

# power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

APRIL 2, 2007

VOL. X, NO. 13

## Project Finance Shortlist Unveiled

The nominations for the sixth annual *Power Finance and Risk* project finance awards have been released. **LS Power**, **Repsol**, **Iberdrola** and **Suez Tractebel** are just some of the names in contention for top honors.

See full list, page 6

## Barclays Preps EDP Horizon Debt

**Barclays Capital** is arranging a \$2.5 billion debt package supporting **Energias de Portugal's** purchase of **Horizon Wind Energy** from **Goldman Sachs**.

See story, page 4

## In The News

BG Staffer Exits	2
Shell, Dominion Plot Wind Deal	2
Canaport Lures 25	3
AES Eyes Spanish Refi	3
Calpine DIP Closes	4

## Corporate Strategies

Energy East Sells Shares	5
NU Sub Sells Notes For Transmission Upgrade	5

## Departments

Generation Auction & Sale	8
Project Finance Deal Book	10

**COPYRIGHT NOTICE:** No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2007 Institutional Investor, Inc. All rights reserved.

For information regarding subscription rates and electronic licenses, please contact Dan Lalor at (212) 224-3045.

## FORTRESS POCKETS GE DUO FOR ENERGY PUSH

**Fortress Investment Group**, the \$30 billion private equity and hedge fund manager, is putting together an energy group and hired a pair of rainmakers from **GE Energy Financial Services** to run it. **Tony Shizari**, head of GE EFS' debt finance group, and **Steve Petricone**, chief risk officer, left GE March 6 and are due to start at Fortress imminently, having served a month's gardening leave.

One industry source speculates Fortress is waking up to the amount of money to be made in energy. "It's a fair conclusion to assume, given the timing, that they have been

(continued on page 12)

## First Of A Flood?

## ENEL LOOKS TO TAP U.S. TAX-EQUITY FOR WIND FINANCING

**Enel North America** plans to tap tax-equity financing for its first large-scale wind projects in the U.S.—and observers are expecting a slew of other foreign-based players to make the same move. **Energias De Portugal**, via its purchase of **Horizon Wind Energy**, and **Iberdrola**, via the purchase of **ScottishPower**, are also seen as prime potential users.

Tax-equity refers to investors who buy into wind projects to gain access to the federal production tax credits associated with renewables. Foreign wind owners often don't have

(continued on page 12)

## BG SEEN BUYING MASSPOWER PLANT

**BG North America** was close to inking a purchase and sale agreement to acquire the 258 MW **MASSPOWER** cogeneration facility in Springfield, Mass., as *PFR* went to press Friday. Auctioneer **Miller Buckfire** reportedly was also in late-stage negotiations with Atlanta-based **Arcapita**, but BG won because of the seller's confidence it could close the transaction quickly, as first reported on *PFR's* Web site Wednesday.

Owner **Greenwich Energy Investments**, a private equity shop backed by hedge fund **Silverpoint Capital**, stands to make about \$150 million from the sale. It bought the asset

(continued on page 12)

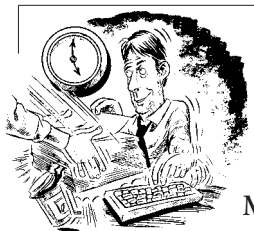
## Cooking With (Re)Gas

## CHENIERE LNG SPIN-OFF MAY BE FIRST OF MANY

**Cheniere Energy's** spinning off of its Cameron Parish, La.-based LNG receiving terminal, Sabine Pass, into a master limited partnership is expected to entice other midstream players to adopt the model. Liquefied natural gas assets lend themselves perfectly to an MLP structure, bankers argue, because of the stable cash flows associated with long-term usage agreements. There are five operational regasification facilities in North America. Six are under construction and more are in various stages of permitting that could adopt this route.

(continued on page 5)

Check [www.iipower.com](http://www.iipower.com) during the week for breaking news and updates.



## At Press Time BG Generation Head Defects To Gates Shop

Mark Kubow, who spearheaded BG Group's entry into the North American merchant power business, has left the firm to head up generation acquisitions for **EnergyCo**, the joint venture between **PNM Resources** and **Bill Gates'** private investment vehicle **Cascade Investment**.

EnergyCo has been looking for acquisition and development opportunities in the Southwest, West and ERCOT since it was established in November. The company will begin operations with PNM's merchant fleet, and an equivalent amount in cash from Cascade, PNM's largest shareholder. Kubow joined BG from **Navigant Consulting** in April last year, where he was a managing director in its energy practice. His departure from BG comes as it closes in on **MASSPOWER** (see related story, page 1).

## Shell, Dominion Court Wind Financing

Partners **Shell WindEnergy** and **Dominion** are shortlisting banks to provide financing for a 164 MW wind project near the Mt. Storm Power Station in Grant County, W. Va., according to bankers following the project.

The exact amount of debt being sought could not be learned. The merchant project is expected to cost \$200-300 million. Shell's U.S. wind subsidiary acquired the project consisting of 82 2 MW turbines in 2005, and brought in Dominion as a 50% partner in December. The Allegheny Front region around Dominion's 1.6 GW coal facility has been identified as one of the best wind locations in the eastern U.S.

## Lehman Invites Bids On Calif. Portfolio

Indicative bids are due later this month in the sale of 167 MW of unregulated power generation by the City of Vernon, south of Los Angeles. **Lehman Brothers** is running a two-stage auction of the assets, located in the SP-15 region of Southern California, as well as a staple financing package for prospective bidders. Calls to a Lehman official were not returned.

The assets are being offered debt-free, and with a 15-year power purchase agreements for delivery of power back to the City of Vernon—rated A3 by **Moody's Investors Service** and BBB+ by **Standard & Poor's**—upon completion of the transaction. Vernon has expressed an interest in selling to a single buyer, but will consider bids on component parts if this maximizes value.

Up for grabs is a 134 MW combined-cycle, natural-gas fired project known as **Malburg Generating Station**; an 11 MW stake in the largest nuclear plant in the U.S.—**South California Public Power Authority's** Palo Verde project valid through 2030; and a 22 MW interest in the **Western Area Power Administration's** Hoover Upgrading renewable project. Also on the block are the associated transmission assets, including the **Mead-Phoenix Transmission Project**; a 6.25% interest in the **Mead-Adelanto Transmission Project**; the **Mead-Marketplace Substation**; and a 7.55% interest in the **California-Oregon Transmission Project**.

## power finance & risk

The exclusive source for power financing and trading news

### EDITORIAL

TOM LAMONT  
Editor

STEVE MURRAY  
Deputy Editor

PETER THOMPSON  
Executive Editor [Chicago]  
(773) 439-1090

KATY BURNE  
Senior Reporter  
(212) 224-3165

BEN MILLER  
Associate Reporter  
(212) 224-3226

STANLEY WILSON  
Washington Bureau Chief  
(202) 393-0728

KIERON BLACK  
Sketch Artist

### PRODUCTION

DANY PEÑA  
Director

LYNETTE STOCK, DEBORAH ZAKEN  
Managers

MICHELLE TOM, MELISSA  
ENSMINGER, BRIAN STONE,  
JAMES BAMBARA  
Associates

JENNY LO  
Web Production & Design Director

MARIA JODICE  
Advertising Production Manager  
(212) 224-3267

### ADVERTISING AND BUSINESS PUBLISHING

JONATHAN WRIGHT  
Publisher  
(212) 224-3566

JESSICA SOMMAR  
Editor, Business Publishing  
(212) 224-3272

CHRIS DEANGELIS  
Online Sales Director  
(212) 224-3618

PAT BERTUCCI, MAGGIE DIAZ,  
LANCE KISLING, Associate Publishers

SAMUEL HARRIS WILLIAMS  
Head of Legal Sales  
(212) 224-3894

LESLIE NG  
Advertising Coordinator  
(212) 224-3212

### PUBLISHING

ELAYNE GLICK  
Publisher  
(212) 224-3069

MIKE FERGUS  
Marketing Director  
(212) 224-3266

AMANDA CATERINA  
Associate Marketing Manager  
(212) 224-3096

VINCENT YESENOSKY  
Senior Operations Manager  
(212) 224-3057

DAVID SILVA  
Senior Fulfillment Manager  
(212) 224-3573

### SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year - \$2,725 (in Canada add \$30 postage, others outside U.S. add \$75).

DAN LALOR  
Director of Sales (212) 224-3045

EMILY-JANE STAPLETON  
Account Executive [London]  
(44-20) 7779-8704

KEN LERNER  
Account Executive  
(212) 224-3043

GEORGE WITTMAN  
Client Development Manager  
(212) 224-3019

### REPRINTS

DEWEY PALMIERI  
Reprint & Permission Manager  
(212) 224-3675  
dpalmieri@institutionalinvestor.com

### CORPORATE

GARY MUELLER  
Chairman & CEO

CHRISTOPHER BROWN  
President

STEVE KURTZ  
Chief Operating Officer

ROBERT TONCHUK  
Director/Central Operations & Fulfillment

**Customer Service:** PO Box 5016,  
Brentwood, TN 37024-5016.  
Tel: 1-800-715-9195. Fax: 1-615-377-0525  
UK: 44 20 7779 8704  
Hong Kong: 852 2842 6910  
E-mail: customerservice@iinvestor.com

**Editorial Offices:** 225 Park Avenue  
South, New York, NY 10003.  
Tel: (773) 439-1090  
Email: pthompson@iinvestor.com

**Power Finance & Risk** is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

**Power Finance & Risk** ©2007  
Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

**Institutional  
Investor NEWS**  
INTELLIGENCE FIRST

## Canaport Construction Loan Lures 25

Leads BMO Financial, Banco Santander, La Caixa, BBVA, and Royal Bank of Scotland brought 25 lenders in the syndication of the \$756 million construction loan for Repsol and Irving Oil's Canaport LNG facility. The deal was at least two times oversubscribed, according to bankers. Officials at the banks either declined to comment or did not return calls.

The mostly Europe-based participants signed up at the \$50 million level and were allocated down accordingly, a banker says. Pricing begins at 70 basis points and steps up over the life of the 27-year loan to 110 (PFR, 2/23). The leads closed and fully underwrote the debt last year (PFR, 11/22).

The one billion cubic feet per day regasification terminal in Saint John, New Brunswick, is 75% owned by Repsol, and supported by a 25-year terminal services agreement with Repsol Energy Canada.

## Leads Roll Out LS Power, Mirant Acquisition Finance

JPMorgan Securities has launched syndication of \$1.3 billion in debt bankrolling LS Power Equity Partners' acquisition of 3,619 MW of gas-fired generation from Mirant Corp. The bank meeting was March 27 at the W Hotel in midtown Manhattan, N.Y.

The package for borrowing entity LS Power Acquisition Co. comprises a \$700 million first-lien term loan and \$165 million synthetic letter of credit, both due 2014, as well as a \$150 million first-lien revolver, all of which was assigned a BB- rating by Standard & Poor's. Rounding out the deal is a \$300 million, second-lien term loan with a B rating. Price talk on the first lien is LIBOR plus 200-225 basis points, and 400-425 basis points in the second lien. LS Power is providing \$412 million in equity.

On the right of the deal are Barclays Capital—which advised LS Power on its purchase (PFR, 1/19)—Credit Suisse and Lehman Brothers. Calls to officials at the banks and borrower were not returned.

Atlanta-based Mirant put its U.S. fleet up for auction via JPMorgan last year, and announced LS Power as the winner in mid January, believing it capable of completing the transaction quicker than the highest bidder (PFR, 1/15). Once the \$1.407 billion sale closes, LS Power will continue to own and operate the plants—Apex (527 MW), West Georgia (613 MW), Shady Hills (469 MW), and merchant units Sugar Creek (561 MW), Bosque (546 MW) and Zeeland (903 MW)—despite its impending merger with Dynegy.

## Barclays Readies Beefed Up Big Apple Bench

Barclays Capital is looking to hire up to four v.p.s as well as five associates and five analysts to its corporate and financial sponsors energy investment banking team in New York. Underpinning the drive is the firm's pipeline of deals as it capitalizes on the expansion of its high-yield energy and leveraged finance business in.

The bank wants to attract people with as broad a background as possible, encompassing investment banking, leveraged finance and structuring high-yield or term loan B deals. It also plans to expand coverage to include Latin America. The U.S. energy investment banking team is headed by Managing Director Mike Brennan, who did not return a call.

Barclays acted as joint lead arranger on \$855 million in acquisition financing for Energy Capital Partners-owned NE Energy's purchase of Northeast Utilities' competitive generation. It is also financial advisor to LS Power Equity Partners in its pending acquisition of six U.S. power plants from Mirant Corp.

## AES Looks To Refi 1.2 GW Spanish CCGT

AES Corp. has approached a cluster of banks about refinancing debt tied to its 1,200 MW Cartagena combined-cycle gas turbine plant on the Iberian peninsula in southeast Spain. The Arlington, Va., sponsor is "inviting banks to put their best foot forward," according to one banker. He notes the original construction financing (PFR, 1/27/03) was conservative because lenders were skittish following the collapse of Enron.

ABN Amro, Société Générale, Crédit Agricole Indosuez and Instituto de Credito Oficial led the original non-recourse financing, which consisted of EUR665 million (\$887 million) in eight-year loans broken into a EUR493 million mini-perm tranche and EUR172 million portion for working capital, value added tax and cost overruns. The leads were supported by ANZ, ING Bank, WestLB and BBVA on the mid tier, and CIC and Citibank on lower tiers.

Pricing was 140 basis points over LIBOR during construction and 130-180 basis points during operation—130-140 for the life of the loan and 170-180 if the deal was not refinanced within this period. It could not be determined how far AES is looking to reduce its costs of borrowing, and a spokeswoman was unable to comment. SocGen led a EUR60 million equity bridge loan for the entity last year to help with construction delays.



## Calpine \$5B DIP Closes

Syndication of a \$5 billion debtor-in-possession facility for Calpine wrapped and funded Thursday. The deal, led by **Credit Suisse**, **Goldman Sachs**, **JPMorgan** and **Deutsche Bank**, garnered significant attention from institutional investors, but the extent to which it was oversubscribed could not be determined. A call to Calpine spokesman **Rick Barraza** was not immediately returned.

Pricing on the debt, which comprises a \$4 billion term loan and \$1 billion revolver, is LIBOR plus 225, according to deal trackers, but moves in step with the facilities' credit ratings—expected to be B+. Proceeds will refinance the IPP's existing \$2 billion DIP, co-led by Credit Suisse and Deutsche Bank and take out \$2.5 billion in project-level borrowings tied to its 9.8 GW CalGen portfolio which have margins as high as 900 basis points (PFR, 3/02).

"The company believes this to be an important transaction because it lowers its costs to capital and simplifies its capital structure," explains **Sam Greene**, a managing director at Calpine's restructuring advisors **Miller Buckfire**, who declined to talk specifics on the financing.

## Barclays Preps \$2.5B Debt For EDP's Horizon Foray

**Barclays Capital** is arranging a \$2.5 billion debt package supporting Portuguese utility **Energias de Portugal's** purchase of **Horizon Wind Energy** from **Goldman Sachs**. The exact make up of the debt still needs to be decided, says EDP spokesman **Rui Cabrita** in Lisbon.

**Citigroup** advised EDP on the estimated \$2.93 billion transaction, comprising \$2.15 billion for 100% of the share capital in Horizon, \$180 million in assumed debt and \$600 million of capital expenditures. The firm also will take a \$400 million tax equity stake in the combined entity at financial close.

Whether EDP offered the highest bid could not be determined, and calls to a Goldman spokesman were not immediately returned. But the company was reportedly confident it would win the auction, also involving **Babcock & Brown**, **Exxon Mobil** and **Exelon Corp.** (PFR, 2/16). Those who fell out of the race balked at the \$2 billion price tag, but have observed that for a European utility the appeal of the relatively nascent U.S. renewables market is strong, particularly given the future value of carbon credits.

The combined entity will have 3.8 GW of wind power operational by year-end. Horizon already owns 559 MW; has 997 MW of projects under construction; and a pipeline in the 9 GW ballpark. **Fitch Ratings** and **Standard & Poor's** have EDP

on negative watch however, citing concerns over its ability to stick to its net leverage targets in the context of this ambitious transaction.

## Allied Irish Fires Up Toronto Branch

**Allied Irish Bank** plans to open a lending branch in Toronto in April. **Chris Gifford**, v.p. will run the energy, power and infrastructure side, after staffing the bank's Toronto rep office since last year. "We're opening an office to be closer to the banks and clients," says **Vaughn Buck**, head of the energy and utilities group in New York, adding that it can now offer products, such as revolvers and term loans, which it couldn't before.

The group isn't planning new hires in Toronto at the moment, Buck says, but is looking to add an energy v.p. at its newly opened Houston office this year.

## Derivative Co.s Look To Tackle Project Finance Risk

Officials in the early stages of setting up a credit derivative product company are looking to write protection on project finance and infrastructure debt.

Lawyers and rating agency officials working to bring the companies to market confirm there is at least one CDPC that will look to offset this risk for banks that make non-recourse loans. Project finance loans can be syndicated off corporate loan desks, but they do not trade as actively as corporate loans in the secondary market. This makes offsetting this risk through other hedges difficult.

One credit official says the CDPC would look to offset project finance risk loan risk via bespoke swaps as there are currently no standardized documents for credit-default swaps based on these loans. Exact details of the CDPC could not be learned.

An executive at another established CDPC explained the motivations to jump into this business. "As more CDPCs come on line, it will become increasingly difficult to skim profits from writing protection on other asset classes," he notes. He adds rating agencies might take a longer time deciding how the capital model would need to be adapted given that project finance loans are relatively illiquid.

A rating agency official in New York says the recovery values for these assets tend to be more conservative than other corporate names, but this concept would not necessarily hinder the business model if exposure to project finance loans remained a small bucket.

The **International Swaps and Derivatives Association** is not currently involved in standardizing documents of this type, say **Louise Marshall**, spokeswoman in New York.

## Corporate Strategies

### CHENIERE LNG

(continued from page 1)

"We've always known that as long as they had gas supply contracts, these are great assets to be owned in an MLP—there just aren't that many of them. You get a fee-based income over a long period of time," explains **Joe Cunningham**, co-head of U.S. energy at **RBC Capital Markets**, which was a co-manager on Cheniere. Half of the capacity available at 4 Bcf/day Sabine Pass is reserved for **Total** and **Chevron** under 20-year take-or-pay contracts. Cheniere backstops the balance via its marketing subsidiary.

Pipelines, transmission and gas storage assets have been housed in MLPs before, but **Cheniere Energy Partners** is the first to comprise an LNG terminal. Cheniere saw the IPO as a way to recoup some of its investment by putting more equity in the project, explains Cunningham. Other owners of LNG facilities might be tempted to boost their share price in unlocking value via an MLP offering, but only if they have not

racked up hefty project debt that would restrict distributions to unitholders. Bankers suggest one candidate could be **CMS Energy** subsidiary **Trunkline LNG's** terminal in Lake Charles, La., North America's largest, which is contracted for 22 years to **BG Group**.

Cheniere Energy Partners raised \$283.5 million in an initial public offering of 13.5 million of its common units last week, representing 8.2% in the Delaware limited partnership—one million more than it planned. The units were priced at the high end of the underwriters' expectations at \$21, and were five times oversubscribed as a result of a surge in interest from institutional investors, who bought 60% of the paper.

**Citigroup Global Markets**, **Merrill Lynch** and **Credit Suisse** underwrote the deal, and had the option to purchase an additional 2.03 million common units to cover over allotments. **RBC**, **Sanders Morris Harris**, **Stifel, Nicolaus & Co**, **Howard Weil**, **Pritchard Capital Partners**, **FIG Partners** and **Energy Capital Group** were co-managers. **Don Turkleson**, cfo of Cheniere in Houston, declined comment. —K.B.

### Energy East Targets Retail With Share Sale

Energy East sold nine million shares in a public offering, taking advantage of a high dividend yield to target retail investors, in addition to the institutional side. "Given the nature of our stock, with a dividend yield of about 5%, we felt the retail market was best," says **Mark Siwak**, director of investor relations. This explains the inclusion as underwriters of **KeyBanc Capital Markets** and **A.G. Edwards**, who he says have a retail mindset.

The Portland, Maine-based utility should net about \$248 million from the sale and is raising funds for a variety of projects. Siwak says Energy East expects capital spending to exceed \$3 billion, including \$496 million in 2007, and will look to fund about half with revenues and half with debt and equity. The company is shooting for a long-term capital structure of about 40-45% equity, he says.

Energy East's current spending includes \$500 million in metering infrastructure in its New York and Maine markets and \$500 million of transmission investments in Maine. It's also considering repowering its Russell Station plant in Greece, N.Y., using clean coal technologies, which would cost about \$500 million.

**Morgan Stanley** led the offering, and still may exercise an option for an additional million shares. **A.G. Edwards**, **Citigroup**, **JPMorgan**, **KeyBanc**, and **UBS** were co-managers. The shares priced at \$24.25 on March 21, and closed at \$24.61 on March 26. The stock hit a 52-week high of \$25.93 on Feb.

26, and a 52-week low of \$22.18 on May 24. Energy East has 147.84 million shares outstanding.

### NU Sub Sells Notes For Transmission Upgrades

**Connecticut Light & Power** sold \$300 million in 10- and 30-year first mortgage notes to fund upgrades to its transmission and distribution systems. The **Northeast Utilities** subsidiary is in the middle of a capital spending program, says **Fred Zelaya**, analyst at **Moody's Investor Service** in New York, which primarily aims to alleviate congestion in the southwestern part of the state.

Connecticut Light has been issuing debt regularly to fund expansion, expected to be at least \$1.6 billion between 2007 and 2011, according to company filings. It receives equity from **Northeast Utilities** to balance the capital structure near the 45% equity target required by state regulators, Zelaya explains.

In addition to upgrading distribution, Connecticut Light has been involved in three large transmission projects. A \$138 million Norwalk to Stamford line should be completed in 2008, and \$1.05 billion Middletown to Norwalk connection is expected online in 2009. A \$340 million line between Bethel and Norwalk came into service late last year.

**Banc of America Securities**, **Citigroup** and **Wachovia Securities** were chosen as joint lead managers due to their longstanding relationship with Northeast and knowledge of the company and its subsidiaries, says **Jeff Kotkin**, v.p. for investor relations at Northeast. He says no debt offerings are planned for the immediate future.

## PFR's SIXTH 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 9, so to have your say, send your comments to Executive Editor Peter Thompson at [pthompson@iineews.com](mailto:pthompson@iineews.com)

### Best American Deals

#### Canaport

Sponsors: **Repsol, Irving Oil**

Asset: One billion cubic feet per day LNG gasification terminal in Saint John, New Brunswick.

Leads: **Banco Santander, BBVA, BMO, La Caixa, Royal Bank of Scotland**



**The pitch:** The aggressive \$756 million Canaport LNG term loan offered the longest tenor and lowest pricing to date for a gas project financing in the North American market. The 27-year loan was landed for the sponsor with a meager margin of 70 basis points, stepping up to 110.

#### Plum Point

Sponsor: **LS Power**

Asset: 665 MW coal plant in Osceola, Ark.

Leads: **Credit Suisse, Goldman Sachs, Merrill Lynch, Morgan Stanley, WestLB**

**The pitch:** The \$755 million package was the first coal construction financing to utilize the term loan B market, as well as the first to use a price hedge. The presence of local co-owners, and a payment-in-lieu-of-taxes arrangement required careful structuring and a retooling of the initial structure presented to the market.

#### Ibermex portfolio refinancing

Sponsor: **Iberdrola**

Asset: 5 GW Mexico generation portfolio.

Leads: **Citigroup, BBVA, Calyon**

**The pitch:** The \$1.7 billion loan, split into four tranches, is the largest to date for Latin American generating assets. Iberdrola, which controls about 36% of the contracts with the **Comisión Federal de Electricidad**, was able to get the costs of building the six plants off balance sheet with aggressive pricing: 65 basis points on a term loan component and 35 on a revolver.

### Best Renewable Energy Deals

#### Blue Canyon II, Maple Ridge Wind

Sponsor: **Horizon Wind Energy**

Asset: 198 MW of wind generation in New York, and 150 MW in Oklahoma.

Leads: **Goldman Sachs, BayernLB**



Maple Ridge

**The pitch:** Goldman provided tax-equity, development equity, debt and a price-risk hedge on the \$263 million in debt for its Horizon unit. It was the first widely syndicated wind deal to feature a price-risk hedge and the first to feature a merchant tail.

#### Fenton Wind

Sponsor: **enXco Development Corp.**

Asset: 200 MW of wind generation in Minnesota.

Lead: **Union Bank of California**

**The pitch:** In a novel structure, enXco landed a \$385 million financing, \$165 million of which is debt, to monetize tax credits up front. The 18-year tenor on an \$82.5 million tranche in the debt portion is also the longest for a single U.S. wind project.

#### AndaSol I

Sponsors: **Cobra**, a unit of the **ACS Group** and **Solar Millennium**

Asset: 49.9 MW solar power plant in Granada, Andalusia, Spain

Leads: **WestLB, Dexia Crédit Local, BNP Paribas, Banco Sabadell**



**The pitch:** The EUR289 million financing supported construction of the largest solar thermal project ever developed in Europe and the first to be project financed. When the adjacent 50 MW AndaSol II unit is complete, they will form the world's second biggest solar plant by collector surface area.



## PFR's SIXTH ANNUAL POWER PROJECT FINANCE AWARDS THE NOMINATIONS

### Best European/Middle Eastern Deals

#### Al Hidd

Sponsors: **Suez Tractebel, International Power, Sumitomo Corp.**

Asset: Acquisition of 965 MW/30MIGD IWPP and construction of 60 MIGD desalination unit.  
Leads: **Gulf International Bank, KfW, Mizuho Corporate Bank, Royal Bank of Scotland, Standard Chartered Bank, Sumitomo Mitsui Banking Corp.**



**The pitch:** The \$1.2 billion, 22-year financing of the Al Hidd acquisition/expansion project was the biggest IWPP privatization in Bahrain at the time, and the first Middle Eastern deal featuring a mezzanine tranche. The deal included a 20-year, senior term facility of up to \$994 million broken into a \$401.1 million commercial tranche and \$592.9 million Japan Bank for International Cooperation tranche, each priced at 90 basis points over LIBOR rising to 150 basis points.

#### Belchatów

Sponsor: **BOT Elektrownia Belchatów**

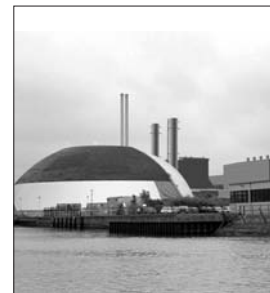
Asset: 833 MW, lignite-fired facility and upgrades to existing plant  
Leads: **ING Bank N.V., ING Bank Śląski, Bank Handlowy w Warszawie, Citibank International**



**The pitch:** The €879 million greenfield financing was the first merchant power deal in Poland—completed at a time when the power sector was undergoing a restructuring—and a prime example of term financing in a local currency. The structure consisted of a 10-year, €250 million term loan, an eight-year €90 million standby facility, a six-year, €264 million European Investment Bank guarantee, 12- and 16-year European Bank for Reconstruction and Development facilities worth €125 million, as well as 19-year €150 million commitments from Nordic Investment Bank and €220 million from EIB. Twelve banks joined the deal in commercial syndication, which wrapped with 30% oversubscription.

#### Marchwood

Sponsor: **EBS International** (50%)  
Asset: 840 MW greenfield CCGT at Marchwood Industrial Park, Southampton, U.K.  
Leads: **Barclays Capital, Bank of Tokyo-Mitsubishi, Fortis Capital, Allied Irish Bank, WestLB**



**The pitch:** The £245 million club deal was the first IPP project financing in the U.K. in four years. The uniquely aggressive bidding strategy employed by ESBI led to a hotly contested beauty pageant. Each of the five leads provided about £50 million in debt, with pricing set at 60 basis points over LIBOR during construction, falling to 55 on commercial operation, and rising again towards maturity. ESBI provided £77 million of equity and co-owner/offtaker **Scottish and Southern Energy** funded its 50% portion on balance sheet.

## You read it here *first!*

**power finance & risk**

The exclusive source for power financing and trading news

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

DECEMBER 21, 2006

### RUSSIA'S UES READIES 95.5 GW ASSET IPO

Russia's state-owned RAO UES is preparing to sell equity interests publicly in 95.5 GW of thermal generation. The initiative is part of a wider restructuring of the power sector that will see the country invite strategic stakes in its generation to fund its 23 GW pipeline and upgrade existing facilities.

Company spokesman Stas Degtyarev says the company will raise about 40% of the \$83.1 billion it needs for the capital expenditure program. "The whole thing is done badly, but it's impossible to finance the restructuring. Details about which banks will handle the financing and which stock exchange(s) will be targeted are still being discussed. Finland's Fortum, Italy's Enel, Germany's E.ON, and the UK's EDF are all in the running."

**MarketWatch**  
From DOW JONES

FEBRUARY 16, 2007

### Russian Power Monopoly to Spin off 20 Companies

The Russian state-owned electricity company is planning to spin off 20 power-generating companies over the next two years in an effort to raise the billions of dollars needed to modernize the power sector.

## We stay ahead of our competition so you can stay ahead of yours.

To Subscribe Call 212 224 3570 (USA), + 44 20 7779 8999 (UK),  
EMAIL: [ushotline@iinvestor.net](mailto:ushotline@iinvestor.net)



## 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, senior reporter, at (212) 224-3165 or e-mail [kburne@iinews.com](mailto:kburne@iinews.com).

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
AES Corp.	Delano	Central Valley, Calif.	57	Biomass	Bodington & Co.	Teasers dispatched early Jan. (PFR, 1/29)
	Mendota	Central Valley, Calif.	25	Biomass		
AIG Highstar Capital	13 plants	U.S. portfolio, concentrated in Florida and Pennsylvania	2,378	Gas, coal and waste coal	Lehman Brothers	50% stake in Northern Star Generating for sale. Ontario Teachers' owns the balance. Two-stage auction in second round.
Astoria Energy	Astoria plant	Queens, N.Y.	500 MW; 1 GW permitted	Gas	N/A	Owners fielding offers. Suez Energy acquiring a 30% stake (PFR 9/29).
Atlantic City Electric Co.	B.L. England	Cape May County, N.J.	447	Coal/oil	Concentric Energy Advisors	Rockland Capital Energy Investments completed purchase Feb. 8 for \$12.2 million.
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Cargill-led investor group	Granite Ridge	Londonderry, N.H.	720	Gas	Morgan Stanley	Owners pursuing a recap.
Con Ed Development, a unit of Consolidated Edison	Con Edison Energy	Springfield, Mass.	185	Coal, hydro	Morgan Stanley	Con Ed looking to sell. Teasers expected shortly. (PFR, 3/12)
	Newington Energy	Newington, N.H.	525	Gas		
	Ada Cogeneration	Ada, Mich.	29 (46%)	Gas		
	Lakewood	Lakewood, N.J.	236 (80%)	Gas		
	Ocean Peaking Power	Lakewood, N.J.	330	Gas		
	Rock Springs	Rising Sun, Md.	670 (50%)	Gas		
	Puerto Barrios	Guatemala	42 (49%)	Oil		
CT Acquisitions	Canal Road Hamilton Street	Cleveland, Ohio	800,000 Mlbs an hour at 165 psig	District heating and cooling systems	Concentric Energy Advisors	Binding bids due middle of next month
Desert Power	Desert Power plant	Rowley, Utah	65 installed 100 planned	Gas	N/A	Owners exploring rescue options and possible sale (PFR, 1/15).
Dominion Resources	State Line	Hammond, Ind.	515	Coal	Credit Suisse	In play
DPL Inc.	Montpelier Electric Generating Station	Poneto, Ind.	219	Gas	Pace Global Energy Services	In play
Dynergy	Bluegrass	Oldham County, Ky.	573	Gas	JPMorgan Chase	Seller hopes to fetch between \$200-500 million in asset sales this year, (PFR 2/5). Timeline unclear.
	Heard County	Heard County, Ga.	539	Gas		
	Lyondell	Channelview, Texas	600	Gas		
DTE Energy	Georgetown 4	Indianapolis, Ind.	80	Gas	N/A	Indianapolis Power & Light to acquire Sales process initiated, final bids due Q2 Seller exploring options, including outright sale On books at scrap value, in cold standby
	Crete Energy Venture	Crete, Ill.	304 (50%)	Gas		
	East China	East China, Mich.	320	Gas		
	River Rouge	Detroit, Mich.	240	Gas		
Electricite de France Internationalunit Controladora del Golfo	Saltillo	Ramos Arizpe, Coahuila	248	Gas	JPMorgan Chase	Auction just launched. Timeline unclear. (PFR, 3/16)
	Anahuac (RB2)	Valle Hermoso, Tamaulipas	495	Gas		
	Lomas de Real (RB3)	Valle Hermoso, Tamaulipas	495	Gas		
	Valle Hermoso (RB4)	Valle Hermoso, Tamaulipas	500	Gas		
	Electricidad Aguila de Altamira	Altamira	495 (51%)	Gas		
	Gasoducto del Rio	54 km pipeline	330,000M Btu/D			
Entergy Corp.	50% stake in Top	Worth County, Iowa	40	Wind	New Harbor	Seller wants about \$500 million for the assets. Bidders shortlisted to about 10 financial players, (PFR, 2/8).
	Deer Wind Ventures	Carsen County, Texas	40			
	RS Cogen	Lake Charles, La.	212	Gas		
	Roy S. Nelson	Westlake, La.	60	Gas/Oil		
	Warren Power	Vicksburg, Miss.	225	Gas		
	Harrison	Marshall, Texas	335	Gas		
	Independence	Newark, Ark.	121	Coal		
	Robert Ritchie	Helena, Ark.	544	Gas/Oil		
	Offtake Contract	Sam Rayburn Power Agency	50-80			



## Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
GE Energy Financial Services	Green County plant Birchwood	Jenka, Okla. Fredericksburg, Va.	795	Gas	N/A	GE said to be fielding offers for its 90% stake. Tyr said to be interested in acquiring, (PFR, 2/12/07).
			242	Coal	N/A	
Globeleq	Emerging market portfolio	Asia, Africa, Americas	2,082	Mixed	Lehman Brothers	Ashmore Energy and IP said to have partnered up on indicative bid, due Feb. 16 (PFR, 2/9).
Goldman Sachs	Horizon Wind Energy	Houston, Texas	1,350 targeted by year end	Wind	N/A	Energias de Portugal to acquire for estimated \$2.93B, of which \$2.5B will be debt led by Barclays (PFR, 3/27).
Greenwich Energy Investments	Masspower	Springfield, Mass.	258	Gas	Miller Buckfire	BG North America beat Arcapita to the asset in a deal worth circa \$150 million (PFR, 3/28).
LEP Holdings	Liberty	Eddystone, Pa.	568	Gas	JPMorgan	Owners are pursuing a recap instead of sale (PFR 3/19).
MDU Resources IPP unit, Centennial Energy Resources	Brush Power (1&3)	Brush, Colo.	213	Gas	Goldman Sachs	First round bids were due March 1. Assets said to be drawing offers of around \$500 million.
	Hardin Generating	Hardin, Mont.	116	Coal		
	Hartwell Generating	Hartwell, Ga.	310	Gas		
	Mountain View	San Gorgonio	66.6	Wind		
	Power Partners	Pass, Calif.				
Mirant	San Joaquin Cogen	Lathrop, Calif.	48	Gas	JPMorgan	Seller said to be marketing to Asian buyers, but Global Infrastructure Partners in pole position, (PFR, 2/23) Final bids imminent.
	Curacao Utilities (25%)	Curacao	133	Asphalt		
	Grand Bahama Power Co. (55%)	Grand Bahama Island	151	Oil		
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro		
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas	JPMorgan	LS Power to buy, but is already soliciting interest in Shady Hills (PFR, 3/5). \$1.3 billion acquisition financing launched 3/27 via JPMorgan, Barclays Capital, Credit Suisse, Lehman Brothers.
	Apex plant	Nev.	527	Gas		
	Bosque	Texas	546	Gas		
	Shady Hills	Fla.	469	Gas/Oil		
	Sugar Creek	Ind.	561	Gas		
	Zeeland	Mich.	903	Gas		
Mirant Corp., NY-Gen	West Georgia	Ga.	613	Gas/Oil		
	Mongaup Generating Plant	Mongaup, N.Y.	4	Hydro	N/A	Being acquired by Alliance Energy.
	Swinging Bridge Generating Plant	Mongaup, N.Y.	12	Hydro		
	Rio Generating Plant	Mongaup, N.Y.	9	Hydro		
	Hillburn	Hillburn, N.Y.	51	Gas/Jet fuel		
	Shoemaker	Middletown, N.Y.	44	Gas/Jet fuel		
Progress Ventures	Walton	Walton, Ga.	450	Gas	JPMorgan	Seller will fetch \$480 million in sale of generation to ArcLight Capital Partners and contract portfolio to Constellation Energy Commodities Group
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		
PSEG Global	Electroandes	Andean region, Peru	180 437 miles	Hydro Transmission	JPMorgan	Seller has received reverse enquiries and is determining wider interest
Reliant Energy	IndianRiver	Titusville, Fla.	587	Oil/Gas	JPMorgan	Full marketing material imminent (PFR, 2/26)
	Osceola Generating Station	Holopaw, Fla.	470	Gas (peaker)		
	Bighorn Generating Station	Las Vegas, Nev.	598	Gas		
	Choctaw Generating Station	French Camp, Miss.	804	Gas (mothballed)		
Sithe Global Power	River Hill Power	Karthus Township, Pa.	290	Coal	Credit Suisse	Development rights to the project for sale.

### **NOW GET power finance & risk EVERY FRIDAY!**

Paid subscribers now have access to a PDF of the upcoming Monday's newsletter on *Power Finance & Risk's* Web site every Friday afternoon before 5 p.m. EDT. That's a 64 hour jump on mail delivery, even when the post office is on time! Read the news online at your desk or print out a copy to read at your leisure over the weekend. Either way, you'll be getting our breaking news even sooner and starting your week off fully informed!

# Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Katy Burne, senior reporter, at (212) 224-3165 or e-mail [kburne@iineews.com](mailto:kburne@iineews.com).*

## Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Invenergy	St. Clair Power Station (570 MW Gas)	Sarnia, Ontario, Canada	Royal Bank of Canada	Debt TBA	About C\$370M (\$316M)	22.5 yr	Ontario Power Authority offtake. April syndication expected.
InterGen	La Rosita (1.1GW Coal) Refi	Mexicali, Mexico	BNP Paribas, Calyon, Export Development Canada	Term loan	\$400M	15 yr	CFE (Mexico), Shell offtake. Syndication launched in January. Status unclear.
				Senior LC	\$47M	15 yr	
	Generation Portfolio Refi	Various	TBA	TBA	\$3B		Merrill Lynch and Lehman Brothers tapped to lead.
EdF Energie Nouvelles	La Ventosa (80-100 MW Wind)	Juchitan, Oaxaca, Mexico	TBA	TBA			Choosing lead banks.
LS Power	Plum Point (665 MW Coal) Refi	Osceola, Ark.	TBA	TBA			Mo. Joint Muni Electric Utility offtake. Choosing lead banks
Calpine, Mitsui &Co.	Greenfield (1GW Gas)	Courtright, Ont., Canada	Bank of Tokyo, Mitsubishi, BMO Financial	Loan	\$500M	18 yr	Ontario Power Authority offtake. Selecting sub-underwriters. Syndication by April.
Terrawinds Resources	TerraWinds (201 MW Wind)	Rivier-Du-Loup, Quebec, Canada	HSH Nordbank	Senior secured construction and term debt facility	C\$300M (\$259M)	TBA	Hydro-Quebec offtake. Awaiting syndication.
Perennial Power	Hermiston Generation Plant (474 MW Gas)	Hermiston, Ore.	TBA	TBA	\$130M	10 yr	Lead banks expected 2Q2007
Lodi Gas Storage (ArcLight Capital)	Acquisition Refi		TBA	Secured loans	\$145M	TBA	Status unclear.
Noble Environmental Power	Altona, Ellenberg, Clinton and Bliss (339 MW Wind)	Altona, Ellenberg, Clinton and Bliss, N.Y.	HSH Nordbank, Dexia Credit Locale	Non-recourse loan	\$445M	TBA	Supported by 10 yr. hedges. Syndication expected 1Q2007
Bethel Energy	(100 MW Solar)	Imperial County, Calif.	TBA	Debt and equity, TBA	\$368M	TBA	Looking for lead banks
Katabatic Power	(25.5 MW Wind)	Mount Hays, B.C.	TBA	TBA	TBA	TBA	Looking for lead banks.
Winergy Power	Plum Island (30 MW Wind)	Long Island, N.Y. (Offshore)	TBA	TBA			Looking for lead banks.
Borelais Infrastructure	Bruce Power (4.6 GW) Refurbishing	Tiverton, Ont.	TBA	TBA	C\$1B (\$846M)	TBA	Choosing lead banks.
Organizacion Soriana, Vientos Del Istmo	(216 MW Wind)	Oaxaca, Mexico	TBA	TBA			Chosing lead banks.
Entegra	Gila Power Station and Union Power Station (5.3 GW Gas) Refi	Phoenix, Ariz., and El Dorado, Ark.	Lehman Brothers, Credit Suisse, Goldman Sachs	Second lien revolver for working capital	\$30M	7 yr	Syndicating. Commitments due week of 3/26
				Cash-pay facility PIK tranche	\$450M \$850M	7 yr 8.5 yr	

## Live Deals: Europe/Middle East

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
ACS Group	La Boga Portfolio (Wind)	6 sites, Spain	Natexis, La Caixa	Term loan Tax facility	EUR 350M (\$462M) EUR 58M (\$77M)		Syndication 1Q2007.
Babcock & Brown, Eurowatt	Wind Portfolio (120MW)	Various, France	La Caixa, Natexis	Term loan	EU183M (\$234M)		Syndication to launch 1Q2007.

## Live Deals: Europe/Middle East (cont'd)

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Babcock & Brown Wind Partners	Wind Portfolio (1.2 GW) Refi	Various, Global	TBA	Financing package	EUR1B (\$1.3B)		Choosing lead banks.
Spanish Egyptian Gas Company	Damietta (LNG) Refi	Damietta, Egypt	TBA	non-recourse loan	\$600M	15-16 yr	Choosing lead banks with advisor RBS.
Marubeni	Messaieed (2GW Gas)	Doha, Qatar	Calyon, Manging Agents TBA	Financing package	\$1.63B		Syndication 2Q2007.
Gulf Total Tractebel Power	Taweelah A1 (1.35GW Gas IWPP) Refi	Abu Dabi, UAE	BNP Paribas, Calyon	Term loan	\$880M	22 yr	Abu Dhabi Water and Electric Authority offtake. Awaiting close.
	Taweelah A10 (221MW Expansion to Gas IWPP)	Abu Dabi, UAE	BNP Paribas, Calyon	Term loan	\$212M	22 yr	Abu Dhabi Water and Electric Authority offtake. Awaiting close.
Suez Energy International	Marafiq (2.5GW IWPP)	Jubail, Saudi Arabia	BNP Paribas, Samba Financial, Gulf International Bank	Financing package, makeup TBA	\$3.4B		Marafiq Power & Water Utility offtake. Syndication week of 3/26.
ACWA Power	Shuqaiq (850MW IWPP)	Shuqaiq, Saudi Arabia	BayernLB, Gulf International Bank	Financing package	\$2B		Syndicating. Awaiting close.
Ras Laffan Power Co. (AES)	Ras Laffan A (750 MW IWPP)	Doha, Qatar	TBA	TBA	\$572M		Looking for lead banks.
C-Power	Thornton Bank (300 MW Wind)	Belgian Coast	Dexia	TBA	EUR100M (\$131M)	TBA	
AES Oasis, Mitsui & Co.	Almanakher (370MW Gas)	Almanakher, Jordan	Sumitomi Mitsui, Overseas Private Investment Corp., Japan Bank for International Cooperation	Senior facility	\$255M		Near close. National Electric Power Co. offtake.
				Equity tranche	\$75M		

## SUBSCRIPTION ORDER FORM

www.iipower.com

☐ **YES!** Please send me 1 year (51 issues) of **Power Finance & Risk** at the special price of \$2,395\*. Once I have subscribed I can select a permanent User ID and Password to www.iipower.com at no extra charge.

NAME B400101TITLE FIRM

ADDRESS

CITY/STATE POSTAL CODE/ZIP COUNTRYTEL FAX E-MAIL

### Options for payment:

- ☐ Bill me    ☐ Check enclosed (please make check payable to Institutional Investor News)  
☐ I am paying by credit card:    ☐ Visa    ☐ Amex    ☐ Mastercard

CREDIT CARD NUMBER EXPIRATION DATE SIGNATURE

The information you provide will be safeguarded by the Euromoney Institutional Investor PLC group, whose subsidiaries may use it to keep you informed of relevant products and services. We occasionally allow reputable companies outside the Euromoney Group to mail details of products which may be of interest to you. As an international group, we may transfer your data on a global basis for the purposes indicated above.

- ☐ Please tick if you object to contact by telephone.  
☐ Please tick if you object to contact by fax.

- ☐ Please tick if you object to contact by email.  
☐ Please tick if you do not want us to share your information with other reputable businesses.

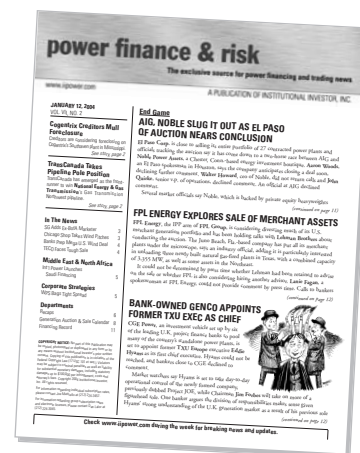
\* In Canada, please add US\$30 for postage. Other non-U.S., please add US\$75.

**Institutional Investor NEWS**  
INTELLIGENCE FIRST

**UNITED STATES**  
Tel: 1-212-224-3570  
Fax: 1-615-377-0525  
Email: customerservice@iinvestor.com  
Mail: Institutional Investor News  
P.O. Box 5016  
Brentwood, TN 37024-5016

**UNITED KINGDOM**  
Tel: 44 207 779 8929  
Fax: 44 207 779 8619  
Email: jdavies@euromoneyplc.com  
Mail: Julian Davies  
Institutional Investor News  
Nestor House, Playhouse Yard  
London, EC4V 5EX, England

**HONG KONG**  
Tel: 852 2842 6910  
Fax: 852 2543 7617  
Email: enquiries@euromoneyasia.com  
Mail: Edealia Cheung  
Institutional Investor News  
17/F, Printing House, 6 Duddell Street  
Central, Hong Kong



## BG SEEN

(continued from page 1)

from a consortium including **ArcLight Capital Partners**, **Energy Investors Funds** and **El Paso Corp.** but decided to flip it late last year (PFR, 12/18) when valuations in ISO New England began to soar. Calls to Miller Buckfire and BG were not immediately returned. Officials at Greenwich Energy declined comment.

BG has been one of the most active participants in NEPOOL auctions. It has amassed a cluster of assets including the 805 MW Lake Road facility in Dayville, Conn., and the 170 MW Dighton operation in Bristol County, Mass. **Barclays Capital** compiled a staple financing for potential buyers of MASSPOWER that was originally in the neighborhood of \$150 million, but BG will not be using this as it will fund its acquisition on balance sheet.

About 7% of MASSPOWER's output is sold to **Massachusetts Municipal Wholesale Electric Co.** under a 20-year PPA which expires in about six years—a contract that was until recently in litigation—while the balance is sold spot. Charlotte, N.C.-based **Cogentrix Energy** manages and operates the site. —K.B.

## ENEL LOOKS

(continued from page 1)

enough U.S. assets generating taxable income against which they can apply those credits. That brings in a need for investors such as **JPMorgan Chase** and **GE Energy Financial Services** who do have the income streams.

Enel North America, the Andover, Md.-based arm of Italian utility giant **Enel** will seek about \$150 million in tax-equity funding later this year, says a company official, for 40-60% of the project costs for the 100 MW first phase of the Smoky Hills project and the 63 MW Synder farm. The company needs to use tax-equity on these larger projects to get full value out of the tax-credits they generate, the official says.

Enel has a North American renewable generation pipeline totaling more than 1 GW, 275 MW of which should begin building this year. The company expects to use the U.S. tax-equity market again, the official says, including for geothermal projects acquired last month along with **AMP Resources**.

The tax-equity market has become attractive as participation has grown rapidly over the last two years, says the official. Also, investors are now comfortable with the long structures necessary for effective tax-credit utilization, and are developing a familiarity with projects as sophisticated as that of project financiers.

**Keith Martin**, partner at law firm **Chadbourne & Parke** in Washington, D.C., expects around 17 tax-equity wind deals to

be done in 2007, at a total project cost of between \$3.5 and \$4 billion. This is edging up from 15 at \$3.5 billion last year, but he says the deals are trending toward larger deals and portfolio deals. The lower risk in portfolio deals is pushing returns down, to about 6%, which are already getting lower thanks to increased competition. —Ben Miller

## FORTRESS POCKETS

(continued from page 1)

approached about the TXU situation and think the whole sector warrants a special focused business," he said. Others say judging by the skill sets of the GE officials, the rationale may be to capitalize on liquidity crises in the energy market. "These guys are the perfect guys to sit there and watch some of the energy credits issued recently with loose covenants fall into distress as the cycle turns."

Shizari and Petricone—whose hire was first reported on PFR's Web site Thursday—were involved in \$2.3 billion of business at GE last year, including **Calpine's** new \$5 billion debtor-in-possession facility and the financing for **Cheniere Energy's** Sabine Pass receiving terminal. CEO **Alex Urquhart** and Managing Director **Brian Ward** will continue to run GE EFS' debt finance group. Calls to a Fortress spokeswoman in New York were not returned, and a GE spokesman declined comment. —Katy Burne

## Calendar

**Infocast** is running *Western Renewable Power Development Summit* at the Hyatt Regency Hotel San Francisco May 7-9. To register, call 818-888-4444.

## Quote Of The Week

"We've always known that as long as they had gas supply contracts, these are great assets to be owned in an MLP—there just aren't many of them." —**Joe Cunningham**, co-head of U.S. Energy at **RBC Capital Markets**, on why spinning LNG terminals into MLPs make sense (see story, page 1).

## One Year Ago In Power Finance & Risk

**Mirant** was contemplating debt restructuring and divestiture of its 1.05GW Caribbean portfolio that includes three integrated utilities and assets in Jamaica, The Bahamas, Trinidad and Tobago and Curacao. [It decided on a sale, with the help of **JPMorgan Chase** (PFR, 8/9). The bidding is in its final stages and the current frontrunner is said to **Global Infrastructure Partners**, a joint venture between **GE Infrastructure** and **Credit Suisse** (PFR, 1/29).