

# power finance & risk

The exclusive source for power financing and trading news

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## U.K. IPP Divests Gas Contract

**Deutsche Bank** has reportedly acquired a long-dated gas contract from Killingholme A, a 680 MW U.K. power plant in the hands of its creditors.

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## BANK-OWNED GENCO EYES GBP2 BILLION LOAN FOR ACQUISITION PUSH

CGE Power, a bank-sponsored genco that's attempting to pool many of the U.K.'s stand-alone and distressed power plants, is looking to raise roughly GBP2 billion (\$3.7 billion) in bank debt to help fund the purchase of upwards of 8 GW of generation capacity. The cash injection would oil the wheels of acquisition negotiations that have stalled in recent months over the unwillingness of many non-recourse creditors to align themselves with CGE.

Market watchers say **Royal Bank of Scotland** is leading the financing effort and that it is offering GBP500 million lead arranger underwriting tickets to both CGE affiliated banks and those outside the group. CGE has also begun courting institutional investors for equity and mezzanine debt financing. **Alan White**, an RBoS financier seconded to CGE, did not return calls.

*(continued on page 12)*

## SPANISH WIND FARM CO. LAUNCHES FINANCING TENDER

**Corporación Energía Hidroeléctrica de Navarra** (EHN), one of the world's largest renewable energy outfits with over 1.8 GW of installed wind farm generation capacity, is looking to tap the non-recourse debt market with a EUR460 million (\$566 million) 10-year deal.

Market watchers say the Pamplona-based company and its financial advisor **Banco Bilbao Vizcaya Argentaria** held a beauty contest toward the end of last month to select between two and five lead arrangers. But, following the submission of

*(continued on page 12)*



## PSEG, HYDRO-QUÉBEC ENTER TALKS TO SELL CHINA IPP STAKE

Hydro-Québec and PSEG are in talks to sell their investment in **Meiya Power (MPC)**, one of the largest independent power producers in mainland China, to **Asian Infrastructure Fund**. MPC is jointly owned by **Hydro-Québec International** (20%), **PSEG Global** (50%) and **Asian Infrastructure Fund** (30%). **Colin Tam**, ceo of Meiya Power in Hong Kong, and **Francois Dell'Aniello**, director at Hydro-Québec in Montreal who is responsible for the investment, did not return calls. **Paul Rosengren**, a spokesman at PSEG in Newark, N.J., declined comment. Officials at the AIF could not be reached by press time.

MPC's owners held a public auction but were unimpressed with the bids and decided to pursue a quasi-management buyout, according to an official familiar with the process.

The IPP is active in mainland China, Taiwan and Korea and has over 2 GW of

*(continued on page 12)*

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



## At Press Time

## CSFB Lands Portland Slot

Texas Pacific Group has tapped Credit Suisse First Boston for a lead role in the financing for its planned \$2.35 billion acquisition of **Portland General Electric**, according to industry officials. Co-leads have yet to be revealed. A spokesman at CSFB declined comment.

The date of financing is dependent on regulatory approval, but one banker says that when it does arrive it'll be sought after so long as the structure is reasonable. "I think it'll be more attractive than the Tucson deal because the regulatory environment is better and the credit is stronger," he says, drawing a comparison with the recent buyout financing for **Saguaro Utility Group** in connection with its pending takeover of **UniSource**.

Texas Pacific is planning an \$800 million bond and loan package to finance the bid (PFR, 3/15).

## Deutsche Bank Acquires IPP Gas Contract

**Killingholme Power**, the operator of the 680 MW Killingholme A power plant in Lincolnshire, England, has reportedly sold a long-dated gas supply contract with **ConocoPhillips** to the energy trading desk at **Deutsche Bank**.

A recent rally in gas prices has made the energy contract increasingly valuable, and this factor likely prompted Killingholme to monetize the contract, say market watchers. **Colin Campbell**, ceo of Killingholme Power, declined comment, as did officials at Deutsche Bank.

One trader notes Deutsche Bank has entered a new gas contract with Killingholme, but on a more restrictive basis than under the previous agreement. "The old contract afforded Killingholme a lot more flexibility on volume and price. Killingholme has in effect sold this optionality."

The deal may also help pave the way for Killingholme to sell itself to **Centrica**, the parent of **British Gas**, a tie up that has been mooted for several months (PFR, 1/26). It's unlikely that Centrica would have wanted to retain the ConocoPhillips contracts, argues one market watcher.

## Astoria Energy Books Landmark Loan

Power plant developer **Astoria Energy** is set to pocket a hotly watched \$700 million construction financing for a power plant in Queens, New York City, after lead arranger **Credit Suisse First Boston** filled its syndication book late last week. Allocations have yet to be made, but the deal has made the finish line, says one banker. Another industry official says the target is to close and fund the loan on April 9. The financing is the first high-yield deal to fund construction of a power plant (PFR, 3/8). A spokesman at CSFB declined comment.

The final form of the deal, which was reworked mid-syndication, is a first-lien \$500 million loan priced at LIBOR plus 500-525 basis points and a second-lien loan of \$200 million with an all-in funding target of 10%. The financing has a two-year construction phase and a six-year term loan, but post construction, financiers are expecting the project to tap the New York Liberty bond sector.

Astoria is building a 500 MW gas-fired plant and has a 10-year offtake contract with **Consolidated Edison Co. of New York**.

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INTELLIGENCE FIRST

## Lenders Restructure Financing In Calpine Acquisition

A six-bank lending syndicate and two institutional investors have reworked the debt associated with a 600 MW plant in Pleasant Hill, Mo., allowing **Calpine** to acquire the 50% stake held by **Aquila**, its joint venture partner in the project. The lenders and sponsors had been looking to rework the project to allow for the conversion of a \$215 million construction facility into a term loan after a planned leveraged lease financing collapsed last year (PFR, 7/15). An official tracking the deal says the lenders received improved pricing for agreeing to restructure the deal.

All six of the original lenders are in the new \$130 million loan due 2016, which was led by **DZ Bank** as administration agent. The other lenders are **Crédit Lyonnais**, **EDC Canada**, **Helaba**, **National Australia Bank** and **Union Bank Of California**. Money managers **TCW** and **New York Life Insurance Co.** have also reworked their fixed-rate debt with a \$40 million B tranche of new notes due 2019, against an original 2021 maturity. One banker says Calpine has also pumped additional cash in to the project, declining to specify an amount.

The Aries power plant has a tolling arrangement with local utility **Missouri Public Service**, which has mostly taken power during peak periods. Calpine is pitching the utility a new 500 MW contract.

Calpine announced last week that it had acquired **Aquila's** 50% stake in Aries, giving it outright ownership of the plant. As part of the deal Calpine received a \$5 million payment, while **Aquila** was released from a tolling obligation tied to the plant.

## Wells Fargo Hires Analysts To Launch Research Coverage

**Wells Fargo** is set to initiate equity research coverage of the power and utility sector shortly and has hired veteran IPP analyst **Ali Agha** to lead the effort. **Ed Yuen**, a colleague of Agha at **Burnham Securities**, has also joined Wells Fargo.

Wells Fargo set up a utility investment banking business last year with the hire of **Lane Genatowski** and **Jay Schwartz** from **Jefferies & Co.** (PFR, 7/7).

Agha joins Wells Fargo in New York as a managing director, and Yuen reports to him as an associate. Calls to Agha and Yuen were not returned.

Agha, a past member of *Institutional Investor's* All-America Research Team and the *Wall Street Journal's* All Star Analyst Team, joined New York broker **Burnham Securities** in 2002. He covered a wide array of IPPs and utilities including **AES**,

**Allegheny Energy**, **American Electric Power**, **Calpine**, **CMS Energy**, **Duke Energy**, **TXU Corp.** and **Xcel Energy**.

Agha and Yuen previously worked together at **Banc of America Securities** covering a mixture of IPP and energy technology stocks. Prior to joining BofA in 2000 Agha spent nine years as an equity analyst at **Donaldson, Lufkin & Jenrette**.

## Goldman Hires Ex-El Paso Trader

**Goldman Sachs** has hired **Georg Schraut**, former head of continental power trading at **El Paso Europe**, to trade mainland European power. Schraut joined the bulge-bracket bank in London last week in a new position, as the firm looks to strengthen its power trading coverage, explains spokeswoman **Rebecca Nelson**. Schraut declined comment.

Schraut spent two and a half years at El Paso before leaving last spring as the U.S. energy merchant began dismantling its European business. He previously managed **PreussenElektra/E.on's** long-dated German power trading book for couple of year and before that was a French and German bond option trader at **Citibank** in London and Frankfurt.

Market watchers says Schraut's experience of trading financial derivative contracts stands him in good stead at Goldman, where the emphasis is on the trading of financial rather than physical energy contracts.

## Invenergy, Blackstone Eye DENA Assets

Chicago investment boutique **Invenergy** and New York private equity firm the **Blackstone Group** have joined the list of financial investors weighing up bids for **Duke Energy North America's** southeast U.S. merchant assets. Officials at **DENA**, **Blackstone** and **Invenergy** declined to comment.

Invenergy, an investment boutique set up by entrepreneur **Michael Polsky** and funded by private equity shop **GTCR Golder Rauner**, already has acquired one southeast plant this past year (PFR, 8/26) and will likely be a serious contender in the **DENA** auction, says one market watcher. He adds **Blackstone** participates in most power plant auctions, but has yet to ink a deal.

**DENA's** southeast generation portfolio includes two mid-merit assets, **Murray**, a 1.24 GW partially-contracted **CCGT** plant in Georgia, **Hot Springs**, a 620 MW merchant **CCGT** in Arkansas, and five peaking plants (PFR, 3/21). **Credit Suisse First Boston** Private Equity and **Morgan Stanley** are also considering bidding for the plants.



## Las Vegas Muni Preps Plant Purchase

Southern Nevada Water Authority is set to exercise an option to purchase a 25% interest in **Pinnacle West's** almost completed Silverhawk Power project. When the 590 MW plant comes on line at the end of April, SNWA will pay up to \$115 million for an equity stake in the natural gas-fired, combined-cycle plant that lies 20 miles northeast of Las Vegas. Pinnacle West subsidiary, **GenWest**, will retain the remaining 75%.

**Vince Alberta**, spokesman at Las Vegas-based SNWA, says the municipal authority acquired an option to purchase an equity stake in the Silverhawk plant in January 2002, and has now decided to follow through on that option.

He says SNWA will issue bonds to fund the purchase and begin deploying its roughly 150 MW of generation capacity to pump water into the city of Las Vegas. "We're interested in obtaining new power," says Alberta, "because we have to bring water from low-lands up into the city." He adds that the plant represented a good investment opportunity for the water

authority. **Alan Bunnell**, spokesman at Phoenix-based Pinnacle West, did not return calls.

## Final Round Bids For NUI Due Mid-April

Final round bids are due April 13 for Bedminster-N.J. based NUI, a gas utility and energy trader that put itself up for sale last fall (PFR, 10/6).

Wall, N.J.-based **N.J. Resources**, Folsom, N.J.-based **South Jersey Industries**, Pittsburgh-based **Equitable Resources** and Brooklyn-based **KeySpan Corp.** are several of the suitors still involved in the auction, according to a banker working on the process.

NUI, which is being auctioned by **Credit Suisse First Boston** and investment banking boutique **Berenson & Co.**, is expected to fetch upward of \$700 million. **Roseanne Koberle**, spokeswoman at New Jersey Resources, declined comment as did spokeswoman **Andrea Staub** at KeySpan. Calls to the press office at Equitable and SJI were not returned.



## Middle East & North Africa Trio File Bids On Omani Project

Two power companies and a Japanese/Singapore joint venture remain in the running to land Oman's Sohar power and water desalination project mandate after several high-profile developers opted not to bid. Oman's Ministry of National Economy had been expecting between four and six bids prior to the March 22 deadline for submitting proposals, says an official close to the ministry.

U.S. IPP AES, Belgian developer **Tractebel** and a joint venture between Singapore industrial giant **SembCorp** and Japan's **Nissho Iwai Corp.** submitted bids to develop the 500 MW and 30 million gallons per day Sohar power and water desalination project.

The most high-profile omissions came from France's **TotalFinaElf** and a joint venture between **International Power** and **Mitsui**. These two prospective bidders had put together the largest bank financing teams and had been among the favorites to land the Sohar mandate (PFR, 1/27). An official close to IP says the company had been expecting to bid right up until the eleventh hour. But wrangles with one of its EPC sub-contractors forced it to shelve the bid.

A joint venture between India's **Bharat Heavy Electricals Ltd.** and **National Thermal Power Corp.** also opted not to bid.

The Omani government and its advisors, **Société Générale**

and **Denton Wilde Sapte**, are expected to take some four to six weeks to evaluate the bids and hope to name a preferred bidder by May 24, says an official involved in the process.

## Corporate Strategy

### Canadian Gas Co. Refinances Debt, Preps Pipeline Purchase

**TransCanada Capital**, a subsidiary of Calgary-based **TransCanada Corp.**, issued \$350 million in 30-year bonds late last month to refinance debt and possibly help fund the \$1.7 billion purchase of the Gas Transmission Northwest (GTN) pipeline from **National Energy & Gas Transmission**.

"We have some bonds coming due in the first quarter," says **David Moneta**, director of investor relations, "and we'll refinance those and we may use some of the proceeds to buy the pipeline." He stresses, however, that the Canadian gas infrastructure company is still stewarding the acquisition process through NEGT's bankruptcy court and it won't be able to seal the acquisition until next month at the earliest. He says the company likely will not issue any further debt to buy GTN, but will pay for it through assets sales and cash on hand.

**J.P. Morgan** managed the bond deal, which was rated A minus by **Standard & Poor's**. The bonds have a 5.6% coupon and were issued at 99.6.

## Platt's Global Power Market Conference

*A strong showing of power company executives, financiers, lawyers and consultants turned out for **Platt's** 19th Annual Global Power Markets Conference in New Orleans. Slowly emerging from the doldrums of the last few years, speakers were generally more upbeat on the power sector, a sentiment reflected in a more boisterous post-conference party scene. Senior Reporter **Peter Thompson** filed the following stories:*

### Tenaska Exec Forecasts Tough Times

The U.S. IPP industry faces a tough road back to health, with the independent generation market still unhinged by weak economics and the excesses of the late 1990s development boom.

**Darrell Bevelhimer**, president of **Tenaska's** business development group, said IPPs are still grappling with a host of problems ranging from plants being sited in poor locations to the industry's overly optimistic projections of old plant retirements. "The independent power industry is a pretty sick puppy," he told attendees.

Many of the problems arose from the dash to develop new generation projects. Too many IPPs were independently setting high portfolio targets, often at the 40 GW level, noted **Bevelhimer**. "When you have that many companies barreling towards that size you are going to have some collisions."

The result of this confluence of factors is while some regional power markets may improve over the short term, others will be out of equilibrium for much longer. **Bevelhimer** cited one analysis which suggested Entergy won't return to a supply-demand equilibrium until 2038. "I don't know about you all, but I ain't going to care about 2038," he quipped.

### Players Expect Overseas Markets, Transmission To Grow

With the continuing gloom in the North American generation market, speakers focused on growth potential internationally and also on the domestic transmission front.

**Bob Hemphill**, executive v.p. at **AES Corp.**, told attendees that one of the largest generation asset transfers in history is being mooted in Russia. The government is looking to dispose of some 200 GW of capacity over the next couple of years. Whether that timescale is feasible is doubtful, but over a five-year timeframe the plan looks more realistic, he added.

**Jim Letzelter**, managing director at **Platts Research & Consulting**, also homed in on the region, noting that while Asia and North America have sufficient generation until after 2008, "the former Soviet Union has more needs than anywhere on earth."

The picture for U.S. transmission remains clouded by the various state and federal obstacles to merchant projects. But, the growth potential is there, according to **Jolly Hayden**, v.p. of transmission at **Calpine**. He said around 1,000 projects are

planned across the NERC region between 2004-2008.

"We've seen third-party money invested in generation. I think we can see third-party money invested in transmission upgrades," he said.

### Goldman's Kellerman: We're Paper, Not Power Buyers

**Goldman Sachs'** recent move into generation acquisitions is predicated on buying long-term power contracts rather than power plants. "We are buying above market power contracts," **Larry Kellerman**, managing director, told the conference in a speech outlining the investment bank's strategy. While there is "bent metal" in the form of a power plant in the background, the bulge-bracket firm sees its forays as "buying pieces of paper," explained **Kellerman**.

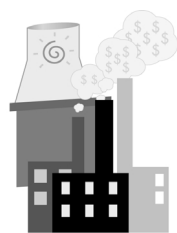
Over the past year Goldman has acquired **El Paso Corp.**'s Linden qualifying facility in New Jersey and Charlotte, N.C., IPP **Cogentrix Energy** (PFR, 1/19).

Goldman remains on the lookout for investment opportunities that provide guaranteed revenues and where inefficient performance can be corrected. It also likes capital intensive situations where Goldman can gain advantage through its low cost of funding.

### Seen "N" Heard

• Sunday night witnessed the re-birth of the quintessential New Orleans conference experience: a booze fest at local bar **Pat O'Briens**. The longtime **Dresdner Kleinwort** party fell victim last year to the firm's decision to take a lower profile in power finance. But, taking up the baton this year was **Union Bank of California**, which fired up the event again. So how did the German and Californian approaches to partying compare? "It wasn't as out of control. Which is a good thing," says one veteran attendee. "Hey, the *Hurricanes* are still the same," reflects another partier on the bar's signature cocktail.

• "If we can ever figure out how to make the 25% pay for electricity we might be more enthusiastic about selling to the other 75%."—**Bob Hemphill**, executive v.p. at **AES Corp.**, reflecting on his company's operation in Cameroon, where only 25% of the population has electricity.



## Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail [wainger@euromoneyplc.com](mailto:wainger@euromoneyplc.com).

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

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

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

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

Seller	Plants	Location	MW	Plant Type	Advisor	Status
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Sent out RFP in April.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Merloni Elettrodomestici	Teverola	Italy	150	gas	N/A	Is in talks with ArLight.
	Ferrara	Italy	150	gas		
Mirant	Kendall	Mass.	270	Oil	CSFB BofA	Ongoing.
	Shady Hills	Fla.	474	Gas		
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Ongoing.
	Panther Creek	Penn.	80 (55%)	Coal		
	Logan	N.J.	226 (50%)	Coal		
	Northampton	Penn.	110 (50%)	Coal		
	Indiantown	Fla.	330 (51%)	Coal		
	Carneys Point	N.J.	245 (51%)	Coal		
	Selkirk	N.Y.	345 (42%)	Gas		
	Altresco Pittsfield	Mass.	173 (89%)	Gas		
	Masspower	Mass.	267 (13%)	Gas		
	Scrubgrass	Penn.	87 (51%)	Coal		
	Colstrip Energy	Mont.	40 (17%)	Coal		
	Hermiston	Ore.	474 (25%)	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Nations Energy	Bayport	Texas	80	N/A	Considering liquidating the company.	
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Ontario Power Generation	Lennox	Ontario	2,140	Oil, gas	Merrill Lynch & Scotia Capital	Ongoing.
	Lakeview	Ontario	1,140	Coal		
	Atikokan	Ontario	215	Coal		
	Thunder Bay	Ontario	310	Coal		
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Gila River Power Station	Ariz.	2,300	Gas	N/A	Considering exiting the merchant energy business.
	Odessa Power Station	Texas	1,000	Gas		
	Guadalupe Power Station	Texas	1,000	Gas		
	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	Union Power Station	Ark.	2,200	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In March.



## Weekly Recap

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

### Asia & Australasia

- **Australian Gas Light Co.** expects to seal its AUD3.5 billion (\$2.6 billion) acquisition of the Loy Yang power plant in Victoria on April 8 from **Horizon Energy Investment Group**, **CMS Energy** and **NRG Energy** (*Dow Jones*, 3/31).

### Europe & Middle East

- **Baltimore Technologies**, a former U.K. dotcom high flyer that has become little more than a cash shell with GBP25 million (\$46 million) in the bank, intends to reshape itself as a supplier of green energy. The company has hired **David Weaver**, former head of renewable energy at **BP**, as chief executive, and **Alfredo Goyanes**, a renewables specialist from investment bank **Lazard**, as finance director (*The Guardian*, 4/1).
- The German government plans wide-ranging changes to a four-year old law subsidizing renewable energy sources, including an increase in state assistance for inland wind farms. The reforms come as Germany looks to bolster renewable energy sourcing from 8% of total output to meet European Union plans to drastically cut greenhouse gas emissions (*Reuters*, 3/31).

### U.S. & Canada

- **TXU** plans to permanently shut eight Texas power plants and temporarily mothball four other units, citing the continued slump in the state's wholesale power prices. Dallas-based TXU said the 12 units present a total of 1,471 MW, or more than 13% of TXU's gas-fired generation capacity in Texas. TXU is considering permanent retirement for the four mothballed units (*Reuters*, 3/29).
- **Pacific Gas and Electric**, California's largest power utility, plans to end three years of bankruptcy on April 12, concluding one of the bleakest episodes in a statewide electricity crisis that will haunt customers for years to come (*Associated Press*, 3/26).
- **Al Strecker**, executive v.p. and coo of **OGE Energy**, plans to retire June 1. Strecker will work in the coming months to transfer his responsibilities to **Pete Delaney**, executive v.p. of OGE Energy and ceo of **Enogex**, the company's natural gas pipeline subsidiary. Strecker will continue to serve on Enogex's board of directors (*FirstCall*, 3/26).

- **TECO Energy** paid no bonuses to any of its officers, including its chief executive, in 2003 because net income for the year at the U.S. power company did not exceed a designated threshold, according to a regulatory filing (*Reuters*, 3/25).

- **ScottishPower** subsidiary **PPM Energy** has begun developing a 7.2 billion cubic foot salt-cavern gas storage facility in West Texas. The site for the Waha Storage and Hub Facility was acquired from **Aquila** in 2002. The \$74 million Waha project is expected to be developed in three phases over the next six years, with the first operational by 2006 (*Dow Jones*, 3/30).

- **KeySpan Corp.** and gas importer **BD LNG Services** plan to bring liquefied natural gas by ship to the port of Providence, R.I., possibly by the end of next year. Representatives from KeySpan, explaining their plans to the state's Emergency Management Council on Tuesday, said they intend to replace the 2,000 tanker trucks that bring liquefied natural gas to the Providence facility each year with marine deliveries. KeySpan officials said they will be spending about \$60 million upgrading their Providence facility (AP, 3/31).

- **Northeast Utilities** named **Charles Shivery** as chief executive. He replaces **Michael Morris**, who left the Berlin, Conn., player to become president and chief executive of **American Electric Power** (*Reuters*, 3/30).

- An attorney for an ex-**Dynegy** executive sentenced to over 24 years in prison on securities fraud and other charges has asked the federal judge to reconsider. **Jamie Olis**, a former senior director of tax planning, was convicted by a jury last year on charges brought against him related to Dynegy's so-called Project Alpha deal. The judge sentenced Olis to 292 months in prison. In doing so, he considered a recommendation from probation officials who said the correct application of federal sentencing guidelines called for Olis to serve 292 months to 365 months. Two others were indicted with Olis on the same charges and struck plea deals with a maximum sentence of five years (*Houston Chronicle*, 3/30).

# Financing Record (MARCH 25 - APRIL 1)

## Bonds

Issue Date	Maturity	Issuer	Country	Amount (\$ mil)	Offer Price	Type of Security	Coupon (%)	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
3/25/04	3/31/09	DPL	U.S.	175	99.835	Notes	8	535	Ba2	BB	Morgan Stanley
3/25/04	3/29/09	NAPOCOR	Philippines	66.7	54.024	Zero Coupon Bnd	Zero	-	NR	NR	ING Barings
3/25/04	3/29/11	NAPOCOR	Philippines	156.4	41.053	Zero Coupon Bnd	Zero	-	Ba2	NR	ING Barings
3/25/04	4/1/09	PSEG Power	U.S.	250	99.928	Notes	3.75	-	Baa1	BBB	Barclays/J.P. Morgan
3/25/04	4/1/14	PSEG Power	U.S.	250	99.867	Notes	5	128	Baa1	BBB	Barclays/J.P. Morgan
3/26/04	4/8/11	EDF	France	606.4	99.589	Fxd/Straight Bd	3.75	44	Aa3	AA-	Barclays/Deutsche Bank/Dresdner/J.P. Morgan
3/26/04	11/6/06	EDF	France	303.2	101.926	Fxd/Straight Bd	3.25	44	Aa3	AA-	Barclays/Deutsche Bank/Dresdner/J.P. Morgan
3/29/04	4/1/14	Pennsylvania Electric	U.S.	150	99.837	Notes	5.125	125	Baa2	BBB-	Citigroup/Morgan Stanley

## M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Deal Value (\$mil)
3/25/04	-	Hainan Zhonghai Energy	-	China	China Huaneng	-	China	-
3/26/04	-	Utility Contract Funding	CSFB	U.S.	Houston Energy	-	U.S.	21.1
3/26/04	3/26/04	Water Park	-	Brazil	Andrade Gutierrez	-	Brazil	-
3/30/04	-	Kimmon Mfg-Cogeneration	-	Japan	Hitachi Eng & Svcs	-	Japan	-
3/30/04	-	Zhengzhou-Equip,Gas Pipelines	-	China	Zhengzhou Gas	-	China	2.374
3/31/04	-	Dynegy-Power Plants(2)	-	U.S.	Undisclosed Acquiror	-	Unknown	103
3/31/04	3/31/04	FirstEnergy Solutions-Assets	-	U.S.	Chevron Energy Solutions	-	U.S.	-

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

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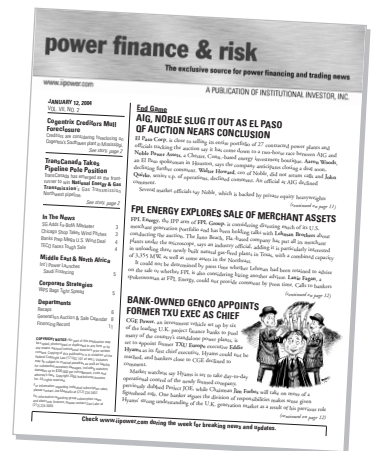
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## SPANISH WIND

(continued from page 1)

bids, EHN asked the 10 participants to resubmit new terms in the belief that it could achieve tighter pricing. All the bids came in within EHN's initial price ceiling, so it has decided to lower the bar, notes one official. EHN spokesman **Santiago Gómez** did not respond to emails by press time.

Market watchers say the loan will both refinance operational wind farms in EHN's Spanish generation portfolio and also fund the construction of yet-to-be-built projects. Some of the proceeds are also earmarked as seed capital to fund the development of new projects.

The deal marks the second time that EHN has looked to tap the project loan market in recent years. In early 2002 a joint venture between EHN and **Iberdrola** raised EUR914 million of limited recourse debt to fund the build-out of 31 wind farms in the Castilla-La Mancha region. The landmark **Energias Eolicas Europea** financing remains the largest wind farm financing to date.

—W.A.

## BANK-OWNED

(continued from page 1)

Capital raising talks remain at an early stage, but some commentators predict CGE will struggle to raise cash from non-CGE affiliated banks. "If you haven't thrown your support behind CGE by now, why would you look to bankroll the project?" questions one lender.

Still, CGE's six sponsors—**Abbey National**, **HBOS**, **Bayerische Landesbank**, **HypoVereinsbank**, **Lloyds TSB** and **RBS**—have deep enough pockets to ink the loan by themselves.

The decision to raise significant amounts of fresh capital is thought to mark a change in strategy for CGE. Originally, the London-based investment vehicle had been looking to take control of distressed power stations by offering the plants' incumbent non-recourse creditors CGE paper in return for their existing debt. However, most of the plants' creditors that are not aligned with CGE have been reluctant to swap their debt for new debt. Instead, they are hoping to be taken out at close to par with cash offers.

The battle for control of the 800 MW Damhead Creek facility in southeast England is a case in point. With a cash offer on the table from **ScottishPower** (PFR, 1/19), many of the plant's creditors have been unwilling to entertain approaches from CGE. At the same time CGE affiliated banks have blocked SP's offer, along with a separate debt-financed offer from **Calpine**.

CGE Power was set up by last year and has filed indicative offers for Damhead Creek, Killingholme A and DRAX among other U.K. generation facilities.

—Will Ainger

## PSEG, HYDRO

(continued from page 1)

installed capacity. It could not be determined by press time why Hydro-Québec and PSEG are looking to exit the business, but the move reflects a general exodus of foreign energy companies from the Asia-Pacific region. Most recently **Duke Energy** announced the \$1.24 billion sale of its Australian and New Zealand power and gas business to Aussie energy outfit **Alinta**.

Hydro-Québec announced it would invest some \$50 million in Meiya Power when it bought into the IPP in 1999.

—Victor Kremer

## Calendar

**Infocast** will hold its 11<sup>th</sup> *Annual Power Industry Forum* in Washington, D.C., May 5-7. Panelists include **George Schaefer**, treasurer at **NRG Energy**, and **Richard Smith**, group president-utility operations at **Entergy**. For further details, call (818) 888 4444 or the company's Web site ([www.powerindustryforum.com](http://www.powerindustryforum.com)).

## Quote Of The Week

"I don't know about you all, but I ain't going to care about 2038." —**Darrell Bevelhimer**, president of **Tenaska's** business development group, reflecting on a projected 25 year wait for the restoration of a supply/demand equilibrium in **Entergy's** wholesale power market (see conference coverage, page 4).

## One Year Ago In Power Finance & Risk

**Tucson Electric Power** was looking to divest a planned \$850 million, 400 MW coal-fired plant expansion project in northeastern Arizona to Denver-based power cooperative **Tri-State Generation and Transmission Association**. [The deal was completed last summer. Construction of the Springerville Generating Station Unit 3 is being funded via a \$760 million corporate bond offering issued by Tri-State and also an equity lease component provided by **GE Capital** (PFR, 10/21)].

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