5.85	Debentures	3/15/36	99.985	5.851	102	A	A1	NR
Yes	3/7/06	Komipo(KEPCO/South Korea)	Cogeneration plant	200	5.5	Sr Unsecurd Nts	3/14/16	98.364	5.717	98	A-	A2	NR
Yes	3/7/06	Union Light Heat & Power Co	Electric and gas utility	50	5.75	Debentures	3/10/16	99.94	5.758	103	BBB	Baa1	NR
Yes	3/7/06	Union Light Heat & Power Co	Electric and gas utility	65	6.2	Debentures	3/10/36	99.434	6.242	143	BBB	Baa1	NR

### M&A

Announced	Target Name	Advisors	Target Target Industry Sector	Target Nation	Acquiror Name	Acquiror Industry Sector	Acquiror Nation	Value(\$M)
3/1/06	BLCP Power Ltd		Electric, Gas, and Water Distribution	Thailand	EGCO	Electric, Gas, and Water Distribution	Thailand	
3/2/06	Dominion Resources Inc-Natural	Goldman Sachs & Co	Electric, Gas, and Water Distribution	United States	Equitable Resources Inc	Oil and Gas; Petroleum Refining	United States	970
3/2/06	RusenergoSbyt		Electric, Gas, and Water Distribution	Russian Fed	ENEL SpA	Electric, Gas, and Water Distribution	Italy	105
3/3/06	Louisiana Energy Services		Electric, Gas, and Water Distribution	United States	Urenco Ltd	Electric, Gas, and Water Distribution	United Kingdom	
3/3/06	Severomoravska Plynarenska		Electric, Gas, and Water Distribution	Czech Republic	RWE AG	Electric, Gas, and Water Distribution	Germany	
3/3/06	Zapadoceska Plynarenska AS		Electric, Gas, and Water Distribution	Czech Republic	RWE AG	Electric, Gas, and Water Distribution	Germany	
3/6/06	Mestni Plinovodi doo		Electric, Gas, and Water Distribution	Slovenia	ACSM SpA	Electric, Gas, and Water Distribution	Italy	
3/6/06	Serenissima Gas SpA		Electric, Gas, and Water Distribution	Italy	ACSM SpA	Electric, Gas, and Water Distribution	Italy	28.622
3/6/06	Serenissima Energia Srl		Electric, Gas, and Water Distribution	Italy	ACSM SpA	Electric, Gas, and Water Distribution	Italy	8.529
3/7/06	Kingston Cogeneration		Electric, Gas, and Water Distribution	Canada	Northland Power Income Fund	Electric, Gas, and Water Distribution	Canada	109.998

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



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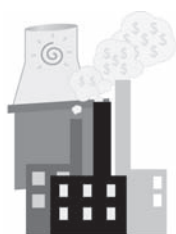
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## Generation Auction & Sale Calendar

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Atlantic City Electric Company	B.L.England	New Jersey	447	Coal	Concentric Advisors	In Second Rounds.
	Key Stone	Pa.	-	Coal		
	Conenough	Pa.	-	Coal		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
Bear Stearns	Mulberry	Fla.	120	Gas	Bear Stearns	Definitive Bids Due March 10.
	Orange	Fla.	103	Gas	Bear Stearns	Definitive Bids Due March 10.
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
BNP-led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Carlyle Riverstone/ Sempra	Coleto Creek Power Station	ERCOT	632	Coal	Goldman Sachs Greenhil & Co.	Awaiting Definitive Bids At End Of March Or Early April. Preliminary Marketing Materials Have Been Submitted
Carlyle Riverstone/ Sempra	Topaz Power Group	ERCOT	2.9 GW	Gas&Oil		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
	Palisades	Mich.	798	Nuke	Concentric Advisors	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion (PFR, 12/27). Actively Pursuing A Sale.
	Lowell Power	Mass.	82	Gas	None	
Delta Power						
El Paso Europe	EMA Power	Hungary	70	Coal		Final Bids Due. Negotiations Are Taking Place With
El Paso North America	Berkshire	Mass.	261 (56.41%)	Gas		
(Merchant assets)	CDECCA	Conn.	62	Gas		
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Stake Sold To GE
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
Exelon/PSEG	Eddystone Generating Station	Delaware County, Pa.	1,510 MW	Coal and Gas Gas		Interviewing Banks To Advise On Sales.
	Linden Generating Station	Linden, N.J.	775 MW			
Goldman Sachs	East Coast Power	Linden, N.J.	940 MW	Gas	Goldman	(see story pg. 1)
Gama Construction Ireland Limited	Tynagh	Republic of Ireland	400 MW	Gas	Fieldstone Private Capital Group	Ongoing

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Seller	Plants	Location	MW	Plant Type	Advisor	Status
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		
InterGen	Redbud	Okla	1,220		Citigroup	Harbert Venture Acquired The Assets.
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
Sempra	Twin Oaks	ERCOT	305	Coal	Goldman Sachs	Sold To PNM Resources For \$480 million.
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
Teco Energy	Dell Power Station	Ark.	540	Gas		Reviewing Options.
	McAdams Power Station	La.	599	Gas		
Tenaska Energy	Tenaska Frontier	ERCOT	830	Gas	Lehman Brothers RBC Capital Markets	Ongoing-selling 62%
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.



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## Weekly Recap

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

### The Americas

- **American Electric Power** awarded a bonus of \$2.25 million for 2005 to **Michael Morris**, ceo of the Columbus-based power company, an 80% increase from the 2004 bonus amount of \$1.25 (*The Wall Street Journal*, 03/03).
- **Arizona Public Service**, a subsidiary of **Pinnacle West Capital**, plans to shut down one of the three reactors at the Palo Verde Nuclear Generating Station, in which it owns a 29.5% stake as a part of a consortium. The owners have been trying to repair a vibrating pipe that has hampered power output since December (*Associated Press*, 3/8).
- **Wachovia Securities** cut its rating on the integrated natural gas sector last week, citing weakening prices. Analyst **Samuel Brothwell** dropped his ratings on four stocks in particular: **El Paso Corp.**, **Williams Cos.**, **Dominion Resources Inc.** and **Questar Corp.** (*Associated Press*, 03/06).
- Arlington, Va.-based **AES** has signed an agreement to build a \$1.2 billion coal-fired plant in eastern India. The 1 GW plant will be built in the eastern state of Chhattisgarh by **AES India**. **AES** signed an accord with the state government to set up the plant (*International Herald Tribune*, 03/05).
- The Wisconsin Public Service Commission is considering whether customers of Green Bay-based **Wisconsin Public Service Corp.** and **Madison Gas & Electric Co.** should get refunds to reflect falling natural gas prices. The 2006 rates that Wisconsin's electric utilities could charge were set by regulators at the end of 2005, when natural gas prices were near peak, but natural gas prices have since fallen, hitting a nine-month low this week (*Associated Press*, 03/09).
- **Alcoa Aluminio**, the Brazil affiliate of **Alcoa Inc.**, has increased its stake in the to-be-built 1.9 GW Estreito hydropower project in Northern Brazil to 25.49% from 19.08%. Construction of the project is expected to begin in June 2006, contingent on necessary government regulatory and environmental approvals (*Reuters*, 03/08).

### Europe

- **SUEZ** unexpectedly raised its dividend in a move to limit the perception among shareholders that the company had negotiated unfavorable terms in its merger with **Gaz de France**, according to some analysts and shareholders. But Suez's attempt failed to convince investors, who are still placing hopes on

either sweetened merger terms or a rival offer from Italy's **Enel** (*The Wall Street Journal*, 03/09).

- **Endesa** said its board unanimously rejected a hostile takeover bid from energy company **Gas Natural**. Savings bank **Caja Madrid**, which has a 10% stake in Madrid-based Endesa, is also against the offer. Gas Natural has bid €22.6 billion (or \$26.93 billion), which was recently trumped by a €29 billion bid by Germany's **E.ON** (*Reuters*, 3/8).

- European Union regulators say France may have broken EU law by engineering a merger between utilities **Gaz de France** and **Suez** that prevented a rival bid from Italy's **Enel**. The European Commission ordered France to defend its handling of the merger by March 17, saying documents filed by Enel raise questions about French Prime Minister **Dominique de Villepin**'s methods in arranging the \$40 billion all-French tie-up (*Bloomberg*, 03/03).

- A British government advisory group says the government does not need to build a new generation of nuclear plants to meet future electricity needs. The verdict is likely to be unwelcome news for Britain Prime Minister **Tony Blair**, who was backing a new generation of nuclear plants to help the country meet its Kyoto Protocol obligations (*Reuters*, 03/06).

- **Repsol**, the Spanish-Argentine company has no interest in selling its Argentine YPF assets, which it acquired in 1999 for \$15 billion, according to **Antonio Brufau**, chairman. The Argentine newspaper *Ambito Financiero* had speculated an allegiance of South American state-run oil companies was making an offer to buy the YPF assets, but the chairman denied the rumors (*The Wall Street Journal*, 03/03).

- The Czech Republic's power company **CEZ** will start modernizing its coal fired plants in two years at the earliest and is considering building a wind farm and hydroelectric power plants in northern Bohemia. The company will modernize plants Tusimice II, Prunerov, Ledvice and Pocerady. The first stage would be completed in 2030 (*The Prague Daily Monitor*, 03/01).

### Asia

- Indian state-run gas utility **GAIL** is in talks to use **Royal Dutch Shell**'s Indian liquefied natural gas terminal for four years. According to an official, GAIL would use the entire 2.5 million

ton capacity of the Hazira merchant LNG terminal from June, providing a link in the chain for future gas supply to the Dabhol power plant (*Reuters*, 03/07).

- Japan's **Toho Gas** signed a liquefied natural gas sale and purchase agreement with **Malaysia LNG Tiga**, bringing its total committed LNG volume from MLNG Tiga to above 1 million metric tons per year (*Dow Jones*, 03/03).
- India's **GMR Group** plans to invest about \$1 billion in projects in the energy sector in both generation and transmission. The company intends to raise \$750 million through a combination of debt and equity over the next five years for its infrastructure projects in energy, as well as in road and airport sectors. It hopes to maintain a 75:25 debt-to-equity ratio (*Business Standard*, 03/09).

## Africa

- **Chevron** has pulled out of a \$5 billion liquefied natural gas project in Nigeria because the country's government wants to use its gas for a competing project. Chevron, **ConocoPhillips** and **ENI** each have a 17% interest in the Brass LNG project, along with state-run **Nigeria National Petroleum Corp.** with 49% (*Reuters*, 03/06).

## GE TO ACQUIRE

(continued from page 1)

Factoring into the sales price is the owner's ability to tack on more MWs at the plant site, say M&A officials. New York City's power needs are growing and supply margins are shrinking, and new capacity is expected to be needed in the near future. Linden is considered an "in-city plant" by the New York Power Authority even though it's not geographically in New York—a significant fact because NYPA rules stipulate that a little over 80% of the city's power must come from in-city sources.

The plant has a long-term PPA with **Consolidated Edison Co. of New York** for 645 MW through 2017. Katell says GE "sees room to grow at Linden," through "enhancements and upgrades" in order to meet New York's growing demands for power.

Six to eight parties were said to have been invited to make second-round offers (PFR, 2/20). Among those bidders were **AIG Financial Products** and **ArcLight Capital Partners** (PFR, 2/6). M&A officials say no other bidder was as familiar with the plant. GE provided financing for the construction of the plant, which began operating in 1992, to **Cogen Technologies**. GE also provided the turbines and it manages the plants operations.

**Tim Kingston**, managing director at Goldman, did not

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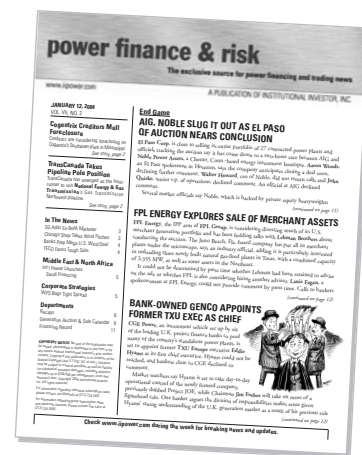
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return a call for comment. Katell declined to make Alex Urquhart, president and ceo at GE Energy Financial Services, available for comment.

—Peter Roth

## DEVELOPER EYES

(continued from page 1)

A power purchase agreement has not been signed, but since New York has an auction process by which suppliers can purchase renewable energy credits, Little suspects Reunion will have little difficulty signing up a buyer or selling on a merchant basis.

Reunion also acts as an asset manager for two projects owned by GE Energy Financial Services: an 80 MW wind farm near Storm Lake, Iowa, and a 107 MW wind farm in Lake Benton, Minn.

As a developer, it has one other project in the pipeline—Adirondack Wind Energy Park in Warren County, N.Y. Little says its modus operandi in its blueprinted projects is to identify a good site, obtain the necessary regulatory approval and permitting and bring on equity partners to take on participating interest.

—Mari Slater

## BUFFET ENERGY

(continued from page 1)

One observer notes buy-side appetite for utility paper has been strong over the past several months. Exelon Corp. subsidiary Commonwealth Edison issued some \$325 million in 30-year bonds earlier this month via JPMorgan Chase, Lehman Brothers (PFR, 3/6) and last week Consolidated Edison and Company of New York offered \$400 million in long-dated debt (see story, pg. 4).

MidAmerican's takeover bid of PacifiCorp involves assuming some \$4.3 billion in debt. The company has been positioning itself for the buyout, which has been approved by all six states where PacifiCorp provides capacity, by re-jiggering its revolving debt at the holding and subsidiary levels (PFR, 9/12).

—Mark DeCambre

## Calendar

- **Platts** will host the 21<sup>st</sup> Annual Global Power Markets Conference in Las Vegas on April 2-4 at the Bellagio Hotel. For additional information, please contact Kevin LaPierre via email at Kevin\_lapierre@platts.com, or via phone at 212-904-4358.

- **Euromoney** and the **American Council on Renewable Energy** will host the third annual Renewable Energy Finance Forum-Wall Street in New York at the Waldorf Astoria Hotel

June 21-22. For more information, please contact Glenn Cooney via phone at +44-0-20-7779-8914.

## Quote Of The Week

*"It provides a clearer framework at the EU, takes out variability at the national level and potentially clarifies the process at the national level."*—**Jayesh Parmar**, gas partner and head of security of supply at **Ernst & Young** in London, on the positives of the European Union's latest green paper on the European energy market (see story, page 3).

## One Year Ago In Power Finance & Risk

UniSource Energy was looking to obtain about \$500 million in loans in the wake of a failed takeover attempt by Kohlberg Kravis Roberts & Co., J.P. Morgan Partners and Wachovia Capital Partners. The Tucson, Ariz., company's loans would be at operating companies Tucson Electric Power and UniSource Energy Services. [UniSource Energy wrapped syndication of a \$546 million loan at its parent and subsidiary level via Union Bank of California, with almost 30 lenders taking a piece of the debt (PFR, 05/23).]

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