

power finance & risk

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Community Energy is looking for equity investments in a photovoltaic portfolio.

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Banks are weighing the effects of Japan's crisis on North American project financing.

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TERRA-GEN TARGETS \$800M IN DEBT

Terra-Gen Power is preparing to launch a financing backing 300 MW of its Alta Wind Energy Center and another deal supporting another 300 MW more within a year—potentially more than \$800 million in debt.

Relationship banks will be tapped to help finance the next two Alta deals, but lenders new to the sponsor could also participate, a deal watcher says. The developer is expected to net an attractive deal in a period of tightening margins (PFR, 3/4) in light of its experience as a sponsor, the credibility of offtaker **Southern California Edison**, the robust wind regime in Tehachapi, Calif., and the success of prior Alta deals. **John O'Connor**, Terra-Gen cfo in New York, declined comment.

"In Terra-Gen, you're talking about the largest pure play-renewables company in the U.S. The guys there are shrewd... and they've been around the block," says a senior banker familiar

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'Holy Grail'

LS LAUNCHES TRANSMISSION STAKE SALE

LS Power wants to sell minority stakes in two of its transmission companies as a way to finance a portion of construction. **LS Power Transmission** is looking for co-investors for its \$430 million **Great Basin Transmission South** project in Nevada as well as in **Cross Texas Transmission**, which is developing \$530 million of lines in Texas, according to a teaser for the two-step auction sent out by **Citigroup** late last week. Citi expects to receive indicative bids in three to four weeks, a deal watcher says.

The sale is expected to draw a large audience of infrastructure and private equity players because the projects come with regulated returns and don't face the siting issues of earlier stage projects, says a banker. Investing in greenfield transmission development at or near construction is considered the "holy grail" because of its long-term cash flows, says an

(continued on page 12)

BROOKFIELD SCOPES CROSS SOUND CABLE SALE

Brookfield Infrastructure Partners is said to be considering selling its **Cross Sound Cable Co.** and is talking to investment banks about advising. The company is expected to put the 24-mile transmission line from Long Island to New Haven, Conn., officially on the market in the coming two to three months, says an observer.

The line was acquired in Brookfield's \$1.4 billion takeover of **Prime Infrastructure Group** in December. The notion of selling Cross Sound was on the table at the time of Prime's purchase if the asset could not be refinanced, according to a Brookfield transcript of a December conference call. Cross Sound had a \$193.5 million term loan that matured last month. **Commonwealth Bank of Australia** was the only bank on the loan that originated in 2006. A refinancing was on the table although the current status of those discussions could

(continued on page 11)

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



At Press Time Pa. Shop Hunts Equity For Solar

Community Energy is looking for investors to take equity stakes in an 18 MW portfolio of photovoltaic projects in New Jersey and Pennsylvania before year-end. The total development cost of the three to four-project portfolio is roughly \$54 million.

CP Energy is advising the Radnor, Pa.-based company on financing some of the projects in its portfolio, says **Eric Bank**, co-founder and executive v.p. of strategic development, adding that it is also looking for advisors for financing other projects in the portfolio.

"We're looking for somebody who's experienced, active and done this before and worked with multiple projects," says Bank of potential advisors and equity investors, adding that the company aims to stay involved with its developments despite any potential stake sales. The amount of equity investment sought could not be learned. A CP Energy official in Boston did not return a call.

Community Energy was formed in 1999 and bought by **Iberdrola** after building a pipeline of over 500 MW utility scale wind projects. Bank and co-founder **Brent Alderfer** oversaw the development of over 700 MW of wind while at Iberdrola. The founders spun **Community Energy** off Iberdrola in 2009 and they have been focusing on developing a roughly 500 MW solar development pipeline. **David Girodano**, formerly director at **Babcock & Brown** and project director at **FPL Group**, joined the company as cfo last year.

Japan Disaster Prompts Question On Project Banks

The future strategy of Japanese banks in the North American project finance market is the subject of chatter among observers, following this month's earthquake, tsunami and ongoing nuclear crisis in the country. "There's a concern that the Japanese government may want to focus locally, so we may see a [bank] retreat elsewhere," adds **Richard Keenan**, partner at **Chadbourne & Parke** in Dubai.

Sumitomo Mitsui Banking Corp, **Bank of Tokyo-Mitsubishi UFJ** and **Union Bank** are among the biggest players in the North American power project finance. Project divisions of Japanese banks anticipate their roles within the North American power sector to remain unaffected by the March 11 earthquake and tsunami. "There are live deals in the works and nothing has changed," says a banker familiar with the project operations of a Japanese-owned bank. "It's business as usual."

At least two heads of project finance at European lenders, however, question whether some banks will ease their North American focus as they help rebuild damaged infrastructure in Japan. "It's a question that has yet to be answered, 'Will Japanese banks have to focus on the home market?'" asks one head of project finance. Banks officials declined to comment or didn't respond to inquiries.

Some observers suggest the failure at Japanese nuclear facilities might convince the government to encourage banks to invest globally in an effort to encourage relationships that would allow the country to procure more fossil fuel resources.

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Mergers & Acquisitions

ReEnergy Lands Maine Cogen Plant

ReEnergy Holdings has agreed to purchase the 103 MW coal-fired cogeneration Rumford plant from NewPage for \$61 million. The transaction between Riverstone Holdings-backed ReEnergy and the paper manufacturer is slated to close in the second quarter pending regulatory approval.

Miamisburg, Ohio-based NewPage has used power from the plant in Rumford, Maine, to run its paper mill in the town. Under the agreement, ReEnergy, which is focused on biomass and waste fuel-fired plants, will continue to supply the paper mill with power and the mill will supply the plant with biomass fuel from its pulping process. ReEnergy's plans for retrofitting the plant to use biomass and for financing the purchase could not be learned.

Larry Richardson and Tom Beck, ceo and chief commercial officer, respectively of ReEnergy in Latham, N.Y., were not available to comment. George Martin, ceo of New Page, could not be reached and a spokeswoman did not return calls. Officials at Riverstone in New York declined to comment through a spokesman. Whether either parties used advisors for the deal could not be learned.

GreenLight Cases Market For Wind Buyer

GreenLight Energy Resources is looking to bring in an investor or sell Apex Wind Energy, its wind development unit. The early stage investor is out in the market hunting a buyer after a process that started last fall failed to bring in a high enough bid, bankers say, with one noting that the company's lack of power purchase agreements was a sticking point for interested buyers.

The company is not using an advisor, says one banker, adding that Sandy Reisky de Dubnic, ceo of Apex and founder of Greenlight, has numerous contacts in the industry. A call to Jim Trousdale, the cfo of Apex in Charlottesville, Va., who would be in charge of engaging with potential buyers, was not returned.

Apex has a pipeline in early to mid-stage development that could total upwards of 7 GW by one banker's estimate. A handful of projects are far enough along to be in talks for PPAs and the company anticipated signing a few in the last nine months. However, one deal watcher notes that PPA talks have fallen through. Apex acquired several development companies in 2009 that added more than 3.5 GW of projects

to its roster. Project details including name, size and location could not be learned.

In addition, Apex has a few offshore projects in its hopper, including a bid into the New York Power Authority's request for proposals for up to \$2-2.5 billion of offshore wind generation on Lake Erie (PFR, 7/11). Apex Offshore also has proposed a 1.5 GW project off the coast of Virginia Beach "They view offshore as owning a lottery ticket," says a deal watcher, pointing to the lag time associated with permitting before the project ever gets near construction.

Apex is entering a tough market for developers, many of which are looking to find buyers or line up capital, especially if they don't have PPAs, renewables bankers say. It will be competing with other developers including TradeWind Energy, Edison Mission Energy, First Wind and Horizon Wind Energy for the gaze of potential investors.

Marathon Capital was advising on the sale process that launched in September, however that arrangement was terminated for undisclosed reasons. Marathon is advising Axio Power, Apex's sister solar development company, on a sale (PFR, 2/17).

Ohio Muni Scoops Former Calpine Plant From FirstEnergy

FirstEnergy has agreed to sell its 707 MW natural gas-fired Fremont Energy Center that is under construction to American Municipal Power for up to \$525.3 million—three years after the companies were competing bidders for the plant in a bankruptcy auction. AMP, a municipal utility based in Columbus, Ohio, will pay \$485 million plus up to \$24.3 million in construction costs for the facility in Fremont, Ohio.

FirstEnergy will receive an additional \$16 million if the plant comes online at its nameplate capacity of 707 MW. FirstEnergy did not use an advisor. The transaction is expected to close by July 1. The project is expected to be online this year. A FirstEnergy spokeswoman declined to say whether it is expected to be completed before the transaction is finalized.

Neither a call to Robert Trippe, v.p. of finance and cfo at AMP in Columbus, nor one to a spokesman was returned. How AMP plans to finance the purchase could not be learned. Power from the plant will be sold AMP's 128 members across six states.

Calpine originally aimed to have the plant online in 2003 but construction was halted. During its bankruptcy process, AMP was the stalking horse bidder with a \$124 million offer but FirstEnergy came in with the highest bid in the court-run auction at \$253.6 million (PFR, 11/21/07 & 2/7/08).

Ameren Sells Remainder Of Plant To Mo. Muni

Ameren Energy Generating Co. has agreed to sell its 75% stake in a 144 MW simple-cycle plant Columbia, Mo., to **Columbia Water & Light**. The municipal utility, which owns a quarter of the Columbia Energy Center, will pay \$45.2 million for the outstanding stake. The companies are planning to close the transaction by May 31, says a spokeswoman for CW&L.

The city is planning to finance the \$415 per kW acquisition through a bond issuance that must be approved through a city-wide vote on April 5, says **John Blattel**, director of finance for the city. Underwriters have not yet been chosen, he notes. **Laura Radcliff**, senior v.p. at **Stifel Nicolaus & Co.**, an investment bank in St. Louis, is advising on the asset sale.

CW&L bought a 25% stake in the plant from Ameren last spring for \$17.99 million, or about \$499 per kW (PFR, 4/5). The municipal utility has two separate offtake agreements with the plant, one of which expires this year and the other in 2013, for half the power.

Ameren Energy, the unregulated subsidiary of Ameren, has been in the market to sell its 5 GW portfolio in Missouri and Illinois, including the remainder of the Columbia facility (PFR, 8/27). **JPMorgan** had been advising on the broader sale; whether it is involved with this transaction could not immediately be learned.

Neither a spokeswoman for Ameren in St. Louis, Mo., nor one for JPMorgan responded to an inquiry. Radcliff could not be reached.

Project Finance

WestLB, Citi Prep Brookfield Wind Deal

WestLB and **Citigroup** are talking to potential investors to gauge pricing on a \$110 million private placement backing **Brookfield Renewable Power's** acquisition and construction of the Granite Reliable wind project in Coos County, N.H. The firms anticipate wrapping the financing in the second quarter, after Brookfield secures a loan guarantee under the U.S. **Department of Energy's** Financial Institution Partnership Program. WestLB is the lender-applicant for the guarantee.

The \$110 million private placement is part of a \$185 million financing package, which also includes \$15 million in letters of credit and an expected \$60 million cash grant from the U.S. **Department of Treasury**. The tenor of the private placement is construction plus 19 years, and the tenor on the LCs is five-years (PFR, 1/27). Desired pricing on the private placement and LCs couldn't be learned. **Donald Tremblay**, Brookfield cfo in

Gatineau, Quebec, and bank officials in New York declined to comment. A DOE spokeswoman in Washington, D.C., didn't return a call by press time.

Central Vermont Public Service is buying half of the generation from the 99 MW project, and **Green Mountain Power** is buying 32%, both under 20-year power purchase agreements. Lenders anticipate that the strength of the sponsor and New England-ISO market as well as the expected DOE loan guarantee will satisfy investors who otherwise would be nervous about merchant exposure.

Brookfield bought Granite Reliable from **Noble Environmental Power** (PFR, 12/7).

APS To Make Renewables Call

Arizona Public Service Company plans to issue a request for proposals for small renewables projects—each generating between 2 and 15 MW—in early April. Bids are due May 17.

APS is targeting an annual generation of 71,000 MWh, which probably translates to two or three winning applicants, according to a utility spokesman in Phoenix. The utility expects to shortlist bidders by July 15 and select winners by Oct. 17. It will execute contracts Dec. 1.

The utility anticipates more applications for solar than for other generation types, given the robustness of sun in Arizona, but all renewables resources are eligible. "We look for companies that deliver the best price and can get the projects done," says the APS spokesman.

Winning applicants will garner power purchase agreements lasting 20-30 years. Applicants that make bids above \$130 per MWh will be eliminated from consideration.

Applicants must complete U.S. **Federal Energy Regulatory Commission** impact studies by Oct. 7 to be eligible under the RFP. APS added this stipulation to improve chances approved projects will reach commercial operations on schedule.

GE, Exergy Wrap Idaho Wind Deal

CoBank has wrapped a second round of financing backing **GE Energy Financial Services** and **Exergy Development's** \$500 million portfolio of Idaho wind farms. The size of the loan is smaller than the \$80 million initially sought, says a deal watcher, explaining that less funds were needed than expected.

Lori Kepner, v.p. in the energy services group, headed up the deal at CoBank. The size of the second financing as well as other deal details, including pricing and tenor, couldn't be learned. A GE EFS spokeswoman in Stamford, Conn., declined to comment and an Exergy spokeswoman in Boise, Idaho, didn't return a call. Bank officials declined to comment or

didn't return calls.

GE EFS and Exergy landed \$242 million in debt for the portfolio in October, financed by **Bank of Tokyo-Mitsubishi UFJ**, **ING** and **NordLB** (PFR, 10/14). GE EFS broke the financing in two parts to accommodate construction on projects that were farther along in development than others, another deal watcher notes.

GE EFS is the majority stakeholder of the farms. **Atlantic Power**, Exergy and **Reunion Power** have equity stakes in the portfolio. **Steve Eisenberg**, Reunion managing director in Manchester Center, Vt., and **Patrick Welch**, Atlantic cfo in Boston, didn't return calls seeking comment.

Idaho Power has 20-year offtake agreements for the 11 farms in Hagerman and Burley, Idaho, which will generate 183 MW.

EPA Emissions Move Comes With \$28B Tab

The U.S. **Environmental Protection Agency** is set to issue rules this month regarding power plant emissions and cooling systems that could require up to \$28 billion in capital expenditures from utilities and independent power producers. Up to 38 GW of generation could be shut down, according to a report from **Barclays Capital**.

The agency issued its Maximum Available Control Technology rule, which would restrict mercury emissions March 16 and will issue its 316b rule, which would affect thermal power plants that use water cooling systems, under the Clean Water Act on March 28. There will be a comment period before the final rules are set in November, though litigation from industry and environmental groups could prevent the rules from going in to effect for several years, notes **Gail Suchman**, special counsel at **Stroock** in New York. The EPA had made a similar ruling in 2005 for mercury emissions, but the rules were overturned in 2008 and set for revision in 2011.

Generators will likely be ordered to cut at least 90-95% of their mercury emissions, industry observers note, with coal-fired plants being the most exposed to such requirements. "We're talking about older facilities on the smaller side, where it doesn't make any economic sense to invest in the [emissions control technology]," says Suchman, of possible shutdowns.

NRG Energy, **Dynegy** and **GenOn Energy** would be the most impacted, according to the Barclays report. GenOn's 482 MW Potomac River in Alexandria, Va., would likely have to close as the plant doesn't have the space to accommodate scrubbers. Potomac River would have earned \$40-50 million in EBITDA over the next few years. NRG would be required to add \$1 billion of scrubbers to its 3.5 GW Parish plant near Sugar Land, Texas and its 675 MW Big Cajun II plant in New Roads,

La. Dynegy would also have to shut down its 387 MW Danskammer plant near Newburgh, N.Y., which was set to earn up \$15-20 million of EBITDA over the next few years.

Gas-fired generation will likely replace some of the shutdown capacity, due to its relatively lower cost compared to renewable and cleaner emissions. There has been a spate of gas-fired project financings in California in the past six months, including **Calpine's** Russell City project, **Competitive Power Ventures'** Sentinel project, **Radback Energy's** Oakley project and **Mirant-RRI Energy's** Marsh Landing project (PFR, 2/3, 3/3, 2/28 & 10/15). Of the 38 GW expected to shut down, 12 GW are already dormant and 2 GW are gas-fired, according to the Barclays report.

Dan Ford, analyst at Barclays and one of the authors of the report, was not available to comment. **Gregg Orrill**, another analyst at Barclays and author of the report, declined to comment. Company officials and spokesmen did not return calls and plans for meeting the expected regulations or for replacing any generation could not be learned. An EPA spokeswoman in Washington D.C. did not return calls.

Developers To Hunt Maine Wind Funds

Independence Wind of Brunswick, Maine, and **Wagner Wind Energy** of Lynne, N.H., will begin reaching out to lenders next year about securing roughly \$175 million in debt to finance a \$250 million, 117 MW farm in Highland Plantation, Maine.

Independence had initially targeted financial close this year (PFR, 9/5/08), but permitting has yet to be completed, says **Robert Gardiner**, president in Brunswick. He anticipates securing a permit in November, followed by an appeals period as well as initiating efforts to land a power purchase agreement. The identity of potential offtakers couldn't be learned. Gardiner expects the farm to be operational in 2013.

The Highland farm is the developers' second project—and the first to be financed by private banks. Its first farm, the 50.6 MW Record Hill farm in Oxford County, Maine, is being financed primarily by the U.S. **Federal Financing Bank**, under the U.S. **Department of Energy's** loan guarantee program for innovative projects (PFR, 3/8). "We'll work with anybody," Gardiner says of potential lenders. "We're not fussy."

Gardiner doubts the developers will approach the DOE for a loan again. "I think it's a one-off," Gardiner says of the government's involvement in his projects, "but I never rule out these kinds of things."

The DOE doesn't impose a cap on the number of guarantees awarded to an applicant, says a spokeswoman in Washington,

D.C., declining to discuss specific developers. "We're not looking at the lead applicants, we're looking at the projects," she explains.

Corporate Strategies

CIT Adds Portfolio Manager

CIT Group has hired Joe Gyurindak, a Siemens Financial Services director, as a director and portfolio manager. Gyurindak, who worked at CIT from 2004 to 2007 before joining Barclays Capital and later Siemens, reports to Michael Lorusso, managing director, in New York. He started in the new post last week.

The lender added the position to reflect its return this quarter to the power and energy markets after nearly two years sidelined by bankruptcy (PFR, 9/24). CIT's portfolio shrunk in that period but is expected to rebound in 2011. "We're ramping up from where we were," Lorusso says. "We're planning for a pretty active year." He doesn't anticipate additional hires in the New York office this year.

CIT participated in a \$260 million refinancing backing a portfolio of Edison Mission Energy wind farms this month (PFR, 3/2). It also took a piece of Energy Capital Partners' \$525 million financing package that will partly fund subsidiary EquiPower Resource Holdings' purchase of a 548 MW combined-cycle plant in Milford, Conn. (PFR, 1/19).

Gyurindak will monitor the credits in CIT's energy portfolio and oversee four staffers. He didn't return a call seeking comment. Whether Siemens plans to replace Gyurindak couldn't be learned. A Siemens official didn't return a call.

People & Firms

Southern Sub Issues Bonds For Transmission, Fuel

Southern Co. subsidiary Alabama Power has issued \$250 million of 30-year notes and will use a portion of the proceeds to upgrade transmission lines and buy nuclear fuel. The company priced the senior unsecured notes at 5.5%. It closed earlier this month.

The coupon is a shade higher than the 4.75% coupon sister company Georgia Power secured for its issue of 30-year notes in August, which marked its lowest coupon for 30-year debt in decades (PFR, 9/2). Fitch Ratings rates the issuance A+.

Alabama Power had considered issuing debt before the end of 2010 (PFR, 9/22), but the European sovereign debt crisis prompted some utilities to wait until 2011 to do so (PFR, 2/4).

The reasons behind the company's decision to issue debt earlier this month, the amount of proceeds going toward nuclear fuel and transmission and how the company will use remaining proceeds, could not be learned. A Southern Co. spokesman didn't make a finance official available for comment.

JPMorgan, Morgan Stanley, SunTrust Robinson Humphrey and Wells Fargo were joint bookrunners on the deal. CastleOak Securities, Commerzbank, Mizuho Securities and USBancorp were co-managers. The identity of bankers who orchestrated the issuance couldn't be learned. Bank officials or spokespeople declined to comment or didn't return call.

Alabama Power owns the 1.78 GW Joseph M. Farley nuclear plant, near Dothan, Ala.

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INDUSTRY CURRENT

The Potential Impact of Dodd-Frank on the Energy Industry – Part I

In a dramatic demonstration of Congressional “Fire, Ready, Aim” and fully six months before the scheduled report of the specially-charged **Financial Crisis Investigation Commission**, President **Barack Obama** signed the Dodd-Frank Act into law in July last year. While nominally addressing perceived causes of the recent financial crisis, the Dodd-Frank Act is a sprawling piece of legislation, directed at literally hundreds of different aspects of the financial system. The full text of the Act itself runs to nearly 850 pages, including 17 separate titles, and has eleven pages of single-spaced table of contents alone. The breadth of the legislation itself does not include the over 300 separate reports, studies and rulemakings from over 13 separate federal agencies, the vast majority of which are required by July 15, 2011. There is rather a lot of law here, to put it mildly.

Even though the Act focuses mainly on financial institutions and the financial system, the effects of the Act will be felt throughout the economy at large and will be experienced by non-financial market participants. In this last respect, Dodd-Frank will have potentially significant consequences for energy companies and investors therein and related markets for energy goods and services. Financial institutions active in the energy sector no doubt have a lead on others in digesting the Act and assessing its impact on their activities. In our experience, non-financial institutions in the energy sector have some catching up to do. Because of this gap, and because it would exceed the space allowed to do otherwise, we are going to focus on the potential impact of Dodd-Frank on energy companies and energy markets generally.

Generally, the purpose of Dodd-Frank is to reduce systemic risk, increase transparency of the financial markets, and promote market integrity. Most likely, Dodd-Frank will affect energy companies in connection with their power marketing, hedging, and trading activities – in other words in connection with “swaps”. The swap requirements of Dodd-Frank will range up and down a sliding scale depending on the firm’s activities and the outcome of a federal rule-making process many months from completion. Those requirements may be glancing blows that increase the cost of hedging honest commercial risk (energy prices or interest on debt, for example) to full-on regulation and

inspection by the **Commodities Futures Trading Commission** or the **Securities and Exchange Commission**. Title VII of the Dodd-Frank Act is called the Over-the-Counter Derivatives Reform and Transparency Act and covers “swaps” and To establish a comprehensive regulatory framework to reduce risk, increase transparency, and promote market integrity within the financial system by, among other things (and in the CFTC’s own words): “(1) Providing for the registration and comprehensive regulation of swap dealers and major swap participants; (2) imposing clearing and trade execution requirements on standardized derivative products; (3) creating rigorous recordkeeping and real-time reporting regimes; and (4) enhancing the Commission’s rulemaking and enforcement authorities with respect to all registered entities and intermediaries subject to the Commission’s oversight.”

The CFTC and the SEC have primary rulemaking authority over the swap provisions of Dodd-Frank and are required to make certain rulemakings jointly (either irony or wryly amusing to those who have experienced the occasionally open hostility of these two agencies to one another) and to generally consult with each other and with the U.S.

Department of Treasury and others in their individual rulemakings. The jurisdictional boundaries between the CFTC and the SEC are based on

whether a transaction is a “swap” or a “security-based swap”. Security-based swaps are based on a security, loan or a “narrow” security index. The SEC has authority over “security-based swaps”. The CFTC has authority over all other “swaps”, including in all likelihood those most relevant to the energy industry. Congress expected the CFTC and the SEC to work together to produce harmonious rules, but already there has been some marked divergence.

As noted, Congress intended Dodd-Frank to become effective generally on July 15, 2011 (although some specific provisions have longer timelines for their respective effectiveness) and, where rulemaking by an agency is required, 60 days following that rulemaking. Hundreds of provisions in Dodd-Frank require rulemaking, and already several federal agencies are admittedly months, even up to a year, behind schedule. Even those federal agencies that are (or are close to being) on schedule have drawn sharp criticism for the fast pace (precluding consultation and

“In this last respect, Dodd-Frank will have potentially significant consequences for energy companies and investors therein and related markets for energy goods and services.”

careful deliberation regarding required rules) and lack of coordination (precluding or limiting effective participation by those affected or at risk of being affected) of their rulemaking activities. CFTC regulations on swaps were initially expected in early 2011. However, the CFTC in Jan. 2011 announced it expected to conclude its rulemaking process in early 2012. It is an open secret that the complexity of the markets coming under regulation strains available agency personnel and existing regulatory concepts. The interrelatedness of the rules proposed and yet to be proposed is only a further complication.

Side-by-side markets for over-the-counter (OTC) and exchange-traded energy “swaps” have existed for years and, since the enactment of the Commodity Futures Modernization Act in 2000, without much regulation or oversight of the OTC energy derivatives markets. So exactly who and what will be regulated under Dodd-Frank? To some extent, and with only slight exaggeration, everyone involved with swaps and every swap transaction will be regulated. In a sign of how far we have to go, federal rulemaking has not yet finalized the definition of “swap”, although the Dodd-Frank

Act includes a broad definition (some say overly-broad) and requires a joint rulemaking by the CFTC and the SEC to further define “swap”. In fact, no proposed rule to further define “swap” has yet been issued. Subject to the rulemaking process and a finite list of specific exclusions, under Dodd-Frank a swap will be any obligation based on a contingency, other than forward sales that are intended to be physically settled. (Indeed, the detailed list of activities caught up in the

definition for “swap” includes the coverall “an agreement, contract, or transaction that is, or in the future becomes, commonly known to the trade as a swap.”)



Paul Astolfi



Paul Forrester

This week's Industry

Current was written by Paul Astolfi and Paul Forrester, partners at Mayer Brown. In Part II, the authors will discuss end-user exceptions, forward contracts and Dodd-Frank's effects on players in the energy-swap market.

Industry Current is a feature written by industry professionals that highlights and clarifies key issues in the power sector. *Power Finance & Risk* runs the feature periodically and is now accepting submissions from industry professionals for the Industry Current section. For details and guidelines on writing an Industry Current, please call **Sara Rosner** at (212) 224-3165 or email srosner@iineews.com.

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@iineews.com.*

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Brookfield Asset Management, Isolux Corsan	CREZ (300 Miles Transmission)	Texas	MUFJ, Santander, Scotia, SocGen	TBA	\$400-500M	TBA	Four tapped to finance project (PFR, 3/7).
Competitive Power Ventures	Sentinel (850 MW Gas)	Riverside County, Calif.	BoTM	TBA	TBA	TBA	Deal priced at 225 basis points over LIBOR (PFR, 3/7).
EDF EN Canada	Lac-Alfred (300 MW Wind)	La Matapédia et la Mitis, Quebec	TBA	TBA	TBA	TBA	Sponsor seeks initial pricing beneath 250 bps (PFR, 3/14).
	St. Isidore B (12 MW Solar PV)	Nation, Ontario	TBA	TBA	TBA	TBA	EDF hunts pricing starting at 225 bps (PFR, 3/14).
Edison Mission Energy	Various (362 MW Wind)	Neb., N.M., Texas	WestLB	TBA	\$260M	10-yr	Deal wraps with 9 participants (PFR, 3/7).
GE EFS, Exergy Development Group	Various (183 MW Wind)	Idaho	BoTM	TBA	TBA	15-18-yr	CoBank wraps second financing backing portfolio of farms (see story, page 5).
Independence Wind, Wagner Wind Energy	Record Hill (50.6 MW Wind) Highland (117 MW MW)	Oxford County, Maine Highland Plantation, Maine	FFB TBA	TBA TBA	\$102M TBA	TBA TBA	Sponsors snag conditional federal loan (PFR, 3/14). Financing launch expected next year (see story, page 6).
Odebrecht	Chaglla (406 MW Hydro)	Peru	BNP	TBA	\$650M	TBA	BNP approaches lenders about participating in financing (PFR, 3/14).
Radback Energy	Oakley (624 MW Gas)	Contra Costa County, Calif.	BoTM, Crédit Agricole, ING, Scotia	TBA	TBA	TBA	RBS joins financing (PFR, 3/7).
Sharyland Utilities	CREZ (300 Miles Transmission)	West Texas	TBA	TBA	TBA	TBA	Mandates to be awarded this month (PFR, 3/14).
Terra-Gen Power	Alta Phases 6 and 8 (300 MW Wind) Alta Phases 7 and 9 (300 MW Wind)	Tehachapi, Calif. Tehachapi, Calif.	TBA TBA	Mini-Perm TBA	TBA TBA	C+ 7-yr TBA	Financing expected to begin by early April (see story, page 1x). Deal launch expected within year (see story page 1).
Wind Capital Group	Unidentified (Wind)	TBA	TBA	TBA	TBA	TBA	Closing targeted for second quarter (PFR, 3/7).

For a complete listing of the Project Finance Deal Book, please go to iipower.com.

Generation Sales Database

Generation Sale DATABASE

Following is a listing of ongoing generation asset sales from PFR's Generation Sales Database. The entries below are of new sales and auctions or of sales and auctions that have changed in their parameters or status. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new sales and auctions or changes in the status of a sale or auction, please call Senior Reporter **Holly Fletcher** at 212.224.3293 or e-mail hlfletcher@iineews.com. The full database is available at <http://www.iipower.com/GenerationSalePage.aspx>

Seller	Assets	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 (PFR, 3/7).
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).
Ameren Energy Generating Co.	Columbia (75% stake in 144 MW Simple Cycle)	Columbia, Mo.	TBA	The municipal utility is buying out Ameren's stake for \$45.2 million (see story, page 5).
Axio Power	Stakes (development PV)	Various		Has entered exclusive talks with a buyer (PFR, 2/21).
Brookfield Infrastructure Partners	Cross Sound Cable (24-mile Transmission)	N.Y., Conn.	TBA	Brookfield is talking to investment banks about a potential sale (see story, page 1).
Capital Power Income Fund	Various (1.4 GW in U.S and Canada)	Various	CIBC, Greenhill & Co.	Management presentations for potential second round bidders are underway (PFR, 1/17).
FirstEnergy	Fremont Energy Center (707 MW CCGT)	Fremont, Ohio	No advisor	American Municipal Power will pay up to \$525.3 million for the in-construction plant (see story, page 4).
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 East Brawley (10 MW Geothermal)	New Truckhaven (35 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).
Liberty Electric Power	Liberty (568 MW Natural Gas)	Eddystone, Pa.		Owners are selling it as its hedges are about to mature (PFR, 2/7).
LS Power	Bridgeport (460 MW, CCGT) Arlington Valley (572 MW CCGT) Griffith (579 MW CCGT)	Bridgeport, Conn. Arlington, Ariz. Kingman, Ariz.	JPMorgan Credit Suisse Credit Suisse	Capital Power has agreed to buy it for \$355 million (PFR, 3/14). Bidders are preparing indicative bids (PFR, 3/14).
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.(PFR2/28).
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 (PFR, 3/7).
Recurrent Energy	Various (stakes in 170 MW solar PV) Various (40 MW solar PV)	Ontario U.S.	No advisor Credit Suisse	Looking to bring in equity partners for its pipeline (PFR, 2/28). Teasers went out about two weeks ago (PFR, 3/14).
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).
Stark Investments	Wolf's Hollow (730 MW Natural Gas)	Hood County, Texas	JPMorgan	Second round bids coming due (PFR, 11/1).
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	Postponed while evaluating FERC decision (PFR, 3/14).
Sithe Global Power	Goreway (50% stake in 880 MW CCGT)	Brampton, Ontario	No advisor	Chubu Electric Power Co. and Toyota Tsusho Corp. have bought out Sithe's remaining stake (PFR, 3/14).

News In Brief

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

Americas

- **SkyPower** and **Canadian Solar** are planning a 10.5 MW solar park in Thunder Bay, Ontario. The companies expect the park to be operational in the third quarter (*Bloomberg*, 3/17).
- **First Solar** has hired **Mark Widmar**, formerly of carbon and graphite material manufacturer **Graftech International**, as cfo. Widmar replaces **James Zhu**, who had been interim cfo (*Reuters*, 3/17).
- **Iberdrola Renewables** has withdrawn a proposed wind farm in Hammond, N.Y. The town has a moratorium on projects through July (*The Watertown Daily Times*, 3/17).
- **AGL Energy** and **Origin Energy**, Australia's largest energy retailers, are considering buying some of **Infigen Energy's** assets. A formal sale process has yet to begin. For the full story, go to (*Reuters*, 3/17).
- The White House is committed to keeping nuclear in the country's fuel mix, **Steven Chu**, the U.S. Secretary of Energy says. Chu is staying mum on how the Japanese nuclear situation could affect the licensing process (*The Los Angeles Times*, 3/16).
- **Xcel Energy** is planning a \$600 million conversion that would retrofit two coal-fired units at its Black Dog facility into natural gas-fired units. The units, totaling 253 MW, in Burnsville, Minn., would generate about 700 MW as natural gas-fired facilities (*Minneapolis St. Paul Business Journal*, 3/16).
- **Axio Power** is working with the **San Bernardino County Board of Supervisors** on a land lease agreement to build a 21 MW photovoltaic project at the Victorville Sanitary Landfill in Victorville, Calif. (*The San Bernardino Sun*, 3/16).
- **BrightSource Energy** is nearing its goal of raising \$125 million in its recent round of fundraising to fuel domestic and international projects. BrightSource has raised \$122.5 million so far (*Earth2Tech*, 3/16).
- **NextEra Energy Resources** and **Fotowatio Renewable Ventures** are awaiting the **Public Utilities Commission** of Nevada to approve power purchase agreements. The companies have PPAs with **NV Energy** totaling 101 MW (*PV-Tech*, 3/16).
- **Ormat Technologies** has landed a 20-year power purchase agreement from **NV Energy** for its 30 MW Dixie Meadows geothermal project in Churchill County, Nev. The agreement requires approval from the **Public Utilities Commission** of Nevada (*Yahoo! Finance*, 3/15).
- West Virginia's geothermal resources could produce about 18.9 GW, according to a **Google**-funded study. A professor at **West Virginia University** expects a demonstration project to be online within a decade (*Reuters*, 3/14).
- **NextEra Energy** is negotiating with a utility to build a solar thermal plant at an existing gas-fired generator. **Lew Hay**, ceo, declined to identify the utility (*Bloomberg*, 3/11).

BROOKFIELD SCOPES

(continued from page 1)

not be learned.

The line was at the center of regulatory and permitting issues when it was built in 2002, due to an unplanned change in its depth in the Long Island Sound. It did not begin operating until the former U.S. Secretary of Energy **Spencer Abraham** made an emergency order to turn on the cable during the Northeastern blackout in 2003. The line did not begin operating commercially under its 20-year agreement with the **Long Island Power Authority** until 2004.

The LIPA agreement has some provisions that differ from a standard lease for such a line, notes one industry observer,

adding that these differences may have resulted from the delay and controversy surrounding the project and also may have given lenders pause in a refinancing. According to Cross Sound's Web site, the line is opened as a merchant line in ISO-New England. The status of any agreements the line has with LIPA could not be learned. A call to a LIPA spokesman was not returned by press time.

A call to an official at Commonwealth in New York was not returned and **Scott Speedie**, head of natural resources, utilities and infrastructure at the bank in Sydney, did not return a call. A spokeswoman at Brookfield in Toronto declined to comment on a potential sale or refinancing efforts.

An auction will probably lure a big audience as operational transmission lines are greatly desired for their long-term stable

cash flows yet are scarce in the M&A market as owners tend to hold the assets for a long time, says a banker. But, the equity requirement of an acquisition, potentially in the \$35-50 million range, could be too small of an investment for some of the larger private equity or infrastructure players, the deal watcher notes.

Cross Sound is a 330 MW high voltage direct currents line that runs between Shoreham, N.Y., and New Haven, Conn., through the Long Island Sound. —*Holly Fletcher & Sara Rosner*

TERRA-GEN TARGETS

(continued from page 1)

with the firm, pointing to O'Connor's prior role as cfo of **Cogentrix Energy** in Charlotte, N.C.

The first financing is expected to launch within the month and will support Alta phases six and eight, which are in a more similar development stage than phases seven and nine. It will have a mini-perm structure of construction plus seven years, says a deal watcher familiar with Terra-Gen's plans. That financing likely will replicate a \$394 million deal inked last March backing the first 150 MW phase of Alta, led by **Crédit Agricole** and **Natixis** (PFR, 3/18). Once phases six and eight are completed, Terra-Gen likely will take out the financing backing those segments with a sale leaseback, modeled again after the first phase of Alta; **GE Energy Financial Services** and **Union Bank** bought phase one via a sale-leaseback in December (PFR, 1/10).

The **ArcLight Capital Partners** affiliate expects to land financing backing phases seven and nine of the mammoth 3 GW wind farm by the first quarter of next year. The New York-based developer has yet to decide whether it will model that deal after **Crédit Agricole** and **Natixis'** financing or the \$1.2 billion deal, featuring a \$580.2 million private placement and a \$499 million construction bridge loan, it inked in July backing phases two through five (PFR, 7/26).

Citigroup, **Barclays Capital** and **Credit Suisse** were joint bookrunning managers on the bond part of the \$1.2 billion financing, and Citi, Barclays, **MUFG Power & Utilities Group** and **Crédit Agricole** were among leads of the bridge loan. **Stuart Murray**, Citi director of infrastructure energy finance, **Carl Weatherley-White**, Barclays managing director, and **Reiner Boehning**, Credit Suisse managing director, were among bankers leading that \$1.2 billion financing, observers say.

Lenders had expected Terra-Gen to finance between one and three phases of Alta in 2011 (PFR, 10/22). The sizes and targeted pricing of the financings couldn't be learned. Terra-Gen's plans for issuing a request for proposals for the financing backing Alta phases six and eight also couldn't be immediately ascertained. Bank officials and spokespeople declined to comment or didn't return calls.

—*Brian Eckhouse*

LS LAUNCHES

(continued from page 1)

infrastructure fund investor.

"It's rare that you get a chance to get in at the start, usually you have to go through the permitting process, which as you know, can take a long time," one investor says. Both are able to start collecting revenue when they go online regardless of whether they're in use, according to the teaser. LS started developing transmission six years ago and is currently developing 16 projects totaling more than 2,800 miles.

Great Basin is LS' subsidiary that oversees its ownership of a 230-mile One Nevada transmission line in Nevada in partnership with **NV Energy**. The project comprises a single circuit, alternating current 500 kV line that runs from north of Las Vegas to just west of Ely, Nev. Construction on the line started last month. It closed on a \$343 million loan from the **U.S. Federal Financing Bank** last month (PFR, 2/16).

LS is also preparing to start construction this summer on a trio of 345 kV double circuit, alternating current lines in the Competitive Renewable Energy Zones in Texas. The routes consist of a 109-mile line from Gray to Tesla, an 85-mile line from Silverton to Tesla and a 40-mile line from Gray to White Deer. The projects are expected to be online by the third quarter of 2013.

Jack Paris, managing director, **Josh Copenhaver**, v.p., and **Jessica Greene**, associate, in the global power group at Citi are running the sale in conjunction with **Sara Schwerin**, managing director, and **Michael Karafiol**, v.p., from the M&A group.

Officials at the banks either declined to comment or did not return calls. **Joe Esteves**, cfo of LS in New York, did not return a call.

—*Holly Fletcher*

Quote Of The Week

"We'll work with anybody. We're not fussy." —**Robert Gardiner**, president of **Independence Wind** in Brunswick, Maine, on his company's plans to make its maiden foray into project financing via private banks for its 117 MW project in the state (see story, page 6).

One Year Ago In Power Finance & Risk

Terra-Gen Power landed a \$394 million financing package backing the first phase of the Alta Wind Energy Center in Tehachapi, Calif. [Terra-Gen expects to launch a financing backing phases six and eight of Alta within a month and a deal supporting phases seven and nine in the next year (see story, page 1).]