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Fund Taps CS Rainmaker

Neil Auerbach's Hudson Clean Energy Partners has hired John Cavalier, head of renewables at Credit Suisse, as his co-managing partner.

See story, page 2

Project Finance Shortlist Unveiled

The nominations for the seventh annual *Power Finance & Risk* project finance awards have been released. **LS Power**, **First Reserve** and **Acciona Solar** are just some of the names in contention for the top honors.

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HARBINGER SHOPS EX-CALPINE CANADA FLEET

Harbinger Capital Partners is selling a series of plants through subsidiary **Kelson Canada**, formerly **HCP Acquisition**. As first reported by *PFR* last Wednesday, UBS is thought to be auctioning the portfolio, which consists of:

- 300 MW Calgary Energy Center in Alberta
- 230 MW Island Cogeneration in Duncan Bay, B.C.
- 120 MW King City in California and
- a participating loan interest in 50 MW Whitby Cogeneration in Ontario

(continued on page 12)

Lands Williams Plant

AMERICAN SECURITIES UNIT PLOTS \$1B PORTFOLIO

Lakeside Energy, an investment subsidiary of New York private equity firm **American Securities Capital Partners**, is looking to acquire \$1 billion in North American generating assets and last Wednesday closed on a 150 MW gas-fired plant in Hazleton, Pa. "I think we have learned you need around \$1 billion worth of assets to be visible in this space," says **Bill Johnson**, ceo of Lakeside in Chicago. Organic growth is its focus over the short-term, but

(continued on page 12)

FIVE VIE FOR RAVENSWOOD

Five strategic contenders are left in the auction to acquire 2.4 GW Ravenswood Generating facility in Queens, N.Y., from **National Grid**.

As first reported by *PFR* last Tuesday, **FPL Group**, **SUEZ Energy North America** and **TransCanada** are thought to have bid the most aggressively for the facility. Trailing them slightly are **Public Service Enterprise Group** and **Électricité de France**. **Bear Stearns** is advising FPL, but



(continued on page 12)

Blade Runners

BP, DOMINION HUNT DEBT FOR INDIANA WIND FARM

BP Alternative Energy and **Dominion** are looking to land around \$500 million in financing by June for the first phase of their planned 750 MW Fowler Ridge wind farm about 90 miles northwest of Indianapolis. Banks have until Thursday to respond to an RFP issued two weeks ago.

Construction of the project in Benton and Tippecanoe Counties, began in February. Phase

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



At Press Time

CS' Cavalier To Co-Head Fund; Bank Commits \$300M

Neil Auerbach, managing partner and founder of private equity firm **Hudson Clean Energy Partners**, has tapped **John Cavalier**, head of renewable energy investment banking at **Credit Suisse**, as his co-managing partner. The move, first reported in *PFR Daily* last Thursday, accompanies a partnership between the fund and the bank, which will see CS—together with its clients and affiliates—invest at least \$300 million in Hudson, giving the fund access to some of its deal flow.



John Cavalier

“My vision was for an all-star investment team in late-stage energy investing and we recognized the need to beef up our core team,” says Auerbach. “We decided to focus on picking someone as a partner, someone that provided a complementary skill set and demonstrated leadership in the space. John’s track record is without peer.”

Among the initial public offerings in renewable energy Cavalier handled at CS were the \$459 million IPO and \$698 million follow-on offering of thin film solar manufacturer **First Solar**. While Auerbach was a partner in the fixed-income group at **Goldman Sachs**, the firm provided \$75 million of expansion capital to First Solar. Goldman has since then reportedly netted a stock gain of about \$1 billion on that investment.

CS had hitherto been unable to invest proprietary capital in renewables because it was lead bookrunner on several high-profile IPOs, says Cavalier, who was also chairman of energy and vice-chairman of investment banking in the Americas. Now Hudson will be the bank’s principal conduit for investing in renewables. “Neil and his team have done very successful late-stage investments and have set a very high bar for everyone else,” he says. Previously CS’ private equity affiliate **DLJ Merchant Banking Partners** acquired a controlling interest in **Specialized Technology Resources**, a solar voltaic component manufacturer, and the bank invested in the \$250 million **Masdar Clean Tech Fund**.

Cavalier is transitioning across and will be based in Teaneck, N.J. Succeeding him at CS are **Bryce Lee**, a managing director in the bank’s technology group in San Francisco, and **Ray Wood**, managing director in power in New York. Both will report to **Jamie Welch**, head of energy. **Brian Finn**, chairman of **Credit Suisse Alternative Investments** in New York, was unavailable for comment.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Katy Burne**, managing editor, at 212-224-3165 or kburne@iinews.com.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Ambac Shuttters Structured Energy Team

Ambac Financial has closed the book on its structured energy group as a part of a discontinuation of numerous structured finance posts. As reported by *PFR* March 21, Mike Pepe, managing director in New York, has left the company, and Lou Iaconetti, director, has moved to the company's global utilities business. Iaconetti declined to comment, as did Pepe, who was reached at a forwarding number left on his voicemail.

The company announced in a March 6 prospectus supplement filed with the **Securities and Exchange Commission** for its recent equity offering that it was pulling back from various structured finance businesses, including collateralized loan/debt obligations, mortgage-backed securities, whole business securitizations, pooled aircraft securitization and emerging market transactions. The company was the first of the bond insurers to be downgraded when **Fitch Ratings** cut its AAA rating to AA Jan. 18.

NRG Enters Miss. Plant Auction

NRG Energy has submitted a bid to acquire **Southaven Power**, a bankrupt 810 MW gas-fired combined-cycle plant in DeSoto County, Miss., along with its tolling agreement and interconnection facilities, being sold by **Cogentrix Energy**. As first reported in *PFR Daily* last Wednesday, a final auction will be held at the offices of **Latham & Watkins** law firm in New York today. **Houlihan Lokey Howard & Zukin Capital** is the restructuring advisor handling the sale.

Princeton, N.J.-based NRG joins stalking horse **Kelson Energy**, which bid \$305 million, and the **Tennessee Valley Authority**, the original stalking horse (*PFR*, 11/12). The size of their bids submitted March 19 could not be learned, but to reach the final round they needed to trump Kelson's bid by \$1 million. All three must commit to paying a deposit for 10% of the purchase price, a guarantee on the balance and \$86,000 for each day the deal is not closed after the fourth day following satisfaction of the debtor's sale conditions.

NRG's interest is surprising, according to one deal tracker, because it has no generation in the region. But he notes it supplies load to distribution companies in the **Entergy Services Balancing Authority Area** and could be looking for a more aggressive position there. Its **Louisiana Generating** subsidiary owns 220 MW Big Cajun I and 1,488 MW Big Cajun II in New Roads, La.

Calls to **Christopher O'Hara**, an official at NRG handling the Southaven bid, its legal counsel **Marcia Stanford** at **Leonard, Street and Deinard**, and Houlihan Lokey were not returned. TVA spokesman **John Moulton** and **Neal Cody**, president of Kelson, declined to comment.

IFM Taps Merrill To Advise On ConEd Deal

Industry Funds Management has retained **Merrill Lynch** to advise it on its pending \$1.45 billion acquisition of a 1.7 GW power portfolio from **Consolidated Edison Development**.

After the Australian infrastructure fund's original partner in the deal, **AllCapital**, pulled out, IFM bought its 37.6% stake in acquiring entity **North American Energy Alliance**. It then sought an advisor to help it close the ConEd transaction.

Dunia Wright, head of U.S. and European operations at IFM, confirmed the mandate and earlier told *PFR* the fund was, "Happy to pick up [Allco's stake] for a significant discount." A Merrill official declined to comment.

Barclays Capital underwrote the acquisition debt and is set to bring the financing to market shortly with co-lead **Royal Bank of Scotland** (*PFR*, 2/22).

SocGen, BBVA Fire Up Peru LNG Syndication

Société Générale and **BBVA Bancomer** are recruiting lenders to join the top tier of syndication of \$250 million in financing tied to construction of **Peru LNG's** liquefaction terminal south of Lima. The leads expect to launch retail syndication around the middle of April. "We're out to five institutions right now. We should hear by the middle of next week," says **Chip Carstensen**, managing director in the capital markets group at SocGen. A couple of lenders have already joined but he declined to name them.

The deal will target energy project finance banks, adds **Roberto Simon**, managing director at SocGen, which is also acting as financial advisor to the sponsor (*PFR*, 1/18). Syndication of the B loan provided by the **Inter-American Development Bank** is slated to wrap in early- to mid-May, says Carstensen, around the time of financial close for the other tranches, all of which are guaranteed by export credit agencies and not being syndicated. Lenders assume project risk on the IDB tranche, says Simon, explaining that the rest of the financing is backed by the governments of those ECAs.

The total financing includes three B loans consisting of a \$400 million slug from the **US Export-Import Bank**, \$250 million from Italy's **SACE** and \$150 million from the **Export-Import Bank of Korea** (KEXIM) alongside A loans of \$300 million from the **International Finance Corp.**, \$400 million from IDB and \$150 million from KEXIM. The tenor on all tranches ranges from 18-20 years. Additionally, Peru's **Banco de Crédito** will lead a \$350 million bond issue targeting local investors in June or July.

Peru LNG is majority owned by **Hunt Oil**, with Korea's **SK**

Energy, Spain's **Repsol**, and Japan's **Marubeni** holding the balance. Construction began in January last year on the 625 million cubic feet per day terminal and is expected to cost \$3.8 billion. An official at BBVA declined to comment and calls to the sponsor were not returned.

EIF Calypso Syndication Draws Nine

Calyon has closed its syndication of financing tied to **EIF Calypso's** purchase of interests in 14 plants from **Cogentrix Energy** via nine lenders. **HSB Nordbank** and **Prudential Financial** were the last to join the deal. They took tickets of \$60 million and \$40-50 million, respectively. A spokesman for **Energy Investors Funds** confirmed syndication had closed.

Already signed up were **Natixis**, **Mizuho Corporate Bank** and **ING Capital**, each with \$60 million buy-and-hold stakes, as well as **Sumitomo Mitsui Banking Corp.** with a \$50 million slug, **TD Securities** with \$30 million and **Union Bank of California** and **DZ Bank**, each with \$25 million (PFR, 1/25).

Pricing was flexed up to 237.5 basis points over LIBOR from 225 on the seven-year, \$200 million revolver and also on the term loan A, representing roughly one third of the \$650 million in term facilities. Pricing on the 12-year term loan B, representing two thirds of the \$650 million, was flexed to 300 from 262.5. Lenders were asked to join pro-rata in all three pieces, but institutions were not expected to play in the revolver. All but one of the projects in the portfolio has an investment-grade contract servicing the debt. Officials at the banks either declined to comment or did not return calls.

HVB Preps Dual Syndication Of Invenergy Financing

UniCredit HVB will launch parallel syndications by next week of debt tied to **Invenergy's** 150 MW **McAdoo** Wind Energy project in Texas and 99 MW **Grand Ridge** farm near Chicago. The lead is aiming to wrap the deal by the end of April, according to a deal tracker, who says the tenor on the debt is short. No bank meeting is planned.

Terms of the deal could not be learned, but **McAdoo** has an estimated cost of around \$330 million and **Invenergy** had an RFP out to finance it last fall (PFR, 1/25). Construction has begun on the farms and each is slated to come online in the third quarter.

The developer mandated **HVB** for construction financing earlier this year and already had loans in place with it and **HSB Nordbank** for 800 MW of **General Electric** turbines. **HVB** committed the financing for the 600 MW to be used across North America and earlier this month **GE Energy Financial Services** committed an undisclosed amount of tax equity financing. Officials at **HVB** declined to comment and calls to **Invenergy** were not returned.

EverPower Taps RES Developer



Chris Shears

EverPower Renewables has tapped **Chris Shears** for a newly created position of senior v.p. of development. He joined March 17 from U.K. wind company **Renewable Energy Systems** in London, where he served as development director, and reports to Managing Director **Jim Spencer** in New York, relocating to the U.S. from April 14.

Shears met Spencer in 2001 while in Australia reviewing the country's wind resources for RES. At the time, Spencer was a consultant to RES, working on its joint venture, **RES Australia** with **Southern Cross Windpower**. Shears caught up with Spencer in January and was "excited by the opportunity and fresh challenge," he says. While at RES, Shears also served as board chairman of the **British Wind Energy Association** for two years.

At **EverPower**, Shears will focus on organic growth via the developer's 2 GW pipeline across 20 sites in Oregon, Washington, New York, Ohio, Pennsylvania and Vermont. It is currently constructing the first phase of the 65 MW **Highland Wind** project in Krayn, Pa., 65 MW **Howard Wind** in Howard, N.Y., and the nearly 300 MW **Buckeye Wind** project in Champaign and Logan Counties, Ohio. Grid access, which is a problem in the U.K., is just one area he says he will add value. "That sort of experience is useful to transfer."

Retail Launch Of Puget Buyout Financing Delayed

Barclays Capital and **Dresdner Kleinwort** postponed the launch of retail syndication for \$3.575 billion in financing supporting the buyout of **Puget Energy**, according to officials tracking the deal. Bank meetings tabled for last Tuesday in New York and last Wednesday in London are now set for April 14 and April 11, respectively, with venues to be firmed up in the interim.

Deteriorating conditions in the debt markets and the onset of school holidays in the U.K. gave the leads cause to believe turnout would be better if they waited. Also, an email sent last Tuesday morning to potential participants cited a scheduling conflict with Puget's management. **Stephen Reynolds**, chairman, president and ceo of Puget, told *PFR*, "It became abundantly clear that there were a number of people unavailable because of the Easter weekend."

The leads were to announce fees and exact ticket sizes, likely below \$125 million, at the New York Palace hotel in midtown Manhattan and at the Andaz, Liverpool Street hotel in London as they look to sell down about \$1 billion (PFR, 3/20).

Officials at **Barclays**, **Dresdner** and **Macquarie Infrastructure Partners**, which leads the buyout consortium, either declined to comment or did not return calls.

KGen, Entegra Talks Stall

KGen Power's attempts to merge with Entegra have reportedly hit a snag because the respective management teams cannot agree on who will manage the combined entity. As first reported by *PFR* last Monday, the stock-for-stock transaction (*PFR*, 3/7), which would have an implied equity value of circa \$1.6 billion, would create 15%, or \$200-250 million, more value for shareholders, according to one Entegra shareholder. He points to potential cost savings from streamlined management, leveraging of energy trading infrastructure and reduced overheads at KGen, which could bring its asset management in-house under Entegra.

"The deal makes a lot of sense, but the thing that is holding it up is that one of the management teams has to go," the shareholder told *PFR*. "There's a better cost structure at Entegra." Credit Suisse and Friedman Billings Ramsey are advising KGen, whose stock is trading at \$16. Entegra, whose stock is trading at \$26-29, is close to appointing an advisor.

According to an S-1 filing, KGen's management was paid just under \$20 million last year. Gerald Lindner, ceo, was paid \$8.7 million and Donald Boyd, coo, was paid \$3.3 million. A call seeking comment from Daniel East, v.p. of strategic planning and development at KGen in Houston, was not returned. Compensation figures for Entegra's management were not available and Joff Mitchell, ceo in Tampa, Fla., declined to comment.

Danish Renewable Co. Wraps Italian Wind Financing

Greentech Energy Systems, a Danish renewable developer, has closed EUR 83.8 million (\$132.5 million) in non-recourse financing for its 48.3 MW Minerva Messina wind farm, near the town of Randazzo in northeast Sicily, says Martin Kristensen, executive v.p. in Herlev, Denmark. Greentech owns 85% of the project, with the remainder owned by local developer Vito Nicastri.

The debt consists of a EUR76.6 million senior loan and a EUR7.2 million VAT facility. Natixis was lead arranger, sole bookrunner and facility agent on the deal. It also structured a hedge. WestLB was lead arranger and underwrote EUR30 million on a take-and-hold basis.

Greentech is separately working to close financing for its 98.9 MW Monte Grighine wind farm still under construction in western Sardinia. The company is talking to an Italian bank on the project (*PFR*, 9/14) and there are "various finance institutions interested in providing long-term debt financing," says Kristensen, declining to name them. The project is estimated to cost EUR125 million—Greentech's largest so far. Financing is expected to close within the next two months.

Starwood Pockets Peaker Funds



Brad Nordholm

Starwood Energy Group Global has closed on \$98.6 million in construction financing for its 120 MW Midway peaking facility near Mendota in Western Fresno County, Calif., via WestLB and Sumitomo Mitsui Banking Corp. "It's funding during construction over the next approximately 15 months," says Brad Nordholm, ceo in Greenwich, Conn.

The loan, which funded March 21 and has a tenor matching the 15-year PPA in place with Pacific Gas & Electric (*PFR*, 1/25), but will likely not be syndicated, Nordholm says. Calls to officials at WestLB and SMBC were not returned. The developer will break ground on the simple-cycle gas-fired plant in June, and when complete it will connect to PG&E's 230-kV transmission line.

HVB Preps Renewable Bond Deals

UniCredit HVB is structuring bond financings for wind projects across Germany and France via special purpose vehicles Breeze Five and Breeze Six. Each deal is planned to be EUR350-400 (\$546-624 million). Another that will fund projects in the North Sea, Breeze Offshore, also is on deck, along with an unidentified geothermal portfolio deal estimated at EUR300 million, says Fabian Poetter, associate of structured new issues at HVB in Munich.

HVB recently opted to delay the placement of EUR245 million in 20-year secured notes for Breeze Finance, a Luxembourg SPV, Poetter says, noting, "The pricing expected was not appropriate for this portfolio." The target spread for the class A tranche was 170-190 and for the class B tranche 270-300, he says. The deal is now slated to come to market this summer or in early autumn. The sponsors, Germany's Breeze Four Energy and France's Breeze Four SNC, plan to use proceeds to buy 11 wind farms in Germany and two in France, with a combined capacity of 191 MW, from Ventotec (*PFR*, 2/1).

Last Tuesday, Fitch Ratings withdrew its BBB- rating of the class A bonds and its BB- rating of the class B. "Investors are asking for much more than is usually anticipated," said Victor Sosah, director of global infrastructure and project finance at Fitch in London.

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PFR's SEVENTH ANNUAL POWER PROJECT FINANCE AWARDS THE NOMINATIONS

PFR's annual awards recognize the key innovations and biggest hurdles overcome in non-recourse power financing. Winners will be announced April 11 on our Web site, so to have your say send your comments to Managing Editor Katy Burne at KBurne@iinews.com

Best American Deals

Sandy Creek

Sponsors: LS Power, Dynegy
Asset: 900 MW coal in Riesel, Texas
Leads: Credit Suisse (James Finch), Royal Bank of Scotland (David Nadelman)

The pitch: After launching a two-pronged, \$1.2 billion financing to both the bank and term loan B markets, recalling the financing for the sponsors' earlier Plum Point plant, the credit crunch caused the leads to speedily restructure it as a \$1 billion financing targeting solely commercial banks. Yet they achieved similar pricing and interest in retail syndication was robust, despite an air permit lawsuit. The deal gave traditional project financiers a time to shine and now serves as a bell-weather for the market.



Sandy Creek

Longview Power

Sponsor: GenPower/First Reserve
Asset: 695 MW merchant coal plant in Maidsville, W.Va.
Leads: Goldman Sachs (David Lischer), WestLB (Tom Murray)

The pitch: The \$1.1 billion financing blazed a trail as one of the first for supercritical coal and was the largest power project financing last year, albeit before the high-yield market seized up. The leads tapped the bank and term loan B markets in a deal that featured a \$350 million, 24-month, delayed-draw institutional term loan—the largest and longest successfully syndicated.



Longview Power

Empire Generating

Sponsor: Energy Capital Partners
Asset: 635 MW Empire Generating project in Rensselaer, N.Y.
Leads: Barclays Capital (Santino Basile), Union Bank of California (Monique Palumbo)

The pitch: Barclays broke new ground by taking construction risk when it committed to this first-of-a-kind, five-year forward-starting commodity hedge from day one of construction. The \$705 million project included a \$400 million construction loan and a \$100 million revolver with equity making up the balance.

Best Renewable Deals

Nevada Solar One

Sponsor: Acciona Solar Power
Asset: 64 MW parabolic trough facility near Boulder City, Nev.
Leads: Banco Santander (Adrian Katzew), BBVA (José Vizmanos) and La Caixa (Pedro Cabaco)



Nevada Solar One

The pitch: This \$140 million financing for a \$266 million, fully contracted solar project was the first leveraged-lease financing of a solar thermal unit in the U.S. and the first solar deal to be syndicated here. The project is also the largest solar farm built worldwide in the last 16 years.

Noble Environmental Power's New York Portfolio

Sponsor: Noble Environmental Power
Asset: 282 MW in upstate New York
Leads: Dexia Crédit Local (Michael Midden), HSH Nordbank (Tony Muoser)

The pitch: This \$561 million portfolio financing for Noble's inaugural three farms was the first leveraged tax-equity deal with a commodity hedge and one of the largest wind power deals on the East Coast. Noble was negotiating rights with hundreds of landowners for the farms for nearly a year, but after financial close the syndication wrapped in less than two months.



Noble's Bliss farm

Trinergy

Sponsor: International Power
Asset: 648 MW across seven projects in Italy and Germany
Leads: Royal Bank of Scotland (Alan White)

Financial advisor to the sponsor: RBC Capital Markets
The pitch: This EUR302 million (\$478.8 million) wind acquisition financing closed in just six weeks despite launching when the credit markets swooned. Originally structured as a six-month bridge, RBS recast the deal allowing the sponsor to term out the facility after three months into a 12-year mezzanine facility. That option was not exercised because IP closed a EUR1.29 (\$2.04 billion) refinancing this month. Italian tax and budget regulations also altered mid-syndication, providing additional challenges.

PFR's SEVENTH ANNUAL POWER PROJECT FINANCE AWARDS THE NOMINATIONS

Best European/Middle Eastern Deals

Marafiq

Sponsors: Marafiq (30%), ACWA Power (20%), Gulf Investment Corp. (20%), Suez Energy International (20%), Public Investment Fund of Saudi Arabia (5%), Saudi Electricity Company (5%)
Asset: 2,750 MW/176 million gallons per day desalination plant in Jubail Industrial City
Leads: BNP Paribas (Roland Kahalé), Samba Financial Group and Gulf International Bank



Marafiq

Financial advisor to Marafiq: Citigroup (Bill Appleby)
The pitch: This was the largest ever power project finance loan package worldwide at \$3.36 billion and was unique in the diversity of funding sources it tapped, underscoring the appetite of Saudi banks for power projects. It was also the longest Islamic financing tenor ever of 22 years and the longest tenor for an equity bridge loan at seven years.

Rusail & Barka II

Sponsors: Suez Energy International (47.5%), Mubadala Development (47.5%) and Oman's National Trading Co. (5%)
Asset: 666 MW Al-Rusail IPP plus a separate 678 MW greenfield expansion and 26.4 migd desalination plant known as Barka II in Oman



Rusail

Leads: HSBC (Yusuf Macun, Duncan Allison) and Sumitomo Mitsui Banking Corp. (Thomas Waterhouse, Gary Sumray)
Financial advisor to Omani authorities: ABN Amro
The pitch: This \$795.2 million deal featured a cash pooling mechanism at the holding company level for debt tied to both project companies, providing a mini-portfolio structure secured in favor of the senior lenders. It also had an unamortized balloon, making it the first IWPP transaction in the Middle East where lenders demonstrated appetite for merchant tail risk. It took just 70 days to close the financing from project signing and was 133% oversubscribed in sub-underwriting.

Taweelah A110 IWPP

Sponsors: Gulf Power Co. (60%) and Total Tractebel Emirates (40%)

Asset: 242 MW expansion to the 1,350 MW/85 migd desalination

Leads: BNP Paribas (Romain Talagrand) and Calyon (Tess Jarmolkiewicz)

Financial advisor to government: HSBC

The pitch: This \$1.33 billion deal was the first negotiated expansion of an Abu Dhabi IWPP. It had an innovative financing structure that re-leveraged the project's capital structure through an upfront cash reduction and equity coming from operating revenues at the existing 220 MW, 28 migd Taweelah facility. The tenor was 22.5 years door-to-door and the pricing was considered an all-time low at 50-95 basis points over LIBOR, providing a true test to the banking market.



Taweelah

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SUEZ, MITSUI TIPPED TO WIN QATARI IWPP

Suez Energy International and Mitsui, who are jointly bidding to develop the Ras Laffan C independent power and water project in Qatar, are expected to win the project tender. The process was launched last year by joint venture Suez Water & Electricity Co. and Qatar Petroleum. The project is a 2.6 GW, 55 million day IWPP in Ras Laffan Industrial City. The project cost \$4 billion with debt financing expected to be signed later this month.

The Qatari sponsors will have winning bidders, selected on the basis of EPC proposal and equity return, taking 20% chunks. The financing process is still ongoing. The winning developer is not yet known.

REUTERS

MARCH 25, 2008

UPDATE 1-Suez Consortium Wins \$3.7 bln Qatar Power Project

French utility Suez (LYOE.PA: Quote, Profile, Research) said on Tuesday it, and Japanese trading house Mitsui (8031.T: Quote, Profile, Research), were preferred bidders to build Qatar's largest power plant, which could generate revenue of \$22.7 billion over 25 years.

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Corporate Strategies

AEP Issues Hybrids For Capex

American Electric Power will use proceeds from a \$275 million hybrid issue to fund ongoing construction projects and repay short-term debt. "They have a very large capital investment program that is underway," says **James Hempstead**, v.p. and senior credit officer at **Moody's Investors Service** in New York, which rated the hybrids Baa3. The 8.75% subordinated debentures mature March 1, 2063.

Karen Anderson, analyst at **Fitch Ratings** in Chicago, which rated the securities BBB-, points to new generation as well as the recently announced 290-mile Potomac-Appalachian Transmission Highline joint venture with **Allegheny Energy**. Last week, subsidiary **Southwestern Electric Power** got approval from Louisiana regulators to build the 600 MW John W. Turk Jr. coal plant in Fulton, Ark.

"[Hybrids] help your capital structure," Anderson says, because they receive equity weighting. As of Jan. 31, AEP had \$699 million in short-term debt and at year-end it had \$1.4 billion in senior debt outstanding, equaling 60.7% in its debt to total capitalization ratio. AEP subsidiaries' debt totaled \$14.6 billion.

Citigroup, **Merrill Lynch**, **Morgan Stanley**, **UBS Investment Bank**, and **Wachovia Securities** served as joint bookrunning managers on the sale, with Citi and Merrill also acting as joint structuring advisers and **Goldman Sachs** serving as a co-manager. A treasury official at AEP declined via a spokesman to provide strategic reasons for the financing method selected.

ComEd Sells \$700M To Repay Debt

Commonwealth Edison, a unit of **Exelon**, will use proceeds from its issuance of \$700 million in 5.8%, 10-year first-mortgage bonds to repay a portion of its \$1 billion revolver, priced at 62.5 over LIBOR, and the May 15 maturity of \$120 million in 8% first mortgage bonds.

The bonds priced March 19 and the deal was slated to wrap last Thursday. "There are certain days you don't want to enter the market. Monday was one of those days—so was Tuesday," says **Tom Miller**, v.p. of treasury in Chicago, noting the markets were skittish leading up to the **Federal Reserve's** meeting March 18. "Treasuries are at historically low levels, despite spreads being at high levels when you look at the all-in yield, so it's still very attractive." The bonds priced at 245 basis points over 10-year Treasuries.

Joint bookrunners on the deal were **Banc of America Securities**, **Barclays Capital** and **RBS Greenwich Capital**. The senior co-managers were **BNP Paribas**, **JPMorgan**, **Scotia Capital** and **SunTrust Robinson Humphrey** and **Loop Capital Markets** and **SBK-Brooks Investment Corp.** were co-managers.

ComEd's debt-to-equity ratio is 55:45. It last came to market in January with \$450 million issue of 6.45%, 30-year first mortgage bonds. Miller says ComEd decided on a 10-year tenor this time because, "[ComEd] tries to avoid larger towers [of similar debt]. It makes it difficult when you go to reprice—especially in a market like this."

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

- **AES** and **Riverstone Holdings** will spend up to \$1 billion on a solar joint venture, each providing up to \$500 million of capital over five years (*Associated Press*, 3/25).
- **Florida Power & Light** filed plans with California regulators to build the Beacon Solar Energy Project, a \$1 billion, 250 MW solar project in the Mojave desert, Calif. (*Fortune.com*, 3/24).
- **Cannon Power** is proposing using more than 13,000 acres of public and private land to build a solar power plant, much of it on the Lucerne Valley Dry Lake in California (*Rosenberg Daily Press*, 3/24).
- The Brazilian state of Sao Paulo canceled the auction of electric utility **Companhia Energetica de Sao Paulo** because of a lack of interest from potential bidders. Some five companies had pre-qualified: **Alcoa**, **CPFL Energia**, **Suez** subsidiary **Tractebel Energia**, **Energias de Portugal** subsidiary **Energias do Brasil** and **Iberdrola** subsidiary **Neoenergia** (*Dow Jones*, 3/25).

- **NRG Energy** will form a new business with **Toshiba Corp.** to develop nuclear projects in the U.S., including two new reactors planned for its existing South Texas Project plant near Bay City (*Houston Chronicle*, 3/26).
- **DG Clean Power** is facing opposition to its proposed \$200 million, 348 MW gas plant in Billerica, Mass., from communities seeking to prevent any non-renewable energy facility being built less than one mile away from residences (*The Sun*, 3/26).
- **Ospraie Management**, the \$9 billion hedge-fund founded by **Dwight Anderson**, has agreed to buy **ConAgra Foods'** commodity trading and merchandising operations for \$2.1 billion (*Bloomberg*, 3/27).
- **Sierra Pacific** subsidiary **Nevada Power**, **MidAmerican Energy Holdings** subsidiary **Kern River Gas Transmission** and **Ormat Technologies** subsidiary **Ormat Nevada** are planning a 6 MW waste-heat recovery project 35 miles south of Las Vegas (*Yahoo! Finance*, 3/24).



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 Katy Burne, Managing Editor, at (212) 224-3165 or e-mail kburne@iineews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Alco Finance Group	Various	Kern County, Calif. Germany, France Australia, New Zealand	3.1 GW 96.5 MW 1.6 GW	Wind	Marathon Capital N/A N/A	Company plans to sell either as global portfolio or in regional chunks (PFR, 3/11).
Arroyo Energy Investors	Thermo Cogeneration	Fort Lupton, Colo.	272	Gas	N/A	Starwood Energy Group Global close to acquiring (PFR, 2/6).
Astoria Energy	Astoria plant	Queens, N.Y.	500	Gas	N/A	Owners fielding offers. Suez Energy acquiring 30% (PFR 9/29).
Barry Bates and Michael Underwood	Thompson River Cogen	Montana	16	Coal, Waste Wood	Energy Advisory	Wayzata Investment Partners reportedly acquired.
Bicent Power	Mountain View	Palm Springs, Calif.	67	Wind	Goldman Sachs	AES to acquire (PFR, 1/7).
Black Hills Corp.	Arapahoe Valmont Fountain Valley Las Vegas I Las Vegas II Harbor Valencia	Denver, Colo. Valmont, Colo. Colorado Springs, Colo. Las Vegas, Nev. Las Vegas, Nev. Long Beach, Calif. Albuquerque, N.M.	130 80 240 53 224 98 149	Gas Gas Gas Gas Gas Gas Gas	Credit Suisse	Seller looking for an all-cash transaction. Preliminary bids taken Nov. 20. Bids said be close to \$800 million (PFR, 12/10). Hastings Funds Management, AllCapital, Beowulf Energy in partnership with Natural Gas Partners, Tenaska Energy, Energy Investors Funds, and EnergyCo. on shortlist to acquire (PFR, 1/28).
Calpine	Acadia Energy Center Fremont Energy Center Hillabee Energy Center Texas City Clear Lake	Eunice, La. Sandusky County, Ohio Alexander City, Ala. Texas City, Texas Clear Lake, Texas	1,016 (50%) 512 774 425 375	Gas Gas Gas Gas Gas	Miller Buckfire	Sold to Cajun Gas Energy for \$189 million (PFR, 8/6). FirstEnergy won with \$253.6M bid (PFR, 2/7). CER Generation won with \$155M (PFR, 2/6). First round bids taken 1/24 with second round bids expected in April.
Catamount Energy	Sweetwater Ryegate Power Rumford	Nolan County, Teaxs Vermont Rumford, Me.	505 (50%) 20 85	Wind Wood waste Cogen	Goldman Sachs	Unsolicited approaches have been made to financial backer Diamond Castle Holdings (PFR, 8/31).
Central Vermont	Various	Vermont	70 in summer,	Hydro	Morgan Stanley	Believed to be in advanced stages, (PFR, 5/18).
City of Vernon	Malburg Generating Station Palo Verde Power Hoover Upgrading	Southern Calif. Southern Calif. Southern Calif.	134 11 22	Gas Nuclear Hydro	Lehman Brothers	Beowulf Energy and Natural Gas Partners agreed to buy for \$342 million. Lehman Brothers to lead debt financing (PFR, 10/22).
Conectiv Energy (Pepco Holdings)	Various	PJM Interconnection	3,700	Various (merchant)	Credit Suisse	Company reviewing strategic alternatives, including whole or partial sale and merger (PFR, 12/10).
Con Ed Development	CEEMI Newington Energy Lakewood Ocean Peaking Power Rock Springs Genor Ada Cogeneration EverPower Wind	Springfield, Mass. Newington, N.H. Lakewood, N.J. Lakewood, N.J. Rising Sun, Md. Puerto Barrios, Guatemala Ada, Mich. NEPOOL, NY, PJM	185 525 (99.5%) 246 (80%) 339 670 (50%) 42 (49.5%) 29 (48%) 500 planned	Gas, Oil, Hydro Gas Gas Gas Gas Oil 29 (48%) Wind	Morgan Stanley	Industry Funds Management to acquire for \$1.447 billion. Barclays to lead the debt, expected to launch into syndication this month (PFR, 2/11). RBS may co-lead. Not sold. Ada not sold. Partner is Olympus Power. CED sold its 50% stake in Oct. (PFR, 12/9).
ConocoPhillips	Immingham	Lincolnshire, U.K.	730	Gas	Citigroup	Reportedly looking at strategic options on the plant (PFR, 1/18).
Competitive Power Ventures	N/A	Front Royal, Va.	34	Gas	N/A	Dominion purchased March 4.
Complete Energy Holdings	La Paloma Batesville	McKittrick, Calif. Batesville, Miss.	1,022 837	Gas Gas	JPMorgan	Final bids were received 3/11 (PFR, 3/14). Kelson Holdings believed to be bidding (PFR, 2/8).
Corona Power	Sunbury Generating	Shamokin Dam, PA	432	Coal, oil, diesel	Merrill Lynch	Soliciting equity to complete \$250M of upgrades (PFR, 12/24).
DONG Energy	Evia, Karistos and Tourla	Greece	18.6 MW	Wind	HSBC	Teasers expected later this quarter after IPO (PFR, 1/18).
DTE Energy	East China River Rouge	East China, Mich. Detroit, Mich.	320 240	Gas Gas	N/A N/A	Seller exploring options, including outright sale. On books at scrap value, decommissioned.
EISSL	Various	Catalonia, Spain	630	Wind, Hydro	JPMorgan	Company weighing sale (PFR, 12/24).
Energy Future Holdings (Luminant)	Sandow 4 Sandow 5	Milam Co., Texas	545 (50%) 581 (50%)	Coal Coal	Credit Suisse	Plans to sell stakes to Perennial Power Holdings (PFR, 2/18).
Entegra	Gila Union	Phoenix, Ariz. El Dorado, Ark.	2,300 3,000	Gas Gas	N/A	Reportedly in talks to merge with KGen (PFR, 1/17).
Entergy Corp.	50% stake in Top Deer Wind Ventures RS Cogen Roy S. Nelson Warren Power Harrison Independence Robert Ritchie	Worth County, Iowa Carsen County, Texas Lake Charles, La. Westlake, La. Vicksburg, Miss. Marshall, Texas Newark, Ark. Helena, Ark.	40 40 212 60 225 335 121 544	Wind Gas Gas/Oil Gas Gas Coal Gas/Oil	New Harbor	Seller wants about \$520 million for the assets. Bidders shortlisted to four players: two financial; two infrastructure (PFR, 6/18).
ESB International	Marina Great Island Tarbert	Cork City, Ireland Wexford Co., Ireland County Kerry, Ireland	115 240 640	Gas Oil Oil	Merrill Lynch	Bids are being reviewed for the portfolio (PFR, 2/22).
Exergy Development Group	Various	Upper Midwest, Northwest U.S.	3600 (176 ready to construct)	Wind	Marathon Capital	Weighing partnership, joint venture, recap or sale (PFR, 12/17).
Fluor	Greater Gabbard	Thames Estuary, U.K.	500	Wind	RBC	Specs went out in late Aug. for Fluor's 40% stake (PFR, 8/17).
Foresight Wind Energy	Various	Arizona, New Mexico	2 GW pipeline	Wind	CP Energy	Transaction delayed (PFR, 10/8).
FPL Energy	Posdef Tesla	Stockton, Calif. Tracy, Calif.	44 1,120	Coal/Petcoke Gas/Steam	New Harbor Credit Suisse	Indicative bids due April 11 (PFR, 3/11). Development site. Status unclear.
General Electric	Baglan Bay N/A Pittsfield Generating	Port Talbot, Wales PJM Pittsfield, Mass.	510 80 163	Gas Waste Coal Gas	Lexicon Partners N/A N/A	GE re-ignited sale process. Carron Energy originally interested. Looking for buyers (PFR, 2/26). Maxim Power set to acquire (PFR, 3/17).
Goldman Sachs, Cargill	Teesside Power	Teesside, U.K.	1,875 MW	Gas	Rothschild	Gaz de France and Suez jointly agreed to acquire Feb. 25.
Goldman Sachs (Cogentrix Energy)	Southaven Power	Southaven, Miss.	810	Gas	Houlihan Lokey Howard & Zuckin	Kelson Energy named stalking horse with \$305 million bid (PFR, 1/9). NRG and TVA also bidding 3/31.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
High Country Energy	N/A	Minn.	150 (development)	Wind	N/A	First phase sold to Wisconsin Public Service Corp. (PFR, 3/19).
InterGen (AIG Highstar Capital II, 50%)	Rocksavage	Runcorn, U.K.	748	Gas	Lehman Brothers	Preliminary bids were due March 26 (PFR, 2/7).
	Coryton	Essex, U.K.	732	Gas		
	Spalding	Lincolnshire, U.K.	860	Gas		
	Rijnmond I, II	Rotterdam, the Netherlands	820, 400	Gas		
	Bajio	San Luis de la Paz, Mexico	600 (306 stake)	Gas		
	La Rosita	Mexicali, Mexico	1,100	Gas		
	Quezon	Philippines	460 (211 stake)	Coal		
	Millmerran	near Brisbane, Australia	880 (228 stake)	Coal		
	Callide	Queensland, Australia	920 (230 stake)	Coal		
K&M International Power	Termovalle	Cali, Colombia	220	Gas	JPMorgan	Teasers to be dispatched this week (PFR, 3/18).
Kelson Cananda	Calgary Energy Center	Calgary, Alberta	300	Gas	UBS	Teasers out (PFR, 3/26).
(Harbinger Capital Partners)	Island Generation	Duncan Bay, B.C.	230	Gas		
	King City Cogeneration	King City, Calif.	120	Gas		
	Whitby Cogeneration	Whitby, Ontario	50	Gas		
Kelson Holdings	Dogwood	Pleasant Hill, Mo.	620	Gas	Goldman Sachs, Merrill Lynch	Weighing strategic options, including sale/merger (PFR, 10/9).
	Redbud	Luther, Okla.	1,230	Gas		Signed agreement to sell Redbud for \$952 million to consortium of load-serving entities (PFR, 1/21).
	Cottonwood	Deweyville, Texas	1,230	Gas		
	Magnolia	Benton County, Miss.	922	Gas		
KGen Power	Murray I	Murray Co., Ga.	630	Gas	Credit Suisse	Talks to merge with Entegra stalled due to management disagreements (PFR, 3/24).
	Murray II	Murray Co., Ga.	620	Gas		
	Hot Spring	Hot Spring Co., Ark	620	Gas		
	Hinds	Jackson, Miss.	520	Gas		
	Sandersville	Washington Co., Ga.	640	Gas		
LS Power	Sugar Creek	Sugar Creek, Ind.	561	Gas	N/A	Northern Indiana Public Service to acquire (PFR, 11/2).
MACH Gen	Millennium	Carlton, Mass.	360	Gas/Oil	Credit Suisse	Considering sale or a merger (PFR, 12/17).
	Athens	Athens, N.Y.	1,080	Gas/Oil		In second round.
	Covert	South Haven, Miss.	1,100	Gas		
	Harquahala	Tonopah, Ariz.	1,092	Gas		
Mirant	Lovett Generating Station	Tompkins Cove, N.Y.	183	Coal/Gas	N/A	Alliance Energy offered to buy for undisclosed sum but withdrew offer when Mirant did not respond (PFR, 2/14).
National Grid	Ravenswood Station	Queens, N.Y.	2,450	Gas	Merrill Lynch	FPL, SUEZ and TransCanada out in front, with Public Service Enterprise Group and Electricité de France also in final round (PFR, 3/25). Bids were due March 26.
Navasota Energy (Navasota Holding Texas)	Colorado Bend	Wharton, Texas	1,650	Gas (development)	JPMorgan	Teasers not yet dispatched (PFR, 2/11).
(Montgomery Energy Partners)	Quail Run	Odessa, Texas	825	Gas (development)		
	L'Energia	Lowell, Mass.	84	Gas (repowering)		
	Billerica Energy Center	Billerica, Mass.	240-360	Gas (development)		
Noble Environmental Power	Various	N.Y., Mich.	385	Wind	Goldman Sachs	Company reportedly looking to IPO.
	Thumb	Huron County, Mich.	68			Babcock & Brown purchased for undisclosed sum (PFR, 3/10).
North American Power Group	Rio Bravo Fresno	Fresno, Calif.	25	Biomass	N/A	In discussion with potential buyers (PFR, 8/31).
	Rio Bravo Rocklin	Roseville, Calif.	25	Biomass		
	Chinese Station	Jamestown, Calif.	22	Biomass		Sold to Covanta Holding in Oct. for undisclosed sum.
NorthWestern Energy	Colstrip Unit 4 (30%)	Mont.	740 MW	Coal	Credit Suisse	Exploring strategic options (PFR, 2/8).
NRG Energy	Indian River	Millsboro, Del.	784	Coal	N/A	Seller soliciting offers on plant (PFR, 11/8).
PSEG Global	Electroandes	Andean region, Peru	180	Hydro	JPMorgan	Statkraft Power Invest acquired in Oct. for \$390 million.
Primary Power International	Hillman	Hillman, Mich.	19	Biomass		Fortistar agreed to purchase an interest in the portfolio. Deal set to close in 30 days (PFR, 2/19).
	Grayling	Grayling, Mich.	36			
	Genesse	Flint, Mich.	35			
	Dapp Generating	Westlock, Alberta	17			
	Valley Power	Drayton Valley, Alberta	12			
Reliant Energy	Channelview	Lyondell, Texas	830	Gas	Houlihan Lokey	Kelson Holdings agreed to acquire for \$468 million (PFR, 2/25).
RES Americas	Various	U.S.	1 GW under construction;	Wind	Credit Suisse	Company looking to sell up to 100% (PFR, 1/7).
Ridgeline Energy	Various	Idaho, Ore., Wash.	3.7 GW pipeline	Wind	Marathon Capital	Talks nixed with a southern U.S. utility (PFR, 10/8). Back in play.
Rockland Capital	B.L. England	Cape May County, N.J.	447	Coal, Oil	JPMorgan	Owner seeking strategic equity partner (PFR, 12/10).
Energy Investments						
Sempra Generation	Catoctin	Frederick Co, Md.	600 in development	Gas	N/A	Development project reportedly for sale.
Signal Hill Power	Wichita Falls	Wichita Falls, Texas	77	Gas	Miller Buckfire	First-round bids received March 17.
Sumas	Sumas Cogeneration	Sumas, Wash.	125	Gas	N/A	Puget Sound Energy agreed to buy for undisclosed sum.
Sithe Global Power	River Hill	Karthus Township, Pa.	290	Coal	Credit Suisse	Status unclear (PFR 2/16/07).
Temasek Holdings	PowerSeraya	Singapore	3,100	Gas	Credit Suisse,	Teasers dispatched 10/15.
	Senoko Power		3,300	Oil	Morgan Stanley	
	Tuas Power		2,670	Steam		Sold to Huaneng Group for \$3 billion.
Tenaska Power Fund	Commonwealth	New Church, Va.	315	Oil	JP Morgan	Tyr won the auction and Fieldstone Private Capital Group is advising on the purchase and financing (PFR, 2/19).
Third Planet Windpower	Various, U.S.	Various, U.S.	3 GW late-stage	Wind	Marathon Capital	Developer looking for joint venture partner.
TransAlta	Campeche	Mexico	252	Gas/Diesel	N/A	InterGen to buy for \$303.5M, funded with equity and non-recourse debt. Lead bank on financing unknown.
	Chihuahua	Mexico	259	Gas		
	Binghamton	Binghamton, N.Y.	50	Gas	N/A	Standard Power set to acquire (PFR, 3/12).
Tyche Power Partners	Brooklyn Navy Yard	Brooklyn, N.Y.	286	Gas Cogen	Credit Suisse	Temporarily iced due to credit crunch.
UPC Wind	Various	North America	3GW in development	Wind	JPMorgan	Market test did not lead to a sale, so company is reportedly weighing an IPO (PFR, 6/8).
U.S. Renewables Group	Bottle Rock power project	Geysers area,	55	Geothermal	Goldman Sachs	Preliminary bids due Dec. 17 (PFR, 12/3).
US Power Generating Co.	Various	Northeast	5 GW	Gas/Oil	N/A	Company being advised on reverse enquiries.
Waterbury Generation	Waterbury Generation	Waterbury, Conn.	96	Gas	N/A	Energy Capital Partners in negotiations to buy development rights (PFR, 8/29).
Williams Energy Group	Hazelton	Hazelton, Pa.	150	Gas	N/A	Lakeside Energy acquired for undisclosed sum (PFR, 3/27).
Wheelabrator Technologies	Shasta	Anderson, Calif.	49	Biomass	ABN Amro	Seller evaluating a sale. Review close to completion.

Developer Plots Wave Power Funding

An affiliate of **Ocean Power Technologies**, a Pennington, N.J.-based wave power developer, is building the first stage of a 1.4 MW facility five miles off the coast of Santander in northern Spain. It plans to finance the EUR2.7 million (\$4.28 million) project initially with equity, says **Charles Dunleavy**, cfo. The PowerBuoy is one of 10 planned—all of which will be “textbook project finance deals.” Each will cost about \$3.8 million per MW.

OPT began developing the project before a series of joint venture partners invested in the special purpose vehicle that now owns the project. The SPV's major shareholder is **Iberdrola Energías Renovables**, which is joined by oil group **Total** and Spanish government agencies **Instituto para la Diversificación y el Ahorro de la Energía** and **Sociedad para el Desarrollo Regional de Cantabria**.

The company is looking at project sites in the Bordeaux region of France in partnership with **Total** and separately at sites in the Orkney Islands off Scotland with the Scottish government. It is also looking into sites in Coos Bay and Reedsport, Ore., with Portland-based **PNGC Power** (PFR,

4/13). The U.S. Navy has also contracted OPT for a 1 MW oceanographic technology project in Oahu, Hawaii.

First-Round Bids Taken For InterGen

Indicative bids were due last Wednesday in the **Lehman Brothers**-led auction of **AIG Highstar Capital II**'s 50% stake in InterGen. Those believed to have taken an interest are large financial sponsors such as **Arcapita**, **Borealis Infrastructure**, **Industry Funds Management** and **Macquarie Infrastructure Partners**, as well as international energy companies like Malaysia's **Tanjong**, India's **Tata Power** or **International Power/Mitsui**. Calls to these companies were not returned.

Bidders are submitting proposals based on a straight equity investment because the portfolio is already pre-levered at the corporate level, after project debt was taken out in a refinancing led by **Merrill Lynch** (PFR, 2/16). The equity check needed to win the auction is expected to be north of \$1 billion, according to one deal tracker. Officials at Lehman declined to comment.

The portfolio is about 70% contracted and 95% of it is outside of the U.S. On the block are direct and indirect interests in 10 plants, nine of which are already operating in countries with investment-grade sovereign credit ratings (PFR, 2/8). Second-round bids are expected in about eight weeks. **Ontario Teachers' Pension Plan Board** is the co-owner alongside AIG, but it is not selling.

BP, DOMINION

(continued from page 1)

one will be 301 MW and is slated to come online by Dec. 31—the last day to qualify for production tax credits unless Congress passes new legislation. Banks want some flexibility in the timeline to account for potential delays. “Part of the issue everyone is having is how much [is possible] because of PTCs expiring at the end of the year. How do you treat that if it doesn't get connected? What if it snows and they can't get the crane up?” asks one deal tracker. The RFP does not specify the amount of debt being sought. Construction on the second 350 MW phase could begin as soon as next year, followed by the third 99 MW phase.

Dominion acquired a 50% interest in 650 MW of Fowler in January. BP holds sole rights to the balance, representing phase three. The Virginia-based utility also has a long-term power purchase agreement with BP for 200 MW, while power from phase one will be sold under 20-year PPAs with **American Electric Power** subsidiaries **Indiana Michigan Power** and **Appalachian Power**. The farm will be connected to the PJM Interconnection and AEP's transmission system near West Lafayette, Ind. Calls to Dominion were not returned and **Robert Lukefahr**, head of power for BP Alternative Energy in the Americas, declined to comment.

—Thomas Rains

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FEBRUARY 8, 2008

QUERIES EMERGE ON CONED'S IPP SALE TO AUSSIES

Some industry players are skeptical about the impending financing for **AllCapital** and **Industry Funds Management**'s proposed sale of Northeast generating assets to **Consolidated Edison Development**.

The debt is fully underwritten but bankers say the circa \$1 billion launch into syndication by month aggressively given the current market. Sub-underwriters have been revealed but declined to comment. The deal closes by the half-year point once

Bloomberg.com

FEBRUARY 15, 2008

Allco Seeks To Exit \$1.48 Billion U.S. Purchase, Review Reports

Allco Finance Group Ltd. is seeking to exit a \$1.48 billion purchase of U.S. power plants from **Consolidated Edison Inc.**, the Australian Financial Review reported, without citing anyone.

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HARBINGER SHOPS

(continued from page 1)

The assets were acquired about a year ago when HCP Acquisition bought **Calpine Power Income Fund**. Debt tied to the acquisition and plants was retooled last year (PFR, 10/5).

Further details of the sale process could not be learned. Calls to **John McCullough**, v.p. and associate general counsel at Harbinger parent **Harbert Management Corp.**, as well as to **Howard Kagan**, managing director at Harbinger in New York, were not returned. Nor were calls to UBS.

—*Katy Burne*

AMERICAN SECURITIES

(continued from page 1)

an initial public offering is a possibility downstream, he adds.

The Hazleton purchase, financed with equity from American Securities, will be the base on which Lakeside grows as it targets gas, coal, biomass and other renewable assets with long-term contracts in areas with fuel source diversity. It will invest \$25-200 million per transaction. A timeline has not been set but Johnson says he hopes the company can amass a sizeable portfolio within three years, about the time it took his team at American Securities to do the same thing for **Primary Energy**. "We prefer to buy assets that are operating. We're involved in some bidding situations and origination situations right now," he adds, but declined to elaborate.

Lakeside will operate Hazleton but **Eagle Energy Partners**, a unit of **Lehman Brothers**, will manage the plant. Johnson says the company likes Hazleton because of its location in the eastern part of the Pennsylvania-Jersey-Maryland Interconnection market, a congested area that has just started to contribute meaningful capacity payments. He also notes **Williams**, the seller, "wanted a buyer who could move quickly." Lakeside may finance part of the acquisition later with debt. It works with two to three relationship banks that Johnson refused to name.

In January, Lakeside invested in **Dongara Pellet Plant**, a joint venture to develop, own and operate renewable energy facilities in North America with **Borealis Infrastructure**, the infrastructure investment entity of **Ontario Municipal Employees Retirement System**, Toronto-based **Strada Group**

and **Marel Group** as well as **Nautilus Renewables**. The first waste-to-energy plant—an 80-100 MW, 200,000 tons per year facility—will come online in a few months.

—*Katie Hale*

FIVE VIE

(continued from page 1)

the others' advisors could not be learned. Final bids were due to **Merrill Lynch** last Wednesday.

Among the 10 that qualified for the second round, but were since dropped with bids reportedly in the \$1.8-2.3 billion range, are **LS Power**, **Energy Capital Partners** (PFR, 2/22), which had teamed up with **AIG Financial Products**, energy private equity firm **First Reserve Corp.**, Aussie infrastructure player **AllCapital** and strategic **American National Power**.

Some deal watchers believe the plant is not likely to fetch more than \$2.1 billion, based on the state of the credit markets and difficulties in accessing leverage. Others argue the price tag could be \$2.5 billion or higher because the remaining contenders are investment grade and still have access to recourse funding. A non-recourse staple financing is on offer from Merrill. That package has been scaled back to \$1.1 billion in funded debt from \$1.5 billion (PFR, 2/8), and bidders are required to put down a minimum of 40% equity, up from 30% earlier.

The attractions of Ravenswood include the retirement in Feb. 2010 of the nearby 885 MW Poletti plant in Astoria, Queens, creating a more constrained capacity market, and the **Federal Energy Regulatory Commission's** recent removal of the \$105 per kW year price cap on pivotal suppliers in Zone J. The 250 MW combined-cycle facility, which runs on gas and type-six fuel oil, holds two thirds of the value, because gas sets the marginal price and it enjoys a lower heat rate than the other units (PFR, 10/5).

Officials and spokespeople for the seller, the finalists and the auctioneer either declined to comment or did not return calls.

—*K.B.*

Quote Of The Week

"I think we have learned you need around \$1 billion worth of assets to be visible in this space."—**Bill Johnson**, CEO of **Lakeside Energy**, a subsidiary of **American Securities Capital Partners**, on its planned \$1 billion power investment plan (see story, page 1).

One Year Ago In Power Finance & Risk

Fortress Investment Group tapped **Tony Shizari** and **Steve Petricone** from **GE Energy Financial Services** to run its new energy group. [Through its hedge fund arm, **Drawbridge**, the firm has executed more than \$200 million in debt and equity deals in power, oil and gas, including the purchase of a 50% stake in five solar projects in the Mojave Desert near **Kramer Junction**, Calif., from **Carlyle/Riverstone** (PFR, 11/1)].

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