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Trio Departs Fortis

Three project financiers have separately resigned from Fortis in New York.

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TRANSALTA REPORTEDLY SHOPS COGEN STAKES

TransAlta Cogeneration is reportedly testing interest in its share of four gas-fired facilities in eastern Canada. As first reported on *PFR's* Web site last Thursday, the move has been agitated for by activist shareholder **Luminus Group** (*PFR*, 2/8).

Some 697 MW of net ownership capacity is up for grabs, all of which earns revenues under long-term contracts:

- 50% of 108 MW Mississauga in Mississauga, Ontario, which is contracted through 2017
- 50% of 68 MW Ottawa in Ottawa, Ontario, which is newly contracted to the **Ontario**

(continued on page 12)



DEVELOPER SEEKS EQUITY, DEBT FOR BIOENERGY

New Hope Partners, a Newtown, Pa.-based developer and advisory shop, is raising capital to commercialize technologies and intellectual property from researchers at **Texas A&M University**.

The renewable and agricultural energy-focused shop will set up an incubator company and tap further funding to support

(continued on page 12)

Bye Bye Lehman?

BEOWULF MAY TWEAK VERNON FINANCING

Royal Bank of Scotland and **Union Bank of California** are said to be close to being awarded mandates to finance **Paul Prager**-backed **Beowulf Energy** and **Natural Gas Partners'** \$342 million acquisition of a 167 MW generating portfolio from the City of **Vernon, Calif.** The buyers initially tapped **Lehman Brothers** to underwrite a 20-year bond (*PFR*, 3/7), but are now leaning towards a \$250 million, seven-year loan instead.

The reason for the change in strategy could not be learned. The loan will reportedly have

(continued on page 12)

PFR'S PROJECT FINANCE AWARDS

FIRE IT UP: SANDY CREEK, NEVADA SOLAR ONE LAND TOP HONORS

LS Power reprises its role as **King Coal**, winning *PFR's* Annual Power Project Finance Award for best Americas deal a second year running—this time for its \$1 billion financing of **Sandy Creek**. In the renewables category, it's **Acciona's** time to shine after scooping the prize for its mega solar facility, **Nevada Solar One**, in Nevada. And **SUEZ** lands best European/Middle Eastern deal for its twin-auction **Rusail** and **Barka II** financings in **Oman**, a first of a kind. For full details, see pages 6-7.



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



At Press Time

Three Fortis Bankers Exit

Three project financiers separately resigned from **Fortis Capital** in New York last Monday. As first reported by *PFR*, **Will Marder**, v.p., is set to join **Deutsche Bank** and **Darrel Ho**, v.p., is set to join **GE Energy Financial Services'** debt finance group. **Daniel Svejnar**, an assistant v.p., will join **HSH Nordbank**. A spokeswoman for Fortis confirmed the departures.

Ho will be working under **Paul Naumann**, who joined GE from Fortis late last year (*PFR*, 11/21). **Mark Dennes**, director in energy and utilities at Fortis, was named interim head while a search was under way to replace Naumann, and was formally named head of the group about two weeks ago. **Rainer Kraft**, senior v.p. of loan syndications and debt capital markets, also left recently (*PFR*, 2/15).

Solar Developer Plots Funding Mix For 3.5 GW

Privately held **BrightSource Energy** will look to project finance up to 3.5 GW of solar facilities. The plants, across four states, are set to come online as early as 2011, after the developer landed an offtake contract for 900 MW with **Pacific Gas & Electric** last Tuesday.

"We will select the project financing entity when we get closer to construction," says **Charlie Ricker**, v.p. of marketing in Oakland, Calif. The developer, which is backed by **Morgan Stanley** and **JPMorgan** as well as several venture capital firms, is planning to build one 100 MW project and four 200 MW projects initially. Two will be located in Ivanpah, Calif., and the other three will be in Broadwell Lake, Calif. It is also in talks with utilities to secure additional PPAs for the rest of its planned projects at other sites in California, Nevada, New Mexico and Arizona. "We don't discuss the individual plant cost, but the aggregate cost would be between \$2 billion and \$3 billion," says Ricker.

Hunton Preps Financing for \$2.8B Texas Plant



Rocky Sembritzky

Hunton Energy expects to nail down financing within 60 days for its \$2.8 billion Freeport petcoke gasification project on the Texas Gulf Coast. The facility will produce synthetic natural gas and steam for **Dow Chemical Co.'**s adjacent Oyster Creek facility as well as around 400 MW from the steam byproduct.

"We have a plan in place, but it's who we're going to do it with," says **Rocky Sembritzky**, president of Hunton in Houston, about selecting potential arrangers. He declined to elaborate beyond saying that 70-80% of the funding will be debt. "There are a number of people talking to us—it's overwhelming to a certain degree." The company has funded development from its own pocket so far but further financing will come from a public company, private equity fund, a bank or some combination of the three, he added.

In December, Hunton announced it was redesigning and relocating its planned \$2 billion, 1.2 GW Lockwood integrated gasification combined-cycle project (*PFR*, 4/13) in Fort Bend County. Lockwood had an offtake agreement with **Valero Energy** and **Goldman Sachs'** **Cogentrix Energy** was set to be its lead equity partner. But Sembritzky says the company is no longer working with Cogentrix.

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Institutional Investor NEWS
INTELLIGENCE FIRST

TVA Wins Southaven Auction

Tennessee Valley Authority won the bankruptcy auction last Monday for **Southaven Power** with a bid of \$461.3 million—or roughly \$570 per kW—plus a further \$5 million in cash for the early termination of an operations and maintenance agreement with **Southaven Operating Services**, a subsidiary of the seller, **Cogentrix Energy**.

As reported by *PFR* last Tuesday, the offer beat stalking horse **Kelson Energy**'s best offer by at least \$1 million as well as **NRG Energy**, which dropped out at \$375 million. TVA was the initial stalking horse with a \$265 million bid (*PFR*, 11/12), and has a 12-month tolling agreement with the plant that expires Aug. 31. **John Moulton**, a TVA spokesman, confirmed the government-owned power producer won the bidding. TVA's strategy is to buy up gas-fired generation and expand in nuclear so it does not have to depend on buying power on the open market, he added.

The purchase price for the unit, an 810 MW gas-fired combined-cycle facility in DeSoto County, Miss., underscores TVA's commitment to serving its substantial load growth in the region. It also highlights how quickly valuations in the Southeast are approaching replacement cost, said to be as high as \$800-1,000 per kW. "The market is coming to equilibrium," says one deal watcher. "This is one of the first examples of a market people have traditionally thought of as severely undervalued coming up towards full value."

Officials at restructuring advisor **Houlihan Lokey Howard & Zukin**, NRG and Kelson either declined to comment or did not return calls.

TransCanada: Capacity Payments Key To Ravenswood Buy

TransCanada has a high degree of comfort in the capacity payments it will get from KeySpan-Ravenswood, the 2.4 GW plant in Queens, N.Y., it announced plans to acquire last week for \$2.9 billion. That's despite regulatory uncertainty and potential undercutting from demand-side response. "With modest load growth forecasts, combined with the shutting down of [the 885 MW Poletti plant], we see capacity prices returning to higher than historic levels," said **Alex Pourbaix**, president of the energy group, on an investor call last Tuesday. In an interview with *PFR*, he added, "We've been in the New England market for many years and [demand-side response] is an issue we've thought about."

TransCanada has identified \$2 billion of investment opportunities onsite, such as refurbishing older units, to generate additional value for shareholders. "We see significant potential for repowering and expansion," Pourbaix said. TransCanada

believes its acquisition for roughly \$1,100 per kW represents a considerable discount to its estimate of new build costs in Zone J, at over \$2,000 per kW.

The Calgary-based utility plans to finance the acquisition by issuing new equity and via debt, initially in the form of a bridge loan, said **Greg Lohnes**, cfo, on the call. It has not picked its arrangers yet but will go about the financing in a manner consistent with its A credit rating, looking at hybrid securities and potential small divestitures on an ongoing basis, he added. The acquisition is set to close in the next 60-90 days.

The auction drew a number of interested buyers, **John Cochrane**, group head of M&A at seller **National Grid** told *PFR*, noting that although the conditions in the debt markets were challenging when the auction kicked off, they "actually got worse."

TransCanada will replace National Grid in the leveraged lease that runs through 2040 with **Southern Company**, but Pourbaix says the company has structured around that lease obligation.

Books On RES Americas Set For Release

Credit Suisse is preparing to dispatch detailed information memoranda this week on **Renewable Energy Systems Americas** as reported in *PFR Daily* last Wednesday. It sent teasers on the business to potential buyers in mid-March.

The company, which is owned by U.K. construction specialist **Sir Robert McAlpine Group**, originally solicited offers from financial buyers, such as private equity and infrastructure or sovereign wealth funds, for a minority stake (*PFR*, 1/4). But increased capital requirements and the potential for an attractive valuation prompted it to consider selling the North American business outright, so strategic players were contacted as well.

The company envisages an all-cash sale either of the U.S. business alone or the entire North American unit, which is forecast to have consolidated EBITDA of \$55 million this year. As of December, it owned 226 MW in the U.S.—60 MW operational and 166 MW under construction. It also had 3.2 GW in advanced development, with 1,226 MW to be complete by the end of 2010, part of an 11 GW project pipeline.

It could not be learned how much RES is aiming to fetch for the company. **Airtricity**'s U.S. operations sold for \$1.37 billion (*PFR*, 10/5), including the assumption of \$553 million in debt. At the time it had 226 MW in operation and 6.5 GW in development. RES also has an in-house construction business, which has built more than 12% of the total installed wind capacity in the U.S. Calls to the seller and auctioneer were not returned.

HSBC To Lead U.K. Portfolio Refi

Fred Olsen Renewables, a venture between Norway's **Bonheur** and **Ganger Rolf**, has mandated HSBC to lead a portfolio refinancing to take out debt tied to three operational wind projects in Scotland and one under construction. Details of the impending transaction, such as its structure and timeline, could not be learned. **Nick Emery**, managing director at the sponsor in London, and officials at HSBC declined to comment.

The portfolio consists of:

- 62.5 MW Crystal Rig, 40 km east of Edinburgh, which came online in Oct. 2003
- 50.6 MW Rothes, which came online in 2005
- 64 MW Paul's Hill, 15 km west of Charleston of Aberlour, which came online in 2006, and
- 117 MW Crystal Rig II, still under construction

HSBC and **Bank of Tokyo-Mitsubishi** led the original cross collateralized financing for Rothes and Paul Hill, featuring a 15-year, £70 million (\$139.19 million) construction facility and a £20 million facility for working capital (PFR, 4/15/05). The projects have long-term offtake agreements with E.ON.

Wells Inks Solar Equity Investment



Chad Sachs

Wells Fargo is set to provide tax equity for four of the 14 rooftop solar photovoltaic installations totaling 4 MW that **MMA Renewable Ventures** is developing on the top of **Macy's** department stores across California. Power will be sold to the retailer through 10-year PPAs with owner/operator MMA, which has also provided an undisclosed sum of non-

recourse debt financing and a smaller equity investment.

"In all of our funds we have debt financing," explains **Chad Sachs**, v.p. of project development and finance at MMA in San Francisco, adding that typically in the solar space, debt constitutes 20-30% of the project cost. The financing is through Solar Fund III, a special purpose affiliate established by Wells and MMA to fund 10-15 MW of solar projects in the U.S. "We finance [projects] and take them onto our balance sheet, and we take the risk of finding tax equity investors and financing," adds Sachs about the fund, which has also financed commercial-scale projects for **Florida Power & Light** and **Roche Pharmaceuticals**. Calls to Wells were not returned.

Similar to production tax credits associated with wind, solar tax equity involves a structure in which ownership of the project flips to the tax equity investor for a period of time allowing the investor to realize the benefits. In solar, this occurs over the course of about six years. When those benefits have been realized, ownership flips back in favor of the sponsor, MMA. "We kind of reap the rewards on the back end," says Sachs.

At the end of last year, MMA had 34 MW of solar power either operational or under development, one of which is the 15 MW solar PV project at Nellis Air Force Base near Las Vegas.

Sherbino Syndication Draws 10 Banks

Fortis has wrapped syndication of a \$280 million senior secured facility for the 150 MW Sherbino Wind Farm in Pecos County, Texas, via 10 banks. The project is a joint venture between **BP Alternative Energy North America** and **NRG Energy's Padoma Wind Power**.

Tickets of \$30 million were offered to roughly 17 banks with an eye to drawing in a dozen (PFR, 3/20). A \$40 million ticket was available by invitation only and, according to one deal watcher, at least one lender took a larger amount. Pricing started at 125 over LIBOR before stepping up over the life of the loan.

The financing is accompanied by a 29 billion cubic feet, 10-year fixed gas hedge provided by **Fortis Energy Marketing & Trading**. Officials at Fortis, BP and Padoma either declined to comment or did not return calls.

GE EFS Hires Originator

Sal Salzillo has joined **GE Energy Financial Services'** debt finance team as a senior v.p. responsible for developing and executing project and leveraged debt transactions, with a focus on club deals. He reports to **Matt O'Connor**, managing director in debt finance, according to **Ken Koprowski**, spokesman in Stamford, Conn.

Salzillo has more than 20 years of financial services experience. Before joining GE, he worked in project finance for **Marathon Asset Management** from 2005-2007, and before that he was with **GE Capital** from 1997-2005 handling leveraged loans and equipment leases.

Babcock Picks Advisors For European Wind Sale

Babcock & Brown Wind Partners has tapped **Deutsche Bank** and **JPMorgan** to run the sale of its European wind portfolio. **Miles George**, ceo in Sydney, says it plans to take first-round bids within the next two months. Up for sale is 420 MW in Spain, 257 MW in Portugal, 101 MW in Germany and 52 MW in France, as well as a 600 MW pipeline (PFR, 3/20).

The banks were selected because of their knowledge of the seller and of potential buyers, George says. Teasers have not yet been dispatched, but Babcock wants to sell the portfolio within the next six months. E.ON is reportedly expected to bid, as are **Électricité de France**, **Enel**, **Suez**, **General Electric**, **Iberdrola**

and RWE.

George declined to comment on interested parties but said the portfolio will only be sold in its entirety for a substantial premium. "We will only sell assets where we can achieve an exceptional price relative to how we value those same assets for retention." Recent trade sales of wind portfolios in Europe have occurred for A\$4,000-5,000 (\$3,657-4,572) per kW, he says.

Suez Closes Refi for Omani IWPP

A SUEZ Energy International-led consortium has closed a \$450 million refinancing of its 585 MW/33 million gallons per day Sohar IWPP in Oman. The mandated lead arrangers are Bank Muscat, Calyon, DZ Bank, Europe Arab Bank, HSBC, National Bank of Oman, Oman Arab Bank, Oman International Bank, Standard Chartered and Sumitomo Mitsui Banking Corp.

The new debt consists of a commercial term loan, with pricing starting at 80 basis points over LIBOR, stepping up to 115 during the balance of the power and water purchase agreement with Oman Power & Water Procurement Co. until 2022, and then rises to 175 for the three-year merchant tail. The original debt was \$415 million and was priced at 115 rising to 170 (PFR, 9/17/04). A spokeswoman at the sponsor had no comment.

London Commodity Boutique Adding Power, Gas Exposure

Tellurian Capital will this quarter add a European power and gas portfolio to its existing oil, metals and agriculture portfolios run by its commodity fund, according to *PFR* sister publication *Alternative Investment News*. The move is aimed at capitalising on the globalisation of energy markets, says Jean-Marc Bonnefous, co-founder. Tellurian is also seeking a senior portfolio manager in the next few months to manage the new portfolio. The hire will be based in London and will report to Bonnefous.

An international market for liquefied natural gas has emerged to bridge the gap between its production in Asia and the Middle East, and the bulk of its consumption in the U.S. and Europe. This has created both directional and arbitrage opportunities, Bonnefous explains. Moreover, high crude oil prices mean that natural gas is cheap in terms of its comparative energy content so demand has increased, he adds.

The *Tellurian Commodity Fund* launched in March last year with \$25 million in seed capital from Paris-based NewAlpha Advisers. It invests in commodity derivatives with a short- to medium-term investment horizon. Bonnefous founded Tellurian with Bruno Syrmen and was head of global commodity training at BNP Paribas. Syrmen was a senior energy trader at Barclays Capital.

Renewable Fund Buys Stake In Nordic Farm

European private equity investor HgCapital has acquired a 75% interest in Sweden's largest onshore wind farm. The EUR187 million (\$288.6 million), 95.4 MW Havsnäs project will be financed with EUR58 million in equity from Hg together with Havsnäs' developer Renewable Energy Systems and a EUR127 million, 17-year amortizing term loan via Commerzbank, ING Bank and NordLB, says Tom Murley, director and head of HgCapital's renewables team in London. The facility will enter commercial operation in phases from Nov. 2009 to April 2010.

The deal is the first merchant project financing of a Swedish wind farm and the largest power project financing to date in the Nordic market. It is also the ninth investment and largest commitment made by Hg's Renewable Power Partners Fund, which raised EUR300 million last year (PFR, 9/28). The fund already has investments in 10 European wind farms under construction and more than 400 MW under development.

Tyr Looks To GE For Acquisition Funds

Tyr Energy is understood to be working with GE Energy Financial Services to complete the financing for the 315 MW Commonwealth Chesapeake plant in New Church, Va., it recently purchased from Tenaska Power Fund.

It could not be determined what funding Tyr used to close the transaction Feb. 13 but its non-recourse acquisition financing has been delayed due to the credit crunch. Boutique investment bank Fieldstone Private Capital Group is advising Tyr on the debt. Lincoln Bleveans, chief development officer at Tyr in Overland Park, Kan., declined to comment, as did a spokesman for GE.

JPMorgan ran the auction for Tenaska (PFR, 12/20).

Invenergy Forward Financing Wraps

Dexia Crédit Local and NordLB have set allocations for four banks participating in the syndication of \$260 million backing Invenergy's 129 MW Forward wind farm in Dodge and Fond du Lac Counties, Wis. Bank of Ireland was the most recent to join, following existing participation by LBBW, Helaba, and Lloyds TSB. All six banks took broadly even tickets in the deal, which wrapped last Thursday.

The debt consists of a 17-year, \$245 million construction loan converting to a term loan and a \$15 million letter of credit (PFR, 3/20). Pricing begins at 112.5 basis points over LIBOR, jumps to 115 after construction and then climbs to 165 over the loan's life. Fees of 40 basis points were offered on the higher ticket of \$45 million and fees of 20 basis points on the lower, \$25 million ticket.

PFR'S SEVENTH ANNUAL POWER PROJECT FINANCE AWARDS THE WINNERS

Power Finance & Risk is pleased to announce the winners of its seventh annual awards, recognizing innovation and excellence in the field of non-recourse financing. As ever, all nominations for the top honors were strong. But the editors decided this year's winners nudged ahead of the pack by breaking new ground and paving the way for other sponsors and lenders to follow.

Best Americas Deal

SANDY CREEK

Sponsors: **LS Power (Joe Esteves), Dynegy**

Asset: 900 MW supercritical coal-fired plant in Riesel, Texas

Leads: **Credit Suisse (Reiner Boehning, Jim Finch),**

Royal Bank of Scotland (David Nadelman)



Sandy Creek

The \$1 billion financing for **LS Power** and **Dynegy's** interest in Sandy Creek stood out due to the sponsor and lead banks' ability to recast the deal amid the onset of the credit tumult. They originally launched a two-pronged, \$1.2 billion financing

in July targeting the bank and term loan B markets, consisting of a \$1 billion, three-tranche operating company loan priced at 225 basis points over LIBOR and \$200 million in holdco debt. But by early August the package had to be restructured to cater solely to commercial banks and ended up as an \$800 million delayed-draw construction loan and \$200 million term loan, priced at 275 on the drawn portion and 50 for anything undrawn. The sponsors also stepped in and underwrote the holdco piece with additional equity.

"It was probably going to be similar to Longview, except that it had to respond to the change in the market," explains **Joe Esteves**, managing director at LS in New York, referencing the \$1.1 billion financing pre-credit crunch for **GenPower** and **First**

Reserve's 695 MW coal plant in Maidsville, W.Va. "The markets were in essence shut down," says **Jim Finch**, managing director at **Credit Suisse** in New York, noting the success of the deal "was a real testament to the strength of the sponsor to motivate relationship banks." Added **Reiner Boehning**, managing director at CS, "LS has a tremendous track record and a huge following in the bank community."

The deal began to look more like a club deal as it progressed, pulling together 12 relationship banks as senior managing agents, with about \$225 million sold down in the second phase of syndication. "Ultimately, we ended up with this very broadly distributed lead arranger style financing—which was pretty unusual—and very little retail," says **David Nadelman**, managing director at **Royal Bank of Scotland** in New York. "Historically, you would see two arrangers come in, underwrite a deal and sell it down in one or two steps," says Finch.

And the debt markets were not the only obstacle to the transaction completing. Quite apart from its size, environmentalist opposition and tax complications proved added challenges. "It's a bellwether for the post-subprime mortgage world," says **Martin Livingston**, executive director of global energy at **WestLB**, one of the SMAs, who says he now uses Sandy's hedge as a benchmark for merchant coal plant financings. Similar to last year's winner, 665 MW Plum Point in Osceola, Ark., LS hedged 150 MW of Sandy's output via a gas put hedge structured by CS.

Best Renewables Deal

NEVADA SOLAR ONE

Sponsor: **Acciona Solar Power (Susan Nickey)**

Asset: 64 MW parabolic trough facility near Boulder City, Nev.

Leads: **Banco Santander (Adrian Katzew), BBVA (José Vizmanos) and La Caixa (Pedro Cabaco)**

The financing for Acciona Solar's \$297 million, Nevada Solar One project was the standout renewable financing last year: the project is the largest solar thermal unit in the world to be constructed in the last 16 years and the financing structure enabled its investors to reap solar tax credits for the first time.

"We designed a mechanism to optimize how the risk was shared among the three parties that minimized the cost for the project and the sponsor," says **Adrian Katzew**, head of energy structured finance at **Banco**

Santander in Madrid, noting that all previous solar projects in the U.S. were either equity financed or had no project-level debt. "We were basically creating the market for solar transactions with the buyers of this paper.



Nevada Solar One

PFR'S SEVENTH ANNUAL POWER PROJECT FINANCE AWARDS THE WINNERS

This is certainly the first of its kind of many to follow," he adds.

The leads used a leveraged lease structure that had not been used for solar thermal in the U.S. In it, an owner trust, eligible to receive investment tax credits, bought the project for \$271 million and then leased it back to the project company. This creates a steady revenue stream for the owner trust, held by JPMorgan (50%), Northern Trust's NorLease (25%) and Wells Fargo & Co. (25%), who provided an aggregate \$138 million. Just before Christmas, the leads closed syndication of the debt, in which they sold down strips of the 18-year, \$133 million senior loan alongside a \$7 million letter of credit pro rata to five banks. The deal was oversubscribed and each participant

bank was allocated less than \$20 million. Backing from a premium sponsor was key. "For this type of project where the technology is a question mark, you need a top notch sponsor with a proven track record in the renewable industry," says **Jacobo Anaya**, assistant v.p. at **BBVA Securities** in New York. Acciona and the leads worked with regulators to strengthen the credit quality of the 20-year PPAs with two **Sierra Pacific Resources** subsidiaries. This led to the new so-called Temporary Renewable Energy Program, according to **Susan Nickey**, cfo of Acciona Solar in Chicago, under which revenues collected in rate base are put in a trust creating a bankruptcy remote funding source to pay obligations under the PPAs.

Best Europe/Middle Eastern Deal

RUSAIL AND BARKA II

Sponsor: **SUEZ Energy International (Rajit Nanda)** (47.5%), **Mubadala Development** (47.5%) and Oman's **National Trading Co.** (5%)

Asset: 666 MW **Al-Rusail Power Co.** plus a separate 678 MW greenfield expansion and 26.4 migd desalination plant, known as Barka II, in Oman

Leads: **HSBC (Yusuf Macun, Duncan Allison, Charlie Seymour)** and **Sumitomo Mitsui Banking Corp. (Thomas Waterhouse, Gary Sumray)**

Financial advisor to the Omani authorities: **ABN Amro**



Rusail

This \$795.2 million financing was a first-of-a-kind for the Middle East because it was executed through a newly created holding company that allowed for the purchase of shares in a brownfield asset, Al-Rusail, and the

simultaneous financing of a greenfield asset, Barka II. Having share capital for both project companies at a single holdco created a mini-portfolio structure, meaning the plant under construction could benefit from operating revenues from the 20-year-old Rusail plant. Yet each borrower enjoys individual financing terms with separate covenants and events of default—there is no cross-collateralization.

"It was a first in many aspects," says **Rajit Nanda**, cfo of SUEZ for the Middle East, Asia and Africa in Dubai. The cash pooling mechanism, secured in favor of the lenders, was innovative

because funds can be streamed back to either project in the event of a shortfall, irrespective of the funding source. Another novelty, he says, is that it was the first IWPP tendered under the first phase of Omani's deregulation of its electricity sector.

Rusail's senior facility was \$113 million with a 15-year and two-month tenor, priced at 75-110 basis points over LIBOR. Barka II's senior facility was \$594.4 million, with a maturity of 17 years and two months, priced at 75-125 until the expiration of its power and water purchase agreement, stepping up to 160 thereafter. It also featured an unamortized balloon at the expiry of that PWWA, making it the first IWPP in the Middle East where lenders demonstrated an appetite for merchant tail risk. Underpinning the debt is a \$77.3 million equity bridge loan going out to 2010, when a planned initial public offering of at least 35% of the holdco's stock is required by Omani law. Rounding out the deal is a \$1.3 million standby facility, bearing a maturity of three years and eight months.

"It was a highly competitive tender to develop and tariff and pushed the boundary of the market with a merchant tail," says **Charlie Seymour**, managing director of power and utilities for Middle East, Europe and Africa at **HSBC** in London. The flexibility in the credit structure generated competitive pricing for the sponsors but also comforted lenders, leading it to be 133% oversubscribed in the sub-underwriting phase, he notes. **HSBC** and co-lead **Sumitomo Mitsui Banking Corp.** each underwrote half of the deal and were joined by 15 Omani, regional and international banks in syndication. The financing was executed in a record 70 days between signature of the PWWA Dec. 6, 2006 and financial close Feb. 20, 2007. "People were extremely committed on this deal," Nanda says.

Corporate Strategies

Centrica Buys Great Plains Sub To Target Commercial Biz



David Clarke

Centrica subsidiary **Direct Energy** has agreed to acquire **Great Plains Energy's** retail electricity supplier **Strategic Energy** to build out its commercial and industry operations as an alternative to mass-market growth. "The residential markets aren't opening at a pace we thought they would," says **David Clarke**, cfo of Direct Energy in Toronto. "It's a nice in-road to

California. We're already in gas in Ohio and have started in Illinois, but it gets us there a little bit quicker." Direct Energy will pay \$300 million in cash for the platform, which had \$25 million of EBITDA this year, and the deal is expected to close by June.

Merrill Lynch advised Great Plains. Direct did not use an outside advisor, preferring to use its strong in-house M&A team, says Clarke. "We sort of had an envious eye on Strategic Energy for a few years," he notes, adding that the target fit the bill in terms of its size and structure. "It was the right time and Great Plains couldn't provide the capital needed."

Great Plains, which is in the process of acquiring **Aquila** for \$1.7 billion, sold the business to focus on its regulated assets, says **Matt Tidwell**, a spokesman in Kansas City, Mo. Proceeds from the sale will help fund construction of its 850 MW Iatan 2 coal plant located near Weston, Mo., and environmental upgrades at existing plants, notes **Ellen Fairchild**, director of investor relations.

MLP Upsizes \$1.5B Offer To Repay Debt

Dallas-based master limited partnership **Energy Transfer Partners** upsized to \$1.5 billion from \$1 billion its recent sale of senior unsecured notes. It plans to use proceeds to trim a revolver and repay a \$500 million term loan. "It was oversubscribed substantially, so we decide to go ahead and take it up," says **Dave Riggan**, v.p. of finance.

"They have a lot of construction spending," notes **Ralph Pellecchia**, credit analyst at **Fitch Ratings** in New York, which rates the bonds BBB-. The company has earmarked some of the \$1.48 billion proceeds for the \$1.6 billion outstanding on its \$2 billion revolver maturing in 2012, and a portion for the \$500 million, one-year term loan it obtained in February, according to **Securities and Exchange Commission** filings. It plans to free up capital primarily for pipeline growth and last Tuesday received approval to begin construction in the fourth quarter on its \$485 million, 42-inch Texas Independence Pipeline serving the Bossier and Barnett Shale regions in Texas.

The offering broke down into three tranches—\$350 million of 6% senior notes due 2013, \$600 million in 6.7% notes due 2018 and \$550 million in 7.5% notes due 2038. "The company likes to have a fairly level maturity schedule," Pellecchia says. "If you can get 10-year and 30-year debt, it matches up with the life of the assets better."

Wachovia Securities, **Credit Suisse**, **JPMorgan** and **UBS Investment Bank** served as joint book-running managers. **Banc of America Securities**, **BMO Capital Markets**, **BNP Paribas**, **Citigroup**, **Deutsche Bank Securities**, **Morgan Stanley**, **RBS Greenwich Capital** and **Wells Fargo Securities** were co-managers.

LatAm LNG Eyes Project Finance Possibilities



Frederik Janssens

Chilean LNG sponsor **GNL Mejillones** plans to finance its \$500 million regasification terminal in the Antofagasta region initially with equity but will consider project financing downstream. **SUEZ** owns the project alongside joint venture partner **CODELCO**. "As long as there's a contractual framework, we will not seek long-term financing," says

Alex Keisser, cfo of **SUEZ Energy Andino**. But he says when the offtake contracts expire in 2012 and revenue streams are no longer guaranteed, project financing would be an option.

The facility will have send-out capacity of 5.5 million cubic meters of gas per day, sufficient to produce 1.1 GW, and will sell two million cubic meters per day to mining companies **BHP Billiton/Escondida**, **Collahuasi**, **El Abra** and **Codelco Norte**, a subsidiary of the sponsor, beginning in 2010. Suez and Codelco are each providing about half of the project equity, says **Frederik Janssens** ceo of **GNL Mejillones** in Santiago. Groundbreaking on phase one has just begun and the project is slated for completion at the end of next year.

In addition to the regas terminal, a floating LNG vessel with storage capacity of about 135,000 cubic meters will be permanently moored in the bay. And the venture plans to build a land-based storage facility with a capacity of about 160,000 cubic meters in the second phase of the project. There is a 1.7 GW of demand in northern Chile, an area that has been affected by gas supply restrictions from neighboring Argentina. "It creates security of energy supply. That is the stone we bring to the table to resolve the [Chilean] energy crisis," explains Janssens. The site in Mejillones was chosen due to the access to the **Atacama** and **Gasoducto Norandino** pipelines and generators, as well as its quiet marine environment with little wind and wave activity.



Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Katy Burne, Managing Editor, at (212) 224-3165 or e-mail kburne@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Allco Finance Group	Various	Kern County, Calif. Germany, France Australia, New Zealand	3.1 GW 96.5 MW 1.6 GW	Wind	Marathon Capital N/A N/A	Company plans to sell either as global portfolio or in regional chunks (PFR, 3/11).
Arroyo Energy Investors	Thermo Cogeneration	Fort Lupton, Colo.	272	Gas	N/A	Starwood Energy Group Global close to acquiring (PFR, 2/6).
Astoria Energy	Astoria plant	Queens, N.Y.	500	Gas	N/A	Owners fielding offers. Suez Energy acquiring 30% (PFR 9/29).
Barry Bates and Michael Underwood	Thompson River Cogen	Montana	16	Coal, Waste Wood	Energy Advisory	Wayzata Investment Partners reportedly acquired.
Bicent Power	Mountain View	Palm Springs, Calif.	67	Wind	Goldman Sachs	AES to acquire (PFR, 1/7).
Black Hills Corp.	Arapahoe Valmont Fountain Valley Las Vegas I Las Vegas II Harbor Valencia	Denver, Colo. Valmont, Colo. Colorado Springs, Colo. Las Vegas, Nev. Las Vegas, Nev. Long Beach, Calif. Albuquerque, N.M.	130 80 240 53 224 98 149	Gas Gas Gas Gas Gas Gas	Credit Suisse	Seller looking for an all-cash transaction. Preliminary bids taken Nov. 20. Bids said be close to \$800 million (PFR, 12/10). Hastings Funds Management, AllCapital, Beowulf Energy in partnership with Natural Gas Partners, Tenaska Energy, Energy Investors Funds, and EnergyCo. on shortlist to acquire (PFR, 1/28).
Calpine	Acadia Energy Center Fremont Energy Center Hillabee Energy Center Texas City Clear Lake	Eunice, La. Sandusky County, Ohio Alexander City, Ala. Texas City, Texas Clear Lake, Texas	1,016 (50%) 512 774 425 375	Gas Gas Gas Gas Gas	Miller Buckfire	Sold to Cajun Gas Energy for \$189 million (PFR, 8/6). FirstEnergy won with \$253.6M bid (PFR, 2/7). CER Generation won with \$155M (PFR, 2/6). First round bids taken 1/24 with second round bids expected in April.
Catamount Energy	Sweetwater Ryegate Power Rumford	Nolan County, Texas Vermont Rumford, Me.	505 (50%) 20 85	Wind Wood waste Cogen	Goldman Sachs	Unsolicited approaches have been made to financial backer Diamond Castle Holdings (PFR, 8/31).
Central Vermont	Various	Vermont	70 in summer,	Hydro	Morgan Stanley	Believed to be in advanced stages, (PFR, 5/18).
City of Vernon	Malburg Generating Station Palo Verde Power Hoover Upgrading	Southern Calif. Southern Calif. Southern Calif.	134 11 22	Gas Nuclear Hydro	Lehman Brothers	Beowulf Energy and Natural Gas Partners agreed to buy for \$342 million.
Conectiv Energy (Pepco Holdings)	Various	PJM Interconnection	3,700	Various (merchant)	Credit Suisse	Company reviewing strategic alternatives, including whole or partial sale and merger (PFR, 12/10).
Con Ed Development	CEEMI Newington Energy Lakewood Ocean Peaking Power Rock Springs Genor Ada Cogeneration EverPower Wind	Springfield, Mass. Newington, N.H. Lakewood, N.J. Lakewood, N.J. Rising Sun, Md. Puerto Barrios, Guatemala Ada, Mich. NEPOOL, NY, PJM	185 525 (99.5%) 246 (80%) 339 670 (50%) 42 (49.5%) 29 (48%) 500 planned	Gas, Oil, Hydro Gas Gas Gas Gas Oil 29 (48%) Wind	Morgan Stanley	Industry Funds Management to acquire for \$1.447 billion. Barclays to lead the debt, expected to launch into syndication this month (PFR, 2/11). RBS may co-lead. Not sold. Ada not sold. Partner is Olympus Power. CED sold its 50% stake in Oct. (PFR, 12/9).
ConocoPhillips	Immingham	Lincolnshire, U.K.	730	Gas	Citigroup	Reportedly looking at strategic options on the plant (PFR, 1/18).
Competitive Power Ventures	N/A	Front Royal, Va.	34	Gas	N/A	Dominion purchased March 4.
Complete Energy Holdings	La Paloma Batesville	McKittrick, Calif. Batesville, Miss.	1,022 837	Gas Gas	JPMorgan	Final bids were received 3/11 (PFR, 3/14). Kelson Holdings no longer bidding.
Corona Power	Sunbury Generating	Shamokin Dam, PA	432	Coal, oil, diesel	Merrill Lynch	Soliciting equity to complete \$250M of upgrades (PFR, 12/24).
DONG Energy	Evia, Karistos and Tourla	Greece	18.6 MW	Wind	HSBC	Teasers expected later this quarter after IPO (PFR, 1/18).
DTE Energy	East China River Rouge	East China, Mich. Detroit, Mich.	320 240	Gas Gas	N/A N/A	Seller exploring options, including outright sale. On books at scrap value, decommissioned.
EISSL	Various	Catalonia, Spain	630	Wind, Hydro	JPMorgan	Company weighing sale (PFR, 12/24).
Energy Future Holdings (Luminant)	Sandow 4 Sandow 5	Milam Co., Texas	545 (50%) 581 (50%)	Coal Coal	Credit Suisse	Reportedly planning to sell stakes to Perennial Power Holdings (PFR, 2/18).
Entegra	Gila Union	Phoenix, Ariz. El Dorado, Ark.	2,300 3,000	Gas Gas	N/A	In talks to merge with KGen (PFR, 1/17).
Entergy Corp.	50% stake in Top Deer Wind Ventures RS Cogen Roy S. Nelson Warren Power Harrison Independence Robert Ritchie	Worth County, Iowa Carsen County, Texas Lake Charles, La. Westlake, La. Vicksburg, Miss. Marshall, Texas Newark, Ark. Helena, Ark.	40 40 212 60 225 335 121 544	Wind Gas Gas/Oil Gas Gas Coal Gas/Oil	New Harbor	Seller wants about \$520 million for the assets. Bidders shortlisted to four players: two financial; two infrastructure (PFR, 6/18).
ESB International	Marina Great Island Tarbert	Cork City, Ireland Wexford Co., Ireland County Kerry, Ireland	115 240 640	Gas Oil Oil	Merrill Lynch	Bids are being reviewed for the portfolio (PFR, 2/22).
Exergy Development Group	Various	Upper Midwest, Northwest U.S.	3600 (176 ready to construct)	Wind	Marathon Capital	Weighing partnership, joint venture, recap or sale (PFR, 12/17).
Fluor	Greater Gabbard	Thames Estuary, U.K.	500	Wind	RBC	Specs went out in late Aug. for Fluor's 40% stake (PFR, 8/17).
Foresight Wind Energy	Various	Arizona, New Mexico	2 GW pipeline	Wind	CP Energy	Transaction delayed (PFR, 10/8).
FPL Energy	Posdef Tesla	Stockton, Calif. Tracy, Calif.	44 1,120	Coal/Petcoke Gas/Steam	New Harbor Credit Suisse	Indicative bids due April 11 (PFR, 3/11). Development site. Status unclear.
Ford Motor Company	Twin Cities	St. Paul, Minn.	18	Hydro	N/A	Acquisition completed April 1 by Brookfield Renewable Power.
General Electric	Baglan Bay N/A Pittsfield Generating	Port Talbot, Wales PJM Pittsfield, Mass.	510 80 163	Gas Waste Coal Gas	Lexicon Partners N/A N/A	GE re-ignited sale process. Carron Energy originally interested. Looking for buyers (PFR, 2/26). Maxim Power set to acquire (PFR, 3/17).
Goldman Sachs, Cargill	Teesside Power	Teesside, U.K.	1,875 MW	Gas	Rothschild	Gaz de France and Suez jointly agreed to acquire Feb. 25.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Goldman Sachs (Cogentrix Energy)	Southaven Power	Southaven, Miss.	810	Gas	Houlihan Lokey	TVA will acquire for \$466.3 (PFR, 4/1).
High Country Energy	N/A	Minn.	150 (development)	Wind	N/A	First phase sold to Wisconsin Public Service Corp. (PFR, 3/19).
InterGen (AIG Highstar Capital II, 50%)	Rocksavage	Runcorn, U.K.	748	Gas	Lehman Brothers	Preliminary bids were due March 26 (PFR, 2/7).
	Coryton	Essex, U.K.	732	Gas		
	Spalding	Lincolnshire, U.K.	860	Gas		
	Rijnmond I, II	Rotterdam, the Netherlands	820, 400	Gas		
	Bajio	San Luis de la Paz, Mexico	600 (306 stake)	Gas		
	La Rosita	Mexicali, Mexico	1,100	Gas		
	Quezon	Philippines	460 (211 stake)	Coal		
Millmerran	Millmerran	near Brisbane, Australia	880 (228 stake)	Coal	JPMorgan	Teasers to be dispatched this week (PFR, 3/18).
	Callide	Queensland, Australia	920 (230 stake)	Coal		
K&M International Power	Termovalle	Cali, Colombia	220	Gas	UBS	Teasers out (PFR, 3/26).
Kelson Canada (Harbinger Capital Partners)	Calgary Energy Center	Calgary, Alberta	300	Gas	Goldman Sachs, Merrill Lynch	Weighing strategic options, including sale/merger (PFR, 10/9). Signed agreement to sell Redbud for \$852 million to consortium of load-servicing entities (PFR, 1/21).
	Island Generation	Duncan Bay, B.C.	230	Gas		
	King City Cogeneration	King City, Calif.	120	Gas		
	Whitby Cogeneration	Whitby, Ontario	50	Gas		
Kelson Holdings	Dogwood	Pleasant Hill, Mo.	620	Gas	Credit Suisse	Talks to merge with Entegra stalled due to management disagreements (PFR, 3/24).
	Redbud	Luther, Okla.	1,230	Gas		
	Cottonwood	Deweyville, Texas	1,230	Gas		
	Magnolia	Benton County, Miss.	922	Gas		
KGen Power	Murray I	Murray Co., Ga.	630	Gas	N/A	Northern Indiana Public Service to acquire (PFR, 11/2).
	Murray II	Murray Co., Ga.	620	Gas		
	Hot Spring	Hot Spring Co., Ark	620	Gas		
	Hinds	Jackson, Miss.	520	Gas		
LS Power	Sandersville	Washington Co., Ga.	640	Gas	Credit Suisse	Considering sale or a merger (PFR, 12/17). In second round.
MACH Gen	Sugar Creek	Sugar Creek, Ind.	561	Gas		
Mirant	Millennium	Carlton, Mass.	360	Gas/Oil		
	Athens	Athens, N.Y.	1,080	Gas/Oil		
	Covert	South Haven, Miss.	1,100	Gas		
	Harquahala	Tonopah, Ariz.	1,092	Gas		
Mirant	Lovett Generating Station	Tompkins Cove, N.Y.	183	Coal/Gas	N/A	Alliance Energy offered to buy for undisclosed sum but withdrew offer when Mirant did not respond (PFR, 2/14).
National Grid	Ravenswood Station	Queens, N.Y.	2,450	Gas	Merrill Lynch	TransCanada agreed to purchase for \$2.9 billion (PFR, 4/1).
Navasota Energy (Navasota Holding Texas)	Colorado Bend	Wharton, Texas	1,650	Gas (development)	JPMorgan	Teasers not yet dispatched (PFR, 2/11).
	Quail Run	Odessa, Texas	825	Gas (development)		
	L'Energia	Lowell, Mass.	84	Gas (repowering)		
	Billerica Energy Center	Billerica, Mass.	240-360	Gas (development)		
Noble Environmental Power	Various	N.Y., Mich.	385	Wind	Goldman Sachs	Company reportedly looking to IPO. Babcock & Brown purchased for undisclosed sum (PFR, 3/10).
	Thumb	Huron County, Mich.	68	Wind		
North American Power Group	Rio Bravo Fresno	Fresno, Calif.	25	Biomass	N/A	In discussion with potential buyers (PFR, 8/31).
	Rio Bravo Rocklin	Roseville, Calif.	25	Biomass		
	Chinese Station	Jamestown, Calif.	22	Biomass		
	Colstrip Unit 4 (30%)	Mont.	740 MW	Coal		
NorthWestern Energy	Indian River	Millsboro, Del.	784	Coal	Credit Suisse	Exploring strategic options (PFR, 2/8).
NRG Energy	Electroandes	Andean region, Peru	180	Hydro	N/A	Seller soliciting offers on plant (PFR, 11/8).
PSEG Global	Hillman	Hillman, Mich.	19	Biomass	JPMorgan	Statkraft Power Invest acquired in Oct. for \$390 million.
Primary Power International	Grayling	Grayling, Mich.	36	Biomass	Credit Suisse	Fortistar agreed to purchase an interest in the portfolio. Deal set to close in 30 days (PFR, 2/19).
	Genesee	Flint, Mich.	35	Biomass		
	Dapp Generating	Westlock, Alberta	17	Biomass		
	Valley Power	Drayton Valley, Alberta	12	Biomass		
Reliant Energy	Channelview	Lyondell, Texas	830	Gas	Houlihan Lokey	Kelson Holdings agreed to acquire for \$468 million (PFR, 2/25).
RES Americas	Various	U.S.	1 GW under construction;	Wind	Credit Suisse	Company looking to sell up to 100% (PFR, 1/7). Books to come out this week.
Ridgeline Energy	Various	Idaho, Ore., Wash.	3.7 GW pipeline	Wind	Marathon Capital	Talks nixed with a southern U.S. utility (PFR, 10/8). Back in play.
Rockland Capital	B.L. England	Cape May County, N.J.	447	Coal, Oil	JPMorgan	Owner seeking strategic equity partner (PFR, 12/10).
Energy Investments						
Sempra Generation	Catoctin	Frederick Co, Md.	600 in development	Gas	N/A	Development project reportedly for sale.
Signal Hill Power	Wichita Falls	Wichita Falls, Texas	77	Gas	Miller Buckfire	First-round bids received March 17.
Sumas	Sumas Cogeneration	Sumas, Wash.	125	Gas	N/A	Puget Sound Energy agreed to buy for undisclosed sum.
Sithe Global Power	River Hill	Karthus Township, Pa.	290	Coal	Credit Suisse	Status unclear (PFR 2/16/07).
Temasek Holdings	PowerSeraya	Singapore	3,100	Gas	Credit Suisse, Morgan Stanley	Teasers dispatched 10/15.
	Senoko Power	Singapore	3,300	Oil		
	Tuas Power	Singapore	2,670	Steam		
	Commonwealth Chesapeake	New Church, Va.	315	Oil		
Tenaska Power Fund	Various, U.S.	Various, U.S.	3 GW late-stage	Wind	JP Morgan	Tyr won the auction and Fieldstone Private Capital Group is advising on the purchase and financing (PFR, 2/19).
Third Planet Windpower	Campeche	Mexico	252	Gas/Diesel	Marathon Capital	Developer looking for joint venture partner.
TransAlta	Chihuahua	Mexico	259	Gas		
	Binghamton	Binghamton, N.Y.	50	Gas		
	Brooklyn Navy Yard	Brooklyn, N.Y.	286	Gas Cogen		
Tyche Power Partners	Various	North America	36W	Wind	Credit Suisse	Temporarily iced due to credit crunch.
UPC Wind	Various	North America	in development	Wind	JPMorgan	Market test did not lead to a sale, so company is reportedly weighing an IPO (PFR, 6/8).
U.S. Renewables Group	Bottle Rock power project	Geysers area,	55	Geothermal	Goldman Sachs	Preliminary bids due Dec. 17 (PFR, 12/3).
US Power Generating Co.	Various	Northeast	5 GW	Gas/Oil	N/A	Company being advised on reverse enquiries.
Waterbury Generation	Waterbury Generation	Waterbury, Conn.	96	Gas	N/A	Energy Capital Partners in negotiations to buy development rights (PFR, 8/29).
Williams Energy Group	Hazelton	Hazelton, Pa.	150	Gas	N/A	Lakeside Energy acquired for undisclosed sum (PFR, 3/27).
Wheelabrator Technologies	Shasta	Anderson, Calif.	49	Biomass	ABN Amro	Seller evaluating a sale. Review close to completion.

Wind Rankings Show Smaller Players Gaining

Installed wind power in the U.S. jumped to 16.8 GW last year from 11.6 GW the year before, with new players increasing their industry presence behind the reigning leaders, according to the **American Wind Energy Association's** annual rankings released last week. "It's the filling in of the middle ranks," says **Kathy Belyeu**, manager of industry information in Washington, D.C. "We're starting to see [smaller players] come into the market in a bigger way."

FPL Energy continues to be the largest wind owner with 5,077 MW, but three of the top five roughly doubled their holdings. **Energias de Portugal's Horizon Wind Energy** shot to

1,132 MW from 452 MW in 2006, **Babcock & Brown's** rose to 1,120 MW from 559 MW and **MidAmerican Energy Holdings** climbed to 933 MW from 593 MW.

Four of the top five turbine manufacturers more than doubled their 2006 installed capacity, with **General Electric** maintaining its lead by installing 2,340 MW last year, up from 1,146 MW in 2006. **Vestas** installed 953 MW last year, up from 465 MW the year before and **Gamesa** made the biggest gain, installing 574 MW last year and compared to just 50 MW the year before.

Six states now have more than 1 GW of installed capacity, up from just two in 2006, notes Belyeu. Minnesota, Iowa, Washington and Colorado all broke through the gigawatt mark, joining Texas and California.

News In Brief

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

North America

- **Charles Leykum**, a former portfolio manager at **Soros Fund Management**, will launch an energy hedge fund dubbed the **CSL Energy Fund** this summer (*FINalternatives*, 3/24).
- **NRG Energy's** estimate of the cost to build two nuclear reactors in South Texas has risen to around \$8 billion from an estimated \$6-7 billion (*Dallas Morning News*, 3/27).
- **Southern California Edison** will install 65 million square feet of solar panels on roofs in the Los Angeles area, generating 250 MW and costing \$877 million (*United Press International*, 3/27).
- **Areva** is eager to build Western Canada's first nuclear plant near Peace River at a cost of more than C\$10 billion (\$9.7 billion) (*The Canadian Press*, 3/28).
- **Dominion** has been granted a certificate of public convenience and necessity by the **Virginia State Corporation Commission** for its proposed 585 MW Virginia City Hybrid Energy Center (*SunHerald.com*, 4/1).
- **American Electric Power** subsidiary **Appalachian Power** has issued a request for proposals seeking long-term purchases of up to 100 MW of new renewable energy resources to be operational by the end of 2010 (*Earth Times*, 4/1).
- **TransAlta** will spend C\$12 million (\$11.9 million) with **Alstom** this year planning a carbon capture project at one of its Alberta coal plants located west of Edmonton (*Reuters*, 4/3).
- **Sierra Pacific Resources**, the holding company for Nevada's main electric utilities, is a target for a possible takeover, according to analysts (*ReviewJournal.com*, 4/2).
- The **Canada Pension Plan Investment Board**, the

investment management organization that invests Canada's national pension fund assets, has committed to invest \$200 million in Connecticut-based **Noble Environmental Power** (*North American Windpower*, 4/3).

Europe

- **E.ON's** CEO **Wulf Bernotat** says the company is eager to expand in Spain, but talked down plans to merge with Spanish utilities, including the rumored acquisitions of **Iberdrola** and **Unión Fenosa** (*Wall Street Journal*, 3/28).
- **SUEZ** will not buy a stake in **British Energy** but would be interested in reaching a deal to develop and produce reactors with the company (*The Herald*, 3/28).
- **E.ON** has agreed to buy parts of **Endesa** for EUR11.8 billion (\$18.6 billion) (*Reuters*, 3/28).
- **Enel**, Italy's largest utility, aims to more than double renewable energy generation capacity to 7,382 MW by the end of 2012, mainly through projects in the Americas and wind farms in Italy and France (*Bloomberg*, 3/28).
- **Bayerische Landesbank**, Germany's second biggest state-owned bank, has reported write downs of EUR2.3 billion in 2007 and another EUR2 billion for the first quarter (*BusinessWeek*, 4/3).

Asia/Pacific

- Indian utility **Tata Power** may sell stakes in holding companies and assets to help fund its \$6 billion capacity expansion plans, slated to quintuple its capacity to 13 GW by 2013 (*Reuters*, 3/28).

DEVELOPER SEEKS

(continued from page 1)

individual project companies' construction of power generation or development, says **John Grabowski**, partner. "We will do our best to get offtake, but there will be a debt component to a lot of this. Each spin will have a life of its own and each could run into a couple of million dollars as we look to build generation. We will be accessing the spectrum of the capital structure and early investors will have first rights to equity finance the spin offs."

Initially, \$7.5 million is being sought to cover the personnel and business development overheads of the joint venture, **AgFuture Energy**. Targets are private equity firms, hedge funds, strategic investors and high net worth individuals. The hook-up with A&M came about through a relationship with the university.

One company, **BioYield**, will develop biomass plants and also work on converting coal plants to run on biomass as an alternative feedstock. "Fluidized bed boilers can be converted to use biomass," says **Scott Welsh**, principal at New Hope. Another technology being evaluated is small-scale gasification that would burn localized biomass supplies to produce electricity or heat and

steam for host facilities. And another involves taking cow manure and injecting it into coal-burning facilities to reduce nitrogen dioxide emissions. Outside of AgFuture Energy, New Hope is also working on ethanol and other energy projects with **Sempra Commodities**, details of which could not be disclosed. —K.B.

TRANSALTA REPORTEDLY

(continued from page 1)

Electricity Financial Corp. until the end of 2012

- 100% of 575 MW Sarnia in Sarnia, Ontario, which is predominantly contracted to the **Ontario Power Authority** through 2022, and
- 50% of the 68 MW Windsor-Essex cogen in Windsor, Ontario, which is predominantly contracted through 2016

As with its other recent divestitures, TransAlta does not appear to be using an advisor.

TA Cogen is owned 50.01% by subsidiaries of **TransAlta Corp.** and 49.99% by **TransAlta Power**, whose limited partnership units were recently acquired by **Cheung Kong Infrastructure** for \$8.38 each in cash.

Calls to TransAlta were not returned.

—Katy Burne

BEOWULF MAY

(continued from page 1)

a balloon near maturity because the PPAs on the assets are low-paying over the short term.

As reported on *PFR's* Web site last Wednesday, the portfolio features:

- the 134 MW combined-cycle, gas-fired **Malburg Generating Station**
- a 22 MW interest in the **Western Area Power Administration's** Hoover Upgrading hydro project on the Arizona/Nevada border
- an 11 MW interest in **South California Public Power Authority's** 3.8 GW Palo Verde facility in Wintersberg, Ariz. valid through 2030, and
- the city's interests in the **Mead-Adelanto** and **Mead-Phoenix Transmission Projects**.

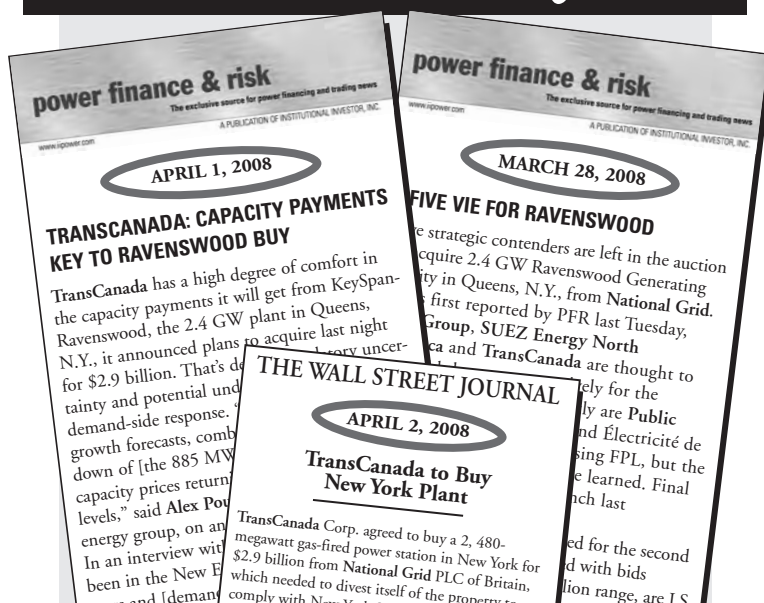
Calls to RBS, UBoC and Lehman were not returned and the sponsor declined to comment via a spokesman.

—Thomas Rains

Quote Of The Week

"We will be accessing the spectrum of the capital structure and early investors will have first rights to equity finance the spin offs." —**John Grabowski**, partner at Newtown, Pa.-based developer **New Hope Partners**, on raising capital for its joint venture with **Texas A&M University**, which will look to commercialize bio-energy technologies (see story, page 1).

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