

power finance & risk

The exclusive source for power financing and trading news

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Web Exclusive

A syndicate of local and international banks have refinanced Abu Dhabi's first independent water and power project, Taweelah A2, through a \$541 million debt offering.

For the full story go to *PFR's* Web site (www.iipower.com)

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WALL STREET PAIR SET SIGHTS ON DUKE MERCHANT PLANTS

Morgan Stanley and Credit Suisse First Boston Private Equity have emerged as frontrunners to acquire Duke Energy North America's portfolio of eight southeast U.S. merchant power plants. The appearance of two Wall Street financial investors reflects a belief that the natural buyers of these plants—local utilities that could incorporate the assets into their rate base—are being discouraged by regulators from bidding. Pete Sheffield, spokesman at Duke, declined to comment.

(continued on page 12)

KEYSPAN READIES \$360M SALE AND LEASEBACK ON BIG APPLE PLANT

KeySpan Energy is set to divest ownership of a 250 MW extension on its Ravenswood plant in New York City to a group of investors led by Royal Bank of Scotland through a roughly \$360 million sale-and-leaseback transaction. As part of the off-balance sheet exercise, KeySpan will maintain both operational and financial



(continued on page 11)

U.K. WIND DEVELOPER EYES GE ACQUISITION; PLOTS PORTFOLIO FINANCING

Falck Renewables, a London-based wind farm developer, is set to acquire a 60 MW GE Wind Energy wind farm project in Wales and is looking to finance this and another wind farm project (17.5 MW) in northern Scotland via the non-recourse loan market.

Market watchers say Falck Renewables, a division of Milan industrial concern, Gruppo Falck, is in talks to acquire Cefn Croes, a former Enron Wind project in southwest Wales that is presently owned by GE and U.K. developer RDC Scotland. William Heller,

(continued on page 11)

SEMPRA J.V. EYES NON-RECOURSE FINANCING; SEEKS OFFTAKE CONTRACTS

A joint venture between Sempra Energy Partners and the Carlyle Group/Riverstone Holdings is looking to raise in excess of \$230 million in off-balance sheet financing to fund its recently announced \$430 million acquisition of Coletto Creek and nine other American Electric Power merchant generation facilities in Texas. But before it proceeds with the financing, it's looking to hedge out any merchant exposure through the execution of offtake contracts with third parties.

(continued on page 12)

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



At Press Time

NiSource Wraps \$1.25B Loan

NiSource is set to close a \$1.25 billion loan package after drawing in commitments of \$2 billion from 22 of the 23 lenders invited into the deal.

One financier says the Merrillville, Ind.-based utility has a strong roster of relationship banks that drove demand for the deal, despite five basis points being shaved off pricing. The loans are split between a \$500 million 364-day revolver and a \$750 million three-year facility, which also contains a \$500 million letter of credit facility (PFR, 3/23). **Barclays Capital** was co-lead and sole bookrunner and **Credit Suisse First Boston** was co-lead.

MMC Seen Teaming Up With TCW

New York-based energy acquisition boutique **MMC Energy** has reportedly tapped Californian money management giant **Trust Company of the West** for acquisition financing. Market watchers say the deal is a welcome fillip for MMC as it bids on a variety of distressed power plants in the U.K. and North America. Senior partner **Karl Miller** declined to comment.

Ealier this year Miller told *PFR* that the firm was looking to raise some \$250-750 million through a new energy acquisition fund (PFR, 1/27).

Senior Macquarie Banker Exits

Tom Capasse, a veteran financier in **Macquarie Securities'** New York operation, has left the firm, say industry officials. Calls to Macquarie officials were not returned by press time. Capasse, a founding member of **Merrill Lynch's** asset-backed securitization group in the mid-1980s, is a highly regarded financier, industry officials add. "He's very smart," says one banker who worked with him on California's Path 15 transmission line financing last year (PFR, 9/23). It could not be determined whether Capasse has another position lined up.

Through the management of a number of investment vehicles, Macquarie has become an active player in the U.S. energy industry, particularly in transmission. Recently it was part of the group which bought out **GE Structured Finance's** 85% stake in **Michigan Electric Transmission Co.** (PFR, 12/16).

Distressed Debt Analyst Leaves Deutsche Bank

Martin Tonnby, a high profile distressed debt analyst at **Deutsche Bank** in London, left the firm earlier this month and is reportedly heading to the buy-side. Tonnby could not be reached and calls to Deutsche Bank were not returned.

Market watchers say Tonnby was one of a small team at Deutsche Bank that for the past 18 months has become one of the most active investors and brokers of distressed U.K. power plant debt. Last December, for example the investment bank bought a chunk of **Drax Power** debt from **Mizuho Corporate** making it the largest single loanholder in the 4 GW coal-fired plant (PFR, 12/22). The bank also has been an active trader of **Damhead Power**, **Killingholme B** and **Teesside** paper. Market watchers speculate that Deutsche Bank's power plant trading activity is split roughly evenly between proprietary trading and brokering.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Lyonnais Energy Head Joins Berenson

John Rice, managing director and head of energy investment banking for the Americas at **Crédit Lyonnais**, has left the French bank to join New York-based energy boutique **Berenson & Co.** “Berenson has a great track record in energy,” says Rice of his decision to join the bank.

Rice left Lyonnais March 12, and expects to be at Berenson by the end of this month. He joins as a managing director focusing mainly on power and will report directly to **Jeffrey Berenson**, the firm’s co-founder and chief executive.

Rice says he’s unsure if Lyonnais, which is set to merge with **Crédit Agricole Indosuez**, intends to fill his position.

A banker notes that Lyonnais entered the U.S. energy investment banking field several years ago, hoping to capitalize on a large energy loan portfolio in the U.S. But a slowdown in both project finance and M&A activity has undermined its ability to pickup advisory mandates. Calls to the bank’s press office in New York were not returned.

Rice joined Lyonnais two years back from **Donaldson Lufkin & Jenrette**. His client base includes **El Paso Corp.**, **Aquila** and **Rutland**, Vt.-based **Central Vermont Public Service**.

Administrator Relaunches Welsh Plant Sale

Administrator **KPMG** has relaunched the sale of **Fifoots Point**, a 363 MW coal-fired plant in Wales that went into administration two years ago (PFR, 3/2/02). The move follows the expiry of a short-term third-party management contract at the plant. Market watcher says **KPMG** hopes that a sharp rise in wholesale power prices over the past year will flush out interest among both private equity firms and incumbent utilities. Lukewarm interest in the asset prompted **KPMG** to put the **Fifoots** sale on the backburner early last year. Calls to **Richard Hill**, administrator, were not returned.

Over the past six months U.K. utility **RWE Innogy** has been operating the plant on behalf of the administrator. But with winter drawing to a close, the need to keep the generator on the grid has diminished. **Leon Flaxman**, a spokesman at **Innogy**, says the six-month management contract expires at the end of this month and will not be renewed over the summer. He adds **Innogy** has a “care and preservation” contract to maintain the plant until June. **Innogy** is unlikely to bid to acquire **Fifoots**, says **Flaxman**.

Market watchers estimate **Fifoots** has a GBP15-18 million (\$27-33 million) market value based on the worth of its debt. **Deutsche Bank** was recently offering indicative pricing of

12/15% of face value on the plant’s roughly GBP122 million of project-level debt, note market watchers.

AES funded the re-commissioning of **Fifoots** in late 1999 with a GBP130 million loan arranged and underwritten by **Deutsche Bank**. **AES** walked out on the plant in early 2002 after the base-load price of electricity slumped almost 40% to GBP14 per MWh.

The plant’s primary attraction is that **AES** fitted it with flue gas desulphurization equipment. On the down side, **Fifoots** has an unpermitted large coal ash slag heap that needs to be cleared. “The environmental liabilities at the plant are tough to quantify and this has scared away bidders,” says one analyst.

Trafigura Loses London Originator

Ron Neal, head of power and gas structuring at **Trafigura** in London, has left the firm a little less than a year after joining from **Banc of America Securities** in New York (PFR, 4/22). An official at the Lucerne, Switzerland-headquartered firm says **Neal**, former head of commodity structuring at **BofA**, left **Trafigura** in mid March and is already interviewing at several other commodity trading shops. He notes that **Neal**’s experience and forte of structuring big-ticket commodity deals didn’t fit well at a relatively small and privately owned trading house such as **Trafigura**.

Neal was one of several **BofA** and **El Paso Corp.** traders and originators to join **Trafigura** last year as it looked to build up a power and gas business under the leadership of **David Mooney**, former global head of commodities at **BofA**.

Mooney declined comment. Calls to **Neal** were not returned.

ABN AMRO Banker Joins GE

Nikolas Novograd, v.p. in **ABN AMRO**’s Chicago energy group, has left the bank to join **GE Corporate Financial Services** in New York. **Novograd** spent eight-and-a-half years at **ABN**, until recently focusing on loan origination to the power sector. Last May, he moved into loan portfolio management. He reported to **Philip Leigh**, director.

At **GE**, **Novograd** will return to power sector origination and will mostly focus on liaising with private equity firms looking to invest in power financings. “I was really looking to get back into origination,” notes **Novograd**, adding that he will assume his position April 26 and report to **Charles Galante**, senior v.p.

GE Corporate Financial Services, a unit of **GE Commercial Finance**, focuses on bringing private equity sponsors into a variety of deals in the energy, retail and industrial sectors and works closely with **GE**’s newly formed power sector financing unit, **GE Energy Financial Services** (PFR, 1/5), says a spokesman.

Attala Auction Fails To Draw Interest

The public auction of the 526 MW Attala Generating Facility in McAdams, Miss., on March 5, reportedly failed to draw a single bid. And lukewarm interest has led the syndicate of 17 lenders, which includes **John Hancock Life Insurance**, **AIG Life Insurance** and **Allstate Life Insurance**, to consider mothballing the money-losing plant, says an official involved in the plant's operation.

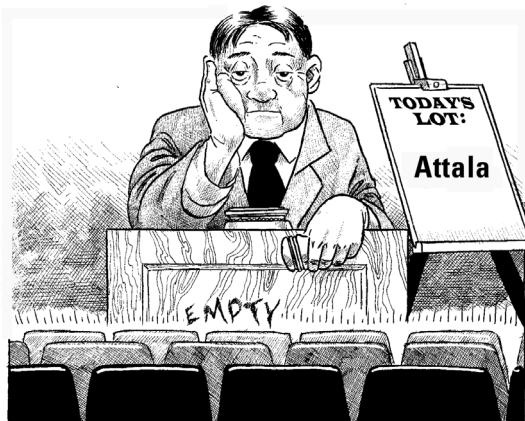
Despite the lack of interest at the auction, at least one

private equity firm continues to conduct due diligence on the asset and may bid for the plant, says a market watcher, declining to elaborate.

Vincent Hahn, a consultant at the plant's manager **R.W. Beck**, in Framingham, Mass., says a new creditor-owned company has been set up to own the plant, **Central Mississippi Generating Co.** He declined to comment on the auction's success.

The power plant was originally financed on a leveraged-lease basis, with **Verizon Capital** and **CIT** taking equity ownership. Under the lease, **PG&E National Energy Group**

operated the project and marketed the output (PFR, 3/15).



Allied Irish Bolsters N.Y. Desk

Allied Irish Bank has hired **Rob Moyle** as a senior banker in its energy and utility structured finance group in New York. One industry official says Moyle is a familiar fixture in project finance circles, noting he was most recently head of project finance syndication at **Dresdner Kleinwort Wasserstein**. Prior to that he had stints at **Bank of Tokyo-Mitsubishi** and **Credit Suisse First Boston**. **Vaughn Buck**, head of the group at AIB, says Moyle fills a new position created as a result of the growth of the U.S. book.

Allied Irish launched its energy and utility group in New York three years ago and it remains an active player, bankers say. It most recently took a slice of **Calpine's** \$230 million **Riverside Energy Center** loan (PFR, 10/28).

WestLB Places Trinidad Plant Paper

WestLB has sold an \$80 million private offering of 20-year non-recourse notes funding the acquisition of a contracted power plant in the Caribbean. One industry official tracking the deal says the 8.15% coupon notes, placed with a group of three investors, funds the acquisition of the 225 MW **InnCOGEN** natural gas-fired power plant in The Republic of Trinidad and Tobago. He adds the facility is backed by one of the longest offtake contracts in the region. Bankers at **WestLB** declined comment.

The bond offering was sponsored by **CES Acquisition**, the vehicle that bought **Continental Energy Services**, the IPP business of **Montana Power Co.**, says a financier.

The **InnCOGEN** facility began operations in 1999 and has 26 years remaining on a power purchase agreement with the **Trinidad and Tobago Electric Commission**, the governmental

entity responsible for the transmission, distribution and administration of power to the national grid. The PPA is backed by a sovereign guarantee.

Mizuho Adds Big Apple Staffer

Mizuho has beefed up its New York project finance desk by taking on **Evan Levy**, an ex-**Intesa** financier. Calls to **Levy** were not returned, so his role and start date could not be determined. **Levy** was one of the team released by **Intesa** recently as part of a move by the Milan-based lender to focus on Italian clients and drop most of its U.S. structured finance business groups (PFR, 3/8).

FPL Wind Loan Delayed Over Expansion Issue

FPL Energy's \$126 million refinancing of the largest wind farm in the U.S. has been delayed by documentation changes that will clear the way for the addition of another facility on adjacent land. The change is a minor obstacle, says one banker signed up for the loan, who notes the deal has a strong line up of around 13-14 lenders. Allocations will be set once everyone has signed off on the altered documentation.

The **Juno Beach, Fla.**, developer is using the 14-year loan to remove from its balance sheet the financing of a 300 MW wind farm located along the **Oregon/Washington** border (PFR, 2/23). Calls to leads **Bayerische Landesbank** and **ANZ Investment Bank** were not returned.

The changes are needed because there are some common elements between **Stateline** and the possible expansion project, says a banker, who was unable to provide further details.

UniSource Loan Nears Close

A \$410 million loan financing the planned acquisition of **UniSource Energy** is edging toward completion after a lengthy syndication process in which some lenders balked at a delayed draw down of capital. One banker tracking the deal says the loan for **Saguaro Utility Group** is close to closing and institutional investors are the most likely buyers.

The financing hit a snag because the draw down on the loan is dependent on regulatory approval for Saguaro's takeover of UniSource, the parent of **Tucson Electric Power Co.** Some financiers were unwilling to make that commitment for a 50 basis point ticking fee when the green light for the takeover might not be given for up to a year (PFR, 2/23). Base pricing was notched up from LIBOR plus 350 basis points to 450 basis points to grease the deal's wheels.

One lender notes the Saguaro loan was launched alongside a separate \$400 million refinancing for Tucson Electric. That deal was strongly oversubscribed and the lead banks are saying individual bank allocations will reflect their support for the Saguaro loan.

Duke Exits Australia, Eases Fire-sale Worries

Duke Energy's announcement last week that it intends to sell its Australian and New Zealand power plants to Australian natural gas company **Alinta Ltd.** for \$1.24 billion has eased the pressure on management to divest its southeast U.S. generation portfolio. The merchant portfolio is struggling to make money and commentators had feared Charlotte, N.C.-based Duke would be forced to divest the business at fire-sale prices (PFR, 3/1).

Dot Matthews, fixed-income analyst at New York-based **CreditSights**, has raised her rating on Duke's debt from neutral to overweight in the belief it landed a healthy price for the Antipodean plants. "We love it," she says. "They got near the top of the range."

Duke spokesman **Pete Sheffield** says that the utility plans to reduce debt by \$2.3 to \$2.8 billion this year with \$1.5 billion coming through asset sales.

The proceeds from the latest sale will be used to pay down debt at unregulated subsidiary **Duke Capital**. "Part of the reason I upgraded Duke Energy," says Matthews, "is because Duke Capital is less likely now to suck money out of the parent company."

With the further sale last week of \$138 million in surplus parts Duke only has to raise some \$150 million in asset sales this year to meet its divestiture target. This is positive, notes a Wall Street banker, since the southeast assets will likely prove hard to sell. "They will sell those plants but I expect to see other asset sales in the next year," he says, adding that Duke might sell off some South American plants.

FGIC Beefs Up New Utility Group

Financial Guaranty Insurance Co. has hired **Paul Morrison**, an associate director in **Barclays Capital's** utility team, to head up the monoline bond insurer's North American utilities effort. Morrison reports to **Tim Travers**, global head of utilities, who joined in December from rival monoline **AMBAC Financial**.

Morrison says FGIC has begun building a utilities group in the belief that the market is ripe for well-rated insurers to assist poorly rated companies, such as utilities, raise money. "We've seen that AMBAC was successful in this area," he says.

Morrison joins as a managing director and says the company is looking to bring on more utility specialists.

Price Talk Rises On Astoria Construction Financing

Pricing on a \$690 million loan being pitched to finance the construction of a 500 MW gas-fired plant in Queens, New York, is edging up, according to financiers. After launching with price talk at the LIBOR plus 450 basis point level, officials say a 550 basis point margin is now being floated. If wrapped, the novel deal, sponsored by **Astoria Energy**, would be the first high-yield B loan to fund construction of a power plant (PFR, 3/8).

One banker who looked at the loan and decided to pass on taking a stake says the deal is probably a bit too risky for banks. Raising the spread makes sense to spark interest among traditional B loan institutional investors, he says.

The eight-year facility is underpinned by a 10-year offtake contract with **Consolidated Edison Co. of New York**, but on the downside the project isn't backed by a heavyweight sponsor.

Credit Suisse First Boston is leading the deal.

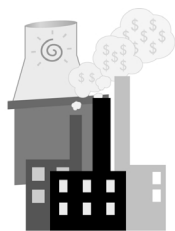


Middle East & North Africa

Oman Receives Sohar Bids

As many as six power plant developers and joint ventures are likely to bid today on Oman's 500 MW Sohar independent water and power production (IWPP) mandate. An official close to the transaction says **AES**, **Tractebel**, **TotalFinaElf**, and joint bids from **International Power** and **Mitsui**, **SembCorp** and **Nissho Iwai Corp.**, and India's **Bharat Heavy Electrics Ltd.** and **National Thermal Power Corp.** have said they're likely to file bids.

Oman's Ministry of National Economy, advised by **Société Générale** and **Denton Wilde Sapte**, will then take some four to six weeks to evaluate the bids and hopes to name a preferred bidder by May 24, says the official. He notes that all bids must have their financing plans fully underwritten.



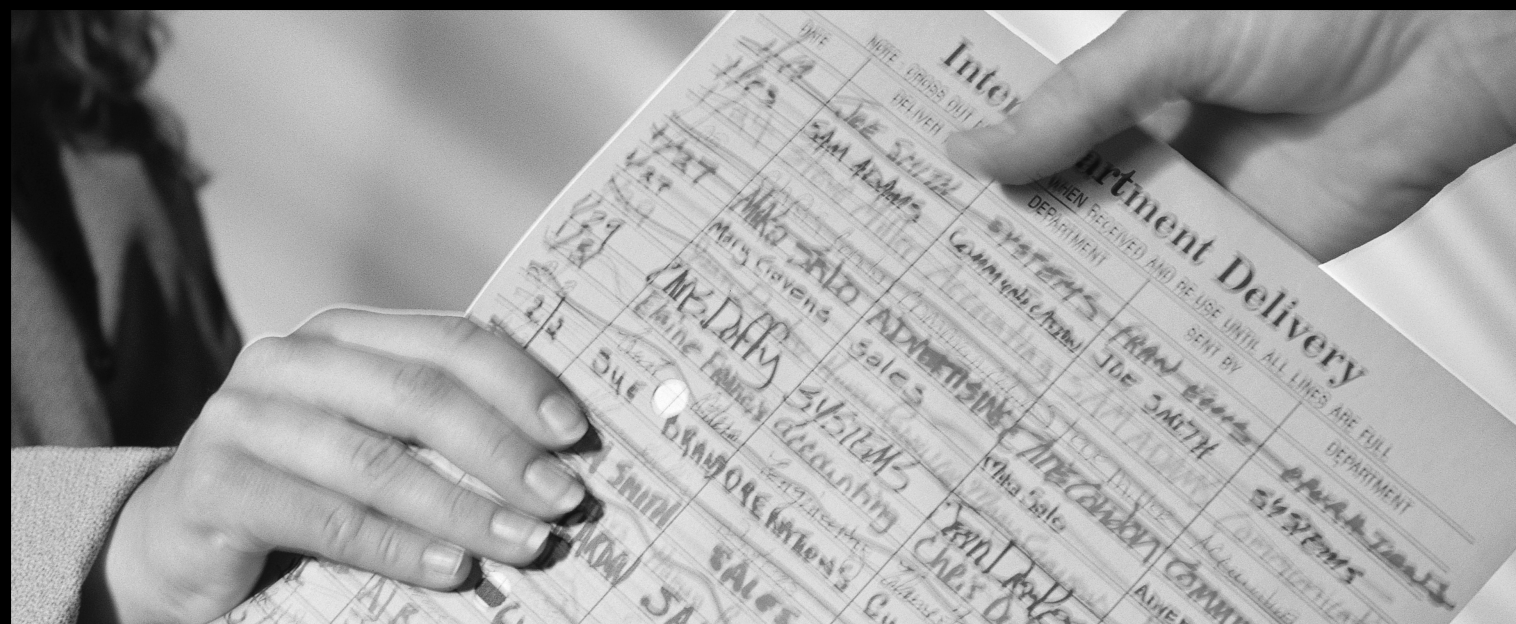
Generation Auction & Sale Calendar

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 Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail wainger@euromoneyplc.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Lexigon	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Lexigon	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing
AES Fifoots Point	Fifoots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Reliant has passed up option to purchase portfolio.
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhilips	Ingeside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Banks Looking To Divest Ownership.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Hot Spring Energy Facility	Ark.	620	Gas	CSFB	Launched sale in January.
	Murray Energy	Ga.	1,240	Gas		
	Sandersville Energy	Ga.	640	Gas		
	Marshall Energy	Kty.	640	Gas/oil		
	Hinds Energy Facility	Miss.	520	Gas		
	Southhaven Energy	Miss.	640	Gas		
	Enterprise Energy	Miss.	640	Gas		
	New Albany Energy	Miss.	385	Gas		
	Lee Energy	Ill.	640	Gas		
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Moapa Energy	Nev.	1,200	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
Dynergy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Ongoing.
	Hartwell	Ga.	300 (50%)	Gas		
	Michigan Power	Mich.	123 (50%)	Gas		
	Commonwealth	Va.	340 (50%)	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso North America (Merchant assets)	Bastrop	Texas	543 (50%)	Gas	Citigroup	Final bids due.
	Bayonne	N.J.	186	Gas		
	Berkshire	Mass.	261 (56.41%)	Gas		
	Camden	N.J.	149	Gas		
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Milford	Conn.	540 (45%)	Gas		
	Newark Bay	N.J.	147	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Set to sell remainder of QF portfolio to AIG.
	Prime	N.J.	66 (50%)	Gas		
Edison Mission Energy	Derwent	U.K.	214 (33%)	Gas	CSFB/Lehman	Looking to launch asset sale early in 2004.
	Dinorwig	U.K.	1,728	Pumped-storage		
	Ffestiniog	U.K.	360	Pumped-storage		
	ISAB Energy	Italy	512 (50%)	Waste		
	ICPV4	Italy	312 (50%)	Wind		
	Spanish Hydro	Spain	86	Hydro		
	Doga Energy	Turkey	180 (80%)	Gas		
	CBK	Philippines	728 (50%)	Pumped-storage		
	Clyde	N.Z.	432 (51%)	Hydro		
	Kwinana	Australia	116 (70%)	Gas		
	Loy Yang B	Australia	1,000	Gas		
	New Plymouth	N.Z.	464 (51%)	Gas		
	Oakey	Australia	300 (12%)	Gas		
	Ohaaki	N.Z.	104 (51%)	Gas		
	Otahuhu A	N.Z.	45 (51%)	Gas		
	Otahuhu B	N.Z.	372 (51%)	Gas		
	Poihipi	N.Z.	55 (51%)	Steam		
	Roxburgh	N.Z.	320 (51%)	Hydro		
	Te Rapa	N.Z.	45 (51%)	Gas		
	Valley Power	Australia	300 (60%)	Gas		
	Wairekei	N.Z.	165 (51%)	Steam		
	Paiton	Indonesia	1,230 (40%)	Coal		
	Tri Energy	Thailand	700 (25%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
Energy East	Ginna	N.Y.	470	Nuclear	J.P. Morgan/Concentric	Agreed sale to Constellation Energy.
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	ArcLight is set to acquire Entergy's 50% stake. Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
	Independence	Ark.	842 (15%)	Coal		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring Sale.
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders. Looking to execute a quick sale.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	E&Y (Administrator)	El Paso placed plant in administration.
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Ongoing.
InterGen Killingholme Power	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing.
	Killingholme B	U.K.	800	Gas	N/A	Banks Looking To Divest Ownership.



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Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Merloni Elettrodomestici	Teverola	Italy	150	gas	N/A	Is in talks with ArLight.
	Ferrara	Italy	150	gas		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Ongoing.
	Panther Creek	Penn.	80 (55%)	Coal		
	Logan	N.J.	226 (50%)	Coal		
	Northampton	Penn.	110 (50%)	Coal		
	Indiantown	Fla.	330 (51%)	Coal		
	Carneys Point	N.J.	245 (51%)	Coal		
	Selkirk	N.Y.	345 (42%)	Gas		
	Altresco Pittsfield	Mass.	173 (89%)	Gas		
	Masspower	Mass.	267 (13%)	Gas		
	Scrubgrass	Penn.	87 (51%)	Coal		
	Colstrip Energy	Mont.	40 (17%)	Coal		
	Hermiston	Ore.	474 (25%)	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Nations Energy	Bayport	Texas	80	N/A	Considering liquidating the company.	
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
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
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Gila River Power Station	Ariz.	2,300	Gas	N/A	Considering exiting the merchant energy business.
	Odessa Power Station	Texas	1,000	Gas		
	Guadalupe Power Station	Texas	1,000	Gas		
	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	Union Power Station	Ark.	2,200	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In March.

Weekly Recap

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

Asia & Australasia

- **Duke Energy** has agreed to sell its Asia-Pacific energy assets to **Alinta Ltd.** for \$1.24 billion, putting an end to speculation about which Australian company was going to buy the portfolio. The sale includes all of Duke's assets in Australia and New Zealand and is slated to close in the second quarter. Alinta is an Australian integrated energy retailer (*Dow Jones*, 3/14).

- **International Power** has raised AUD62 million (\$46 million) of non-recourse financing to fund the development and construction of the 46 MW Canunda wind farm in South Australia. Financing was arranged by **Royal Bank of Scotland** and **Crédit Agricole Indosuez** (*Dow Jones*, 3/17).

Europe & Middle East

- **ScottishPower** has warned that it may shift a large portion of its proposed GBP1 billion plus wind farms investment program from the U.K. to the U.S. unless the planning process is reformed. The utility is becoming frustrated by the U.K.'s Ministry of Defence and airports operator **BAA**, which are objecting to the wind farm applications. They are worried that the turbines may interfere with their radar systems (*Independent On Sunday*, 3/14).

- Top U.K. wholesale power broker, **Mitch Feierstein**, is suing his former employer, **Spectron Futures Ltd.** for around GBP1 million in alleged unpaid bonuses and share options in the company, a U.K. High Court heard Tuesday. Among Feierstein's witnesses is **Entergy Koch Trading's** former president of European business, **Uday Narang**. In a separate case, Narang is claiming unfair dismissal from EKT (*Dow Jones*, 3/17).

U.S. & Canada

- **Aquila** has completed the sale of its interests in 12 power plants to **Teton Power Funding**, an affiliate of **ArcLight Capital Partners**. Aquila received \$257 million from the sale. The power plants are a part of Aquila's residual merchant energy portfolio and represent 627 MW of net ownership interest (*Business Wire*, 3/15).

- **Public Service Enterprise Group** has conditionally agreed with a subsidiary of **Edison International** to terminate a lease investment in the Collins generating facility in Illinois. The deal is contingent on Edison unit **Midwest Generation**

successfully borrowing funds to finance the repayment of \$774 million of lease debt (*Reuters*, 3/15).

- **Selim Zilkha**, formerly **El Paso Corp.**'s largest individual shareholder with 8.9 million shares, sold most of his stock in the company last year after shareholders rejected his dissident slate of new directors. He sold the last of his shares March 8 (*Associated Press*, 3/12).

- **Pacific Gas & Electric** has launched a five-part sale of \$6.7 billion in bonds. The funds will be used to finance the Golden State utility's exit from bankruptcy. The deal is jointly led by **Lehman Brothers** and **UBS**. **Citigroup** is co-lead manager (*Reuters*, 3/17).

- **Idacorp** reached a \$9.8 million settlement with Idaho regulators and consumer groups over trading, hedging and risk management practices during the 2000-2001 Western energy crisis. Last May, federal regulators found that trading unit **Idacorp Energy** had engaged in trades before it was actually registered to do so (*Dow Jones*, 3/16).

- The Supreme Court of the State of New York has dismissed a lawsuit filed against TXU by certain TXU equity-linked securities investors. The Court held that TXU's European subsidiary was not TXU's "property" and therefore the collapse of the business does not constitute a termination event for the securities (*First Call*, 3/16).

- **DPL** has hired a law firm to investigate a lengthy list of fraud allegations made by a senior executive. The moves come after Controller **Dan Thobe** sent a nine-page memo, dated March 10, detailing the allegations to the audit committee of DPL's board. In the memo, Thobe said he raised initial concerns when he thought he would be required to sign the company's annual **Securities and Exchange Commission** filing, but that DPL's interim chief financial officer relieved him of that duty. The memo asked the board to investigate what he said might be violations of SEC disclosure rules, **Internal Revenue Service** tax rules and conflict-of-interest standards that, the controller suggested, may have led to the improper enrichment of three senior executives, including the company's chief financial officer, chief executive and chairman (*Wall Street Journal*, 3/17).

U.K. WIND

(continued from page 1)

director at Falck, declined to comment.

Falck is looking to acquire the Cefn Croes project and finance its development concurrently. The company recently sent out request for proposals for banks to finance construction of Cefn Croes and the Boyndie Airfield wind farm project on the Aberdeenshire coast of Scotland through a single loan and is looking to award the mandate within the next month, says financiers. **Bank of Tokyo-Mitsubishi** and **HBOS** are among those bidding for the roughly GBP90 million (\$165 million) mandate, they add.

Unusually for wind farm financing, Falck is attempting to incorporate some merchant risk into the two-project deal. "Falck is looking to retain some of the upside potential on the value of renewable energy certificates (ROCs) and is pushing the envelop in terms of risk transferal," says one official close to the deal. He adds that banks are becoming more comfortable with wind farm technology and are tentatively willing to consider a degree of merchant risk.

Falck is developing the Boyndie project in conjunction with RDC on a disused former World War II airfield near Aberdeen. The project received planning permission at the beginning of this year.

—Will Ainger

KEYSPAN READIES

(continued from page 1)

control over the entire 2,160 MW gas-fired plant. **Ed Yutkowitz**, spokesman for KeySpan, says the utility is reviewing its options for refinancing the plant extension, adding a deal should be completed by the end of next month. Calls to RBS' utility banking team in Houston were not returned.

The massive Ravenswood Generating Station sits on the Queens side of the East River and provides the Big Apple with more than 25% of its power needs. KeySpan is set to complete construction of the extension this month.

Last year, **Mike Taunton**, treasurer at KeySpan, told *PFR* that the company was considering either sale-and-leaseback financing or traditional non-recourse debt to fund the extension of Ravenswood, with price being the determining factor (*PFR*, 1/27/03). Taunton did not return calls last week.

Neal Suess, a senior director for consulting firm **R.W. Beck** in Columbus, Neb., says that companies often employ sale-and-leaseback structures to finance new projects because they offer tax and accounting benefits. He explains that plants benefit from accelerated depreciation recovery tax breaks.

—N.S.

Financing Record (MARCH 10 - MARCH 16)

Bonds

Issue Date	Maturity	Issuer	Country	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
3/12/04	3/25/14	AES Gener	Chile	400	99.853	Notes	7.5	380	Ba3	BB+	Deutsche Bank
3/12/04	3/15/11	Hawaiian Electric	U.S.	50	100	MTNs	4.23	154	Baa2	BBB	Goldman Sachs
3/15/04	12/30/08	General Electric Capital	Japan	37.4	100	Fxd/Straight Bd	10	-	Aaa	AAA	Royal Bank of Canada
3/15/04	4/15/14	Potomac Electric	U.S.	175	99.901	Notes	4.65	90	A3	A-	CSFB/Merrill
3/15/04	4/15/34	Potomac Electric	U.S.	100	99.924	Notes	5.75	105	A3	A-	CSFB/Merrill
3/16/04	4/25/14	EKW	Switzerland	78.3	100.39	Fxd/Straight Bd	2.75	-	NR	AA-	Zuercher Kantonalbank
3/16/04	3/15/14	Sierra Pacific	U.S.	335	100	Senior Notes	8.625	493	B2	B-	Lehman/Merrill Lynch.

M&A

Date Announced	Date Effective	Target	Target Advisors	TargetCountry	Acquiror	Acquiror Advisors	Acquiror Country	Deal Value (\$mil)
3/11/04	-	OA0 Belgorodenergo	-	Russian Fed	Energy Standard	-	Ukraine	-
3/11/04	3/11/04	Elsam A/S	-	Denmark	EnergiGruppen Jylland El A/S	Rothschild	Denmark	444.285
3/11/04	-	OA0 Kubanenergo	-	Russian Fed	Energy Standard	-	Ukraine	50
3/11/04	-	Rockgas	-	New Zealand	Origin Energy	-	Australia	11.912
3/11/04	-	OA0 Tambovenergo	-	Russian Fed	Energy Standard	-	Ukraine	-
3/11/04	-	OA0 Tomskenenergo	-	Russian Fed	Energy Standard	-	Ukraine	-
3/12/04	3/12/04	GMR Energy	-	India	India Development	-	India	22.137
3/15/04	-	AEP TX Cntrl	-	U.S.	Investor Group	-	U.S.	430
3/15/04	-	Duke Intl-Gas Asts	JP Morgan	Australia	Alinta	Macquarie	Australia	1,359.94
3/16/04	-	Citilec	-	Argentina	Dolphin Fund	-	Argentina	-

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (973) 645-9701.

WALL STREET

(continued from page 1)

CSFB's private equity arm is conducting due diligence on the plants with the aid of an external operations and management team that could run the assets if it wins the auction, say market watchers. Calls to **Ari Benacerraf**, managing director, were not returned. Morgan Stanley, which already owns a 100 MW plant in Alabama and a 75 MW facility in Georgia, is evaluating the assets through its New York-based commodity trading group. **Simon Greenshields**, head of commodity trading, did not return calls.

CSFB Private Equity has made several forays into the power sector in recent years, but has yet to show a strong interest in merchant plants, notes a banker. In 2002 it invested \$750 million in **TXU Corp.** to shore up the Dallas-based utility's balance sheet after it announced heavy losses in Europe (PFR, 10/14/02). Last year it bought **United American Energy**, a Woodcliff Lake, N.J.-based waste-to-energy outfit for \$1.6 billion. CSFB Private Equity is

reportedly looking to spend \$500-700 million on power and natural gas investments this year (PFR, 12/25).

In February DENA and its financial advisor **Credit Suisse First Boston**, pushed back the deadline for filing non-binding bids to this month, in part because of regulatory issues. CSFB has warned potential suitors that the **Federal Energy Regulatory Commission** is likely to frown upon deals that undermine wholesale competition in the southeast (PFR, 3/1). This has discouraged regional utilities, such as **Southern Company** and **Entergy** from bidding, say market watchers.

Officials that have passed the slide rule over the DENA portfolio say the most attractive plants on offer are two mid-merit assets, Murray, a 1.24 GW partially-contracted CCGT plant in Georgia, and Hot Springs, a 620 MW merchant CCGT in Arkansas. One bidder says he attaches minimal value to Duke's five-plant peaking portfolio. DENA is looking to divest the plants as a single lot, however, and thus any buyer may have to acquire the chaff with the wheat, says the bidder.

—Nina Sovich

SEMPRA J.V.

(continued from page 1)

Rick Vaccari, managing director at SEP in San Jose, Calif., says the J.V. has already been approached by a host of banks regarding debt financing and is evaluating whether to tap the project-loan or bond markets or term B investors. The choice will ultimately come down to pricing, he says. SEP and Carlyle are each considering investing up to \$100 million equity capital.

Before it taps debt investors, the J.V. is looking to turn the coal-fired Coletto Creek plant and several of the gas-fired assets into contracted facilities. Vaccari says he's talking to a variety of counterparties and hopes to have some on board before the acquisition's scheduled completion in July. He declined comment on who the J.V. is courting, but market watchers say the J.V. has approached **Centrica North America** and **Tractebel North America**, both of which have supply operations in Texas and **Sempre Energy Trading**, a marketing arm of **Sempre**.

Market watchers say implementing offtake contracts is crucial if the J.V. is to leverage the acquisition, as most lenders

are unwilling to take on merchant exposure.

The J.V. acquired the AEP portfolio primarily to get control of the coal-fired Coletto Creek plant, which sits atop the dispatch curve in Texas' oversupplied generation market. "We were really focused on the coal-fired plant. Coletto is one of the best coal-fired plants in ERCOT, if not the whole of the country. It's well run and there's a lot of flexibility in sourcing coal," enthuses Vaccari.

The J.V. is unsure what it will do with the nine aging gas-fired plants, many of which have already been mothballed or struggle to compete with modern CCGT assets. Most were built between 1940-1965. "There are certainly some interesting vintages in there. If they were bottles of wine they'd be in great shape," quips Vaccari.

—W.A.



Quote Of The Week

"There are certainly some interesting vintages in there. If they were bottles of wine they'd be in great shape." —**Rick Vaccari**, managing director at **Sempre Energy Partners**, reflecting on a portfolio of nine aging gas-fired plants it is acquiring from **American Electric Power** (see story, above).