

# power finance & risk

The exclusive source for power financing and trading news

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## U.K. Set For Further Consolidation

**RWE's** recently announced acquisition of **Innogy** is unlikely to be the last consolidation play in the U.K. supply sector. Players need to bulk up or exit the market, say industry watchers.

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## CALPINE PLANS QUARTET OF SINGLE ASSET PROJECT LOANS

Calpine is looking to tap the non-recourse loan market four times this year to finance the construction of a quartet of new peaker plants, say bankers familiar with its plans. The move marks a strategic U-turn for the beleaguered independent power producer. In recent years it has shunned single-asset financing in favor of monster-sized portfolio construction revolvers, as they offered more financial flexibility and cheaper funding. The San Jose, Calif.-based IPP blazed a trail with its last construction revolver, a mammoth \$2.5 billion loan (PFR, 10/23/00). "It would be really hard to do another," says one official, referring to Calpine's recent credit-rating problems. He also argues that with so many banks signed up to its two large construction revolvers, there might be a reluctance to commit more funds to similar paper from the same sponsor.

*(continued on page 8)*

## AES PLANT BANKRUPTCY LEAVES U.K. MARKET REELING

AES' decision to put its 363 MW Fifoots Point coal-fired plant in Wales into receivership is sending shockwaves around the City and has left project financiers fretting over which other distressed generation assets in the U.K.—and their associated project loans—could go to the wall. While a handful of plants have been mothballed since U.K. wholesale prices collapsed after the launch last spring of a new bilateral trading system, Fifoots is the first full-scale casualty, say bankers.

Over the past year U.K. base-load power prices have slumped from over GBP25 per MWh to GBP14 as the New Electricity Trading Arrangements (Neta) led to increased price competition between generators. The 30% slump has left many merchant plants running at

*(continued on page 7)*

## DOMINION, ENTERGY SEEN LEADING THE PACK ON N.H. NUCLEAR SALE

Dominion Energy and Entergy Nuclear are the frontrunners in the J.P. Morgan-run auction of the Seabrook nuclear power plant in New Hampshire, one of the largest generators in New England, says a New York banker familiar with the matter. He says the 1,158 MW plant is thought to be worth some \$1 billion.

While the parties would not discuss how the sale is progressing, **Deborah Beauchamp**, a spokeswoman at **Northeast Utilities**, which owns 36% of the facility, says it is hoping to complete the asset sale by year-end. **Carl Crawford**, a spokesman at Entergy in New Orleans, says that in accordance with the rules set up by J.P. Morgan, there is a confidentiality agreement preventing companies from commenting on any involvement. Calls to bankers at J.P. Morgan were not returned and **Paul Rosengren**, a spokesman at

*(continued on page 8)*

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## U.K. Supply Sector To Witness Further Consolidation

RWE's recently announced acquisition of English utility **Innogy** has left analysts and bankers speculating over the next consolidation play in the U.K.'s electricity supply business. While they disagree on the end game, all believe that further m&a activity is inevitable.

**Adam Forsyth**, a utility analyst at **J.P. Morgan** in Edinburgh, notes that seven utilities presently dominate the supply business, but he believes the industry is still too fragmented compared to continental Europe. Forsyth forecasts the number of suppliers could fall to five as rivals look to bulk up and achieve economies of scale or throw in the towel and exit one of the world's most cut-throat and price competitive power markets. He notes the conventional wisdom is that suppliers need some five million customers to achieve the critical mass necessary to reap economy of scale benefits, yet Innogy, with some five million electricity customers, is the only player to have achieved this.

The next company to exit the business will be **American Electric Power**. It recently announced it will put its **SEEBOARD** supply and distribution company up for auction this quarter. The company has some 1.5 million electricity customers in southeast England. Analyst say bidders are likely to include RWE, **Electricité de France** (the parent of **London Electricity**), **E.on** (the prospective owner of **Powergen**), **ScottishPower** and **Scottish and Southern Energy**. "The bidding could be pretty fierce. Everyone's looking to add customers, rather than generation just now," notes another analyst.

Once the auction is complete, some of the smaller players who lost out in the auction "will have to take a hard look at their business models and see if it's time to sell," argues one London

investment banker. He speculates that both **E.on** and **ScottishPower** could decide to sell their U.K. customer books and redeploy the capital into the U.K. wires business or U.S. utility sector.

The future independence of Scotland's two largest suppliers **ScottishPower** and **S&S** could also be threatened by further consolidation. Both companies have bid on a number of assets south of the Scottish boarder in recent years in an attempt to bulk up, yet without much success. "Both companies have been very focused on costs and have been unwilling to pay the prices offered by some of the U.S. or large European utilities," says one banker.

One possibility is that the two Scottish utilities could merge, though such a move would likely meet regulatory hurdles, say analysts. **J.P. Morgan's** Forsyth notes the two utilities own virtually all of Scotland's non-nuclear generation load and would have to offload much of this capacity to seal a tie up. He notes a combination of their supply businesses would create less of a problem as the supply market is fully liberalized.

## Duke Pencils In \$1B Issue

**Duke Energy** is aiming to issue up to \$1 billion in mandatory convertible securities within the next year, as part of the financing for its acquisition of **Westcoast Energy**.

**Robert Brace**, cfo, told investors and analysts in a conference call last Wednesday that the structure will likely mirror that of its \$750 million convertible issue last fall, which had a three-year maturity and a 20% conversion premium. The new issue is part of Duke's strategy to tap the convertibles market in stages because of the size of the \$8 billion acquisition price tag (PFR, 9/31).

Brace said there is no deadline for the issue, the timing of which will be determined by market conditions. At the moment there are no specific plans to pull the trigger in the second quarter, he noted.

**Morgan Stanley** was sole lead on the \$750 million convertible deal.

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## Quartet To Close Bahrain Deal

Bank of Bahrain and Kuwait, BNP Paribas, HSBC and Bank of Tokyo-Mitsubishi will close financing this week on a roughly \$350 million non-recourse loan funding the expansion of a power and water desalination plant in Bahrain. A banker involved in the transaction says the deal is being underwritten on a club basis and that the quartet will not syndicate the transaction after closure. He declined comment on the tenor or pricing of the facility.

The Bahraini government will use the proceeds of the non-recourse loan to expand the 240 MW, 4.7 million gallon Al Hidd plant into a 750 MW, six million gallon facility. The loan will take out a \$350 million six-month bridge loan arranged by Gulf International Bank and Citibank last year to fund the development of Al Hidd.

## Ten Lenders Join NiSource Revolver Club

Merrillville, Ind.-base NiSource has wrapped its \$500 million 364-day revolver with all nine banks invited into the deal signing tickets, along with lead Barclays Capital. The deal refinances a \$1.25 billion facility, a downsizing reflecting lower funding needs (PFR, 3/10).

In the final allocations, Barclays committed \$70 million, and \$50 million a piece came from Bank of America, Bank One, BNP Paribas, Citibank, Credit Suisse First Boston, First Union National Bank, Bank of Nova Scotia and Toronto-Dominion Bank, according to a banker close to the deal. A \$30 million ticket from Bank Of Tokyo-Mitsubishi rounded out the facility, launched for NiSource's funding arm NiSource Finance Corp.

## BP Beefs Up Trading Desk With Enron Hire

Oil and gas giant BP is in the process of ramping up its power trading operations and last month hired Enron veteran Amir Ghodsian to trade the U.K. electricity market out of London.

The world's second largest oil company is making a greater push into electricity trading to manage its exposure to power price volatility, says David Nield, head of power trading in London. He explains many of BP's long-term gas contracts are indexed against power prices and adds increasing correlation between gas and power prices is reinforcing the need to trade both power and gas.

BP began building the desk last year with the hire of Simon Wilson from Fortum. It presently has two U.K. power originators and three traders and two continental European traders. Nield says BP will continue to hire selectively "but is not about to ship in truck loads of traders."

BP owns one power plant in the U.K., a 400 MW CCGT at Great Yarmouth that is about to come on line shortly. The

company may add more generation capacity in the future, but has no plans to build a larger portfolio, says Nield. It's not part of our core business," he explains.

Ghodsian says he spent five years at Enron, most recently trading the Spanish power sector.

## German Wind Co Taps IPO Market, But Markets Remain Weak

Repower, a German wind turbine manufacturer and wind farm developer, last week became the first European power technology or renewable energy concern to make an initial public offering since Nordex, another wind turbine company, floated last summer. Despite strong demand for the issue—the EUR82 million common stock offering was some three times oversubscribed—Glen Liddy, a power technology analyst at lead underwriter Schroder Salomon Smith Barney, warns investors not to expect a flurry of similar deals.

Liddy says power tech firms' access to the equity market remains muted at best and he argues fuel cell and microturbine manufacture's are still having a tough time raising capital. "Greenfield startups without any earnings and low revenue visibility are still out of favor with investors," he notes. In contrast Repower won investor support because it's already making a profit and has strong medium-term prospects. "What people are looking for is certainty and visibility," he adds. Isabelle Wrede, head of investor relations at Repower in Hamburg, declined to comment on how the company will use the proceeds from the stock sale.

## Progress Finally Wraps \$440M Loan With 12 Banks

Raleigh, N.C.-based Progress Energy has closed its \$440 million non-recourse loan funding 2,500 MW in new capacity with a 12-bank roster. The deal, which floundered in syndication after a third quarter launch until its merchant exposure was reworked (PFR, 2/18), ended up as a nicely structured facility, says one banker who balked when first pitched the deal, but signed a ticket for the restructured loan.

Tom Sullivan, treasurer, says the modifications created a more simplified, less structured deal, declining to elaborate. He says the company is pleased with the final deal, given the tough syndication conditions it faced in the fourth quarter.

In the final allotments for the five-year facility, lead J.P. Morgan Chase committed \$40 million, DZ Bank, NordLB, Toronto-Dominion Bank and FleetBoston signed \$40 million tickets and took syndication agent titles, and Bank of Scotland, Royal Bank of Scotland, Fortis Bank and BNP Paribas pledged \$40 million for documentation agent slots. Rounding out the deal were Tyco Capital and Bank of Nova Scotia with \$30 million commitments and Bank One with \$20 million.

## CIBC World Market's Annual Global Energy Conference

*CIBC held its annual power, power technology and energy sector shindig at the Millennium Hotel in New York on March 20-21. Some 500 power company executives, institutional investors, bankers and analysts attended the event. Amanda Levin Arnold reports:*

### Williams Will Not Budge In Pipeline Negotiations

Williams intends to walk away from negotiations if it does not receive at least \$900 million for its **Williams Pipe Line**, which it recently agreed to sell to **Williams Energy Partners**, the Tulsa, Okla. energy concern's master limited partnership. Keith Bailey, chairman of Williams, said, "The pipeline is a valuable asset that a lot of companies want. If we can't [execute the deal] with Energy Partners, then we'll do it with another company. We're not going to budge on the price tag."

The sale of the pipeline is part of Williams' asset divestiture plan to add immediate cash and strengthen its balance sheet in light of **Enron's** bankruptcy.

Williams Pipe Line, a wholly owned subsidiary of Williams, is comprised of 6,747 miles of active pipe that delivers petroleum products to 11 Midwestern states. Last year, the system transported approximately 260 million barrels. Also included in the sale would be 39 storage and distribution terminals connected to the pipeline.

### Peso Crisis Puts Brake On Latin Sale

Alan Wright, executive v.p. and cfo of CMS Energy, told conference delegates he doubts the Dearborn, Mich., energy concern will be able to sell any of its Argentine assets in the near-term given the country's recent devaluation. CMS hopes to complete the sale of its Latin American portfolio by the third or fourth quarter, said Wright, quashing earlier hopes of a quick exit (PFR, 3/4).

CMS values its Latin American portfolio at \$315 million, with \$105 million of that figure accounting for its three power plants in Argentina, noted Wright. He added CMS' failure to sell these assets quickly would likely have more of an impact on the company's balance sheet than originally expected.

"Our customers in Argentina right now are paying us in pesos instead of U.S. dollars," said Wright. With the peso so weak against the greenback, the operation's profitability is being crimped, he explained.

J.P. Morgan was hired late last year to shop the assets for CMS (PFR, 12/24). The Argentine assets on the block include three generators, the 128 MW Ensenada gas-fired plant near Buenos Aires, a 90% stake in the 520 MW CT

Mendoza gas-fired plant and a 17% stake in the 1,320 MW Hydroelectrica El Chocon plant. Additionally, CMS is selling **Grupo Compahnia Paulista de Energia Electrica**, an electric utility with 146,000 customers in Brazil and **Sistema Electrico de Nueva Esparta**, a utility serving 90,000 customers in Venezuela.

### CMS Eyes Pipeline Acquisitions

CMS Energy is looking to acquire some small U.S. gas pipeline assets as part of its strategy to grow the company through targeted acquisitions with capital from its divestiture program. This is aimed at redistributing more resources to its core business areas, says Alan Wright, executive v.p. and cfo.

He would not discuss the matter further, except to say that it is in the preliminary stage of examining such acquisitions. According to Wright, CMS has generated \$2.4 billion in asset sales over the past 15 months and will have approximately \$2.9 billion to spend after it completes all of its sales.

### TECO Seeks Financing For Dell And McAdams Projects

TECO Power Services is looking to arrange non-recourse project financing by the end of this year to fund the construction of McAdams, a 599 MW combined-cycle gas turbine plant in Mississippi, and Dell, a 599 MW plant in Arkansas, says Gordon Gillette, chief financial officer of TECO. He says these projects, which were put on hold last year, will likely be operational in May 2003.

The construction of the McAdams and Dell projects were delayed because the plants' EPC contractor was **Enron** affiliate **National Energy Production Corp.** (NEPCO) Enron's bankruptcy invalidated the guarantees TECO had inked with the construction contractor (PFR, 1/21). Gillette explains that TECO has taken on a management role to make sure that these projects, as well as its Union (2,220 MW) and Gila River (2,300 MW) facilities come on line, regardless of NEPCO's status.

BNP Paribas and Credit Suisse First Boston were set to launch a \$647 million loan for the projects before they were put on hold.



## International Power Eyes U.S. Coal-Fired Generation Expansion

International Power will likely look to add coal-fired generating capacity in the U.S. and has already had discussions with AES, Enron and NRG to acquire some of their assets.

Paul Parshley, director of corporate planning and communications at the IPP, says it is looking in states beyond Texas, Massachusetts and Georgia, in which it already has nearly 3,400 MW of combined cycle gas turbine plants.

Parshley adds that it is specifically looking to acquire plants that are relatively new and have off-take agreements. He notes that coal is a type of fuel that it would be most comfortable with because coal-fired plants are relatively inexpensive to maintain.

"While our IPP competitors in the U.S. are preoccupied with strengthening their balance sheets, we have an opportunity to grow through acquisitions," says Parshley. In terms of timing, he says, "Prices have to come down on some of these assets before we take the bait. However, we have a balance sheet that allows us

to make acquisitions whenever we'd like."

International Power also is courting TECO Energy, parent of Teco Power Services and Tampa Electric Co., about a tie up (PFR, 3/25).

## TECO Looks To Issue \$300M In Equity

TECO Energy is looking to raise \$300 million in equity financing later this year or early 2003 to support its growth needs until 2004. Gordon Gillette, cfo, says the cash proceeds will also be used to strengthen the energy holding company's balance sheet to help protect its credit rating in the wake of the Enron meltdown.

Gillette says TECO has already raised some \$800 million in equity capital this year and hopes to raise some \$1.2 billion by 2004. The Tampa, Fla., company issued \$400 million of mandatory convertibles and \$449 million of equity-linked securities in January through lead underwriter Goldman Sachs.

## Corporate Strategies

### Constellation Bulks Up Issue To Take Out Short-Term

Baltimore-based Constellation Energy tapped the fixed-income mart for \$1.8 billion in a three-part issue on March 21, upscaling it from a planned \$1.5 billion deal, which itself was north of the \$1 billion in notes the company was forecasting in February (PFR, 2/10). A Constellation spokeswoman declined comment on the financing. The size reflects the significant amount of short-term paper power company needs to pay down, and also some maturing debt issues, says Ray Leung, managing director and fixed-income analyst at Bear Stearns.

The \$1.8 billion offering was split equally between 6.35% coupon five-year notes, yielding a 160 basis points spread to Treasuries, 7% 10-years notes, with a spread of 170 basis points, and 7.6% 30-year notes, with a spread of 185. Leung says the pricing was tight and the notes have widened out considerably in secondary trading. Last Tuesday the spread on the 10-year notes had hit 175 basis points, he notes. The paper has partly been caught up in heightened concerns about whether FirstEnergy's technical difficulties at its Davis-Besse plant might have wider implications for other nuclear players. Leung adds that earnings warnings from IPPs, such as NRG Energy, have also weighed on the notes, given Constellation's activities on the unregulated side of the industry.

In February, Constellation said a \$955 million tranche of commercial paper would be paid down that was drawn to fund stakes in two nuclear plants, Nine Mile Point I & II for

\$762 million. The company also used the commercial paper to fund the \$334.8 million termination fee of its power services and software agreement with Goldman Sachs.

The \$1.8 billion issue was led by Salomon Smith Barney and Lehman Brothers.

### Entergy Subs Save \$22M With Bond Offerings

Louisiana Power & Light and Arkansas Power & Light, two electric utility subsidiaries of Entergy, issued \$150 million and \$100 million, respectively, of 30-year first mortgage bonds late last month to refinance existing debt at cheaper rates. The opportunistic move will slash Entergy's interest bill by \$22 million, according to Frank Williford, assistant treasurer in New Orleans. "We decided to call these bonds now because the low interest rates we received on these deals were terrific," he says.

According to Williford, LP&L's Baa2/BBB+ rated deal was issued on March 20 and was priced at par to yield 7.6%. AP&L's offering, which was rated Aaa/AAA, was issued on March 28 and priced at par to yield 6.7%. Salomon Smith Barney and Morgan Stanley underwrote both offerings.

Regarding the old offerings, LP&L and AP&L issued \$115 million and \$85 million, respectively, of 30-year callable first mortgage bonds in March 1996. Both deals had 8.75% coupons. Bear Stearns underwrote the offerings.



## Latin America

### AES Parana Nears Default On Loans

AES Parana, a vertically integrated Argentine utility, is close to defaulting on a \$112 million non-recourse project loan from the **Inter-American Development Bank** and six private-sector banks, due to the country's currency devaluation and its inability to fund U.S. dollar-denominated debt. According to a New York project financier, the loan, which closed in June 1999, was originally used for the construction of the 826 MW, \$448 million gas-fired plant. AES Parana is owned jointly by **AES** (67%) in Arlington, Va. and **PSEG Global** (33%) of N.J.

Of the project's cost, \$60 million was provided by the Washington-based IDB and the remaining \$52 million through a loan syndicated to six private sector groups: **ING Barings**, **Westdeutsche Landesbank**, **Bank of Tokyo-Mitsubishi**, **KBC Bank**, **HypoVereinsbank** and **Generale Bank**. Japan's **Export-Import Bank of Japan** and the **Ministry**

of Trade & Industry also provided a further \$102 million.

Officials at AES declined to comment and calls to **PSEG Global** were not returned. Spokespeople at the IDB and **Emilio Sawada**, an investment officer at the IDB in Washington, declined all comment. Bankers either would not discuss the matter or did not return calls.

### Union Fenosa Selects Citi For Mexican Project

Union Fenosa has retained **Citibank** to arrange non-recourse project financing for the construction of a \$200 million 300 MW gas-fired plant in Sonora, Mexico, dubbed Naco Nogales, according to a New York project financier familiar with the matter. He adds the Spanish utility and Citi still have to hammer out details of the loan.

Union Fenosa will operate the plant for 25 years after the facility becomes operational next April. Bankers at Citibank and officials at Union Fenosa did not return calls by press time.

## Latin American Power Financing Calendar

*Following is a directory of upcoming projects and related financing in the Latin American power sector. To report new deals or provide updates, please call **Amanda Levin Arnold**, Reporter, at (212) 224-3292 or email: [alevin@iineews.com](mailto:alevin@iineews.com)*

Sponsor	Project	Project Type	Size (MW)	Cost (\$mil)	Country	Advisor/Financier	Status	PFR Issue
ABB	Thermo Bahia	Gas-fired	187	205	Brazil	IDB/BofA	Launched \$173M loan	3/4/02
Alcoa	Santa Isabel	Hydro	1,087	700	Brazil	Citi	Has hired Citi to lead deal	2/11/02
Ceran	-	Hydroelectric	360	111	Brazil	BNDES	Will launch the loan shortly	10/8/01
Compahnia Energetica de Pernambuco	Termopernambuco	Gas-fired	520	403.5	Brazil	IADB/BBVA/BNDES	Syndication due shortly	12/24/01
Corporacion Venezolana de Guyana	Tocoma Dam	Hydroelectric	-	2,100	Venezuela	-	Expects to bring project on line by 2006	6/25/01
Duke Energy International	Pederneiras	Gas-fired	500	270	Brazil	-	Will finance with equity capital.	3/11/02
Electricité de France	Altamira	Gas-fired	495	300	Mexico	Citi/Fuji	Prepped \$200M loan	2/11/02
Electricite de France	Rio Bravo III	Gas-fired	500	290	Mexico	SocGen	Arranging a \$217M project loan	3/4/02
El Paso	-	Gas-fired	200	200	Mexico	-	Expects to bring project on line by 2003	4/16/01
El Paso	Araucaria	Gas-fired	469	340	Brazil	Dresdner	Closing \$340M in financing	3/4/02
El Paso	Macaé	Gas-fired	400	700-800	Brazil	-	Refinancing with a project loan	3/11/02
Iberdrola	Vera Cruz	Gas-fired	800	700	Mexico	-	IADB has offered assistance to relaunch the stalled project	6/9/01
Iberdrola, Banco de Brazil, Previ	Termo Pernambuco	Gas-fired	540	350	Brazil	IDB, BBVA	Expects to bring project on line by 2002	3/26/01
InterGen	La Rosita I & II	Gas-fired	1,060	Mexico	Citi, BNP, EDC, SocGen, KBC, ANZ	-	Plan to Launch general syndication in March	2/25/02
InterGen	Carioba	Gas-fired	945	670	Brazil	-	Project delayed until Q1 of 2003	2/25/02
PSEG Global	SAESA	Distribution company	N/A	450	Chile	J.P. Morgan	Considering taking out a \$300M loan to fund the acquisition	9/24/01
PSEG Global	Electroandes	Hydroelectric	183	227	Peru	J.P. Morgan	Considering taking out a \$100M loan to fund the acquisition	9/27/01
Sempra Energy Resources	Mexicali	Gas-fired	600	350	Mexico	SocGen	In the process of arranging a corporate loan	3/11/02
TransAlta	Chihuahua	Gas-fired	259	192	Mexico	BofA	Looking to arrange \$150M loan	3/18/02
Union Fenosa	Naco Nogales	Gas-fired	300	200	Mexico	Citi	Prepping a project loan.	4/1/02
Union Fenosa	La Laguna II	-	450	-	Mexico	-	-	7/2/01
Union Fenosa	Tuxpan III & IV	Gas-fired	938	600	Mexico	Deutsche Bank BOTM	Expects to bring plant on line by 2003	6/4/01

## Financing Record (MARCH 21 - MARCH 25)

### Bonds

Issue Date*	Maturity	Issuer	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Moody's	S&P	Bookrunner(s)
03/21/02	04/01/07	Constellation Energy	600	99.922	Notes	6.35	Baa1	BBB+	Lehman/Salomon
03/21/02	04/01/12	Constellation Energy	600	99.566	Notes	7	Baa1	BBB+	Lehman/Salomon
03/21/02	04/01/32	Constellation Energy	600	99.763	Notes	7.6	Baa1	BBB+	Lehman/Salomon
03/21/02	04/01/32	Entergy Arkansas	100	100	Fst Mtg Bonds	6.7	Aaa	AAA	Morgan Stanley/Salomon
03/21/02	03/26/12	Northwest Natural Gas Co	10	100	MTNs	7.13	A2	A-	Merrill
03/21/02	03/26/12	Northwest Natural Gas Co	10	100	MTNs	7.13	A2	A-	Bank One
03/21/02	03/26/07	Northwest Natural Gas Co	20	100	MTNs	6.31	A2	A-	UBS Warburg
03/21/02	03/26/12	Northwest Natural Gas Co	10	100	MTNs	7.13	A2	A-	UBS Warburg
03/22/02	03/26/05	SK Global Belgium	30	99.85	Flt Rte Gtd Bds	Floats	NR	NR	DBSING
03/25/02	03/28/12	Central Hudson Gas & Electric	12	100	MTNs	6.64	A2	A	JP Morgan
03/25/02	03/28/07	Central Hudson Gas & Electric	11	100	MTNs	5.87	A2	A	JP Morgan

### M&A

Date Announced	Date Effective	Target	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Value (\$mil)
03/21/02	-	Dispatchersky Tsentri	-	Russian Fed	Tatneft	-	Russian Fed	-
03/21/02	-	Elettrogen	-	Italy	Endesa	-	Spain	111.926
03/21/02	03/21/02	Setevaya Kompaniya	-	Russian Fed	Tatneft	-	Russian Fed	-
03/22/02	-	Innogy	CSFB/Deutsche Bank	United Kingdom	RWE	Merrill Lynch	Germany	7396.143
03/25/02	-	Perryville Energy Partners	-	U.S.	CLECO	-	U.S.	67.500
03/25/02	-	Tbilgaz(Georgia)	-	Georgia	Investor Group	-	Israel	-
03/25/02	-	Tindra	-	Norway	Hafslund	-	Norway	33.912
03/25/02	-	Wessex Water	Schroder Salomon Smith Barney	U.K.	YTL Utilities	Deutsche Bank	U.K.	1767.031

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

## AES PLANT

(continued from page 1)

a loss, say bankers. This in turn is threatening the plants' ability to meet their debt obligations. One financier notes that at least a dozen project loans that funded the construction of new merchant plants or asset acquisitions in the U.K. in the late 1990s are either in technical default, have broken their covenants, or are perilously close to busting their coverage ratio.

A non-recourse loan tied to AES' 230 MW Barry plant in South Wales is one of the handful of deals that's looking increasingly stretched, say bankers. AES financed 90% of the merchant plant's costs in 1999 through a GBP122.16 million (\$198 million) loan arranged by the **Industrial Bank of Japan**. It syndicated the 20-year deal to **Bank of Scotland**, **Lloyds TSB**, **Abbey National**, **Allied Irish Bank** and **Skandinaviska Enskilda Banken** (PFR, 5/24/99). **Roger Conlin**, head of power at IBJ, did not return calls, but another financier at the Japanese bank confirms it has been involved in discussions with AES to avert a potential financing crisis before it occurs.

The IBJ banker adds that AES' decision to walk away

from the Fifoots IPP and leave the receiver to liquidate the asset and pay back its creditors has increased IBJ's concerns. "Perhaps naively we assumed sponsors would do their utmost to support their deals." The financier adds AES' decision not to pump more equity capital into the plant to ride out the current trough in power prices, probably reveals the extent to which the company is cash-strapped. Calls to AES were not returned.

AES funded the re-commissioning of Fifoots in late 1999 with a GBP130 million (\$214.5 million) loan arranged and underwritten by **Deutsche Bank**. **Lynn Tho**, a financier at **Deutsche Bank** in London, says recouping the loan is now in the hands of the administrator **KPMG**.

**Richard Hill**, joint administrative receiver at **KPMG** in London, who is charged with selling the asset, says Fifoots has some GBP80 million of non-recourse bank debt obligations as well as other liabilities that have yet to be fully determined. He adds **KPMG** is looking to sell the plant by the end of April. However, if it can't achieve a satisfactory price it will employ a third party to run the plant until market conditions improve.

—Will Ainger

## CALPINE PLANS

(continued from page 1)

At a private meeting with its construction revolver banking syndicate recently, **Bob Kelly**, senior v.p. of finance, told bankers the new project loans would have high-investment-grade ratings and all be backed by strong long-term off-take contracts, says one banker in attendance. He adds Kelly didn't elaborate on the potential overall size of the financings, the specific plants covered, or the timeline, except to say they will appear this year. Calls to Kelly were not returned.

One banker was skeptical about the market's appetite for the single plant financings, particularly given the rocky ride the IPP has been given by the stock market and its corporate bankers. Calpine secured \$2 billion in corporate loans earlier this month, but only after agreeing to pledge assets and ditch attempts to get unsecured funding (PFR, 3/4).

However, another banker, reflecting on the long-term off-take agreements tied to each of the four plants, says he is interested, so long as pricing is adequate. "We'd look at it." He adds the company explained at the meeting that it believes single-asset financing will be more efficient, given the fact its development plans have been pruned back and probably don't warrant a big revolver.

—Peter Thompson

## DOMINION, ENTERGY

(continued from page 1)

Dominion, declined to comment.

Over the past few years, Dominion and Entergy have led the way in acquiring nuclear assets in the U.S. and bankers say they are on the prowl for more. Just this past spring, Dominion purchased the Millstone nuclear power station (2,000 MW) located in Waterford, Conn., from Northeast Utilities for \$1.3 billion. Other nuclear facilities Dominion owns are the North Anna power station in Louisiana, which has more than 1,800 MW of generating capacity, and the Surry facility (1,600 MW) in Virginia. In August last year, Entergy agreed to acquire the Vermont Yankee nuclear facility, which has 510 MW, for \$180 million from a consortium of 12 New England utilities, that will bring its total nuclear capacity to nearly 9,000 MW.

Seabrook was commissioned in August 1990 and put on the block last December, says Beauchamp. The plant is owned by 11 energy concerns including **North Atlantic Energy**, a subsidiary of Northeast Utilities. The other owners are **Public Service of New Hampshire**, **United Illuminating Co.**, **Great Bay Power**, **New England Power**, **Connecticut Power and Light**, **Canal Electric** and **Little**

**Bay Power**. The other owners are **Hudson Light and Power**, **Massachusetts Municipal Wholesale Electric** and **Taunton Municipal Lighting Plant**.

—Amanda Levin Arnold

## Calendar

**MEED Conferences** will hold a "Qatar 2002" conference on May 15-16 at One Whitehall Place, London. The event will include a panel discussion on structuring future growth in Qatar's power and water sector. To register, call 44 (0)20 7505 8564.

## Quote Of The Week

"We have a balance sheet that allows us to make acquisitions whenever we'd like."—**Paul Parshley**, director of corporate planning and communications at **International Power**, on the company's plans to acquire coal-fired generation assets in the U.S. (see story, page 5).

## One Year Ago In Power Finance & Risk

**AES** and three consortia comprising **CMS Energy** and **National Power**, **Tractebel** and **Mitsui**, and **PSEG Global** and **Mitsubishi** submitted final bids to the **Abu Dhabi Water and Electricity Authority (ADWEA)** to build, own and operate the \$1,500 million **Al Shuweihat S1** power and desalination project. [ADWEA selected **International Power**—formerly the international unit of **National Power**—and **CMS** to develop the project last June. They employed seven banks, **Citibank**, **Barclays Capital**, **Royal Bank of Scotland**, **Bank of Tokyo-Mitsubishi**, **Kreditanstalt für Wiederaufbau**, **National Bank of Abu Dhabi** and **Abu Dhabi Investment Co.**, to arrange a \$1.3 billion non-recourse loan to fund the project last September. After a delayed launch and the inclusion of an Islamic tranche to broaden the loan's appeal, syndication was wrapped up in February.]

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