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TCW Taps Arcapita Exec

Jerry Stalun, director at **Arcapita**, has landed as head of global power at **TCW** in New York.

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CHANNELVIEW LANDS BUYERS, BUT COMPLICATIONS ABOUND

FORTISTAR and **Adebayo Ogunlesi**-led **Global Infrastructure Partners** last week won the auction for **Reliant Energy's** 830 MW **Channelview** plant in **Lyondell, Texas**, with a \$500 million offer. As first reported on *PFR's* Web site last Tuesday, they beat **Kelson Energy**, which declined to raise its \$468 million bid. But the deal comes with complications because a judge subsequently declined to approve the sale agreement on the grounds that the buyers



Adebayo Ogunlesi

(continued on page 12)

TURBINE SUPPLIER SHOPS MISS. PEAKERS

EPC contractor and turbine supplier **BTEC Turbines** has opted to sell its **Southaven Energy** and **New Albany Power** peaking facilities in **Mississippi**. As first reported on *PFR's* Web site last Monday, it has tapped **JPMorgan** to run a two-stage auction. Being marketed are the two peakers (with their land) or just the 10 simple-cycle, natural gas-fired **General Electric** turbines from the peakers. Teasers were dispatched April 3.

Southaven consists of four **GE Frame 7EA** units totaling 340 MW with a 10,480 **btu/kWh** heat rate, valued at \$23 million apiece. And **New Albany** consists of six

(continued on page 12)

BABCOCK UNFURLS BUMPER TAX EQUITY AUCTION

Babcock & Brown has solicited interest from potential tax equity investors in its 2008 wind portfolio, comprising 638 MW across six projects. **David Giordano**, director of project development in **Philadelphia**, declined to talk specifics but says, "It's more of a private placement with preferred partners as we frame out our equity strategy for 2008." As first reported on *PFR's* Web site, bids were due April 4.

On offer are interests in:

- 283 MW **Texas Gulf Wind** in southwest **Texas**

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IS NATIONAL GRID WEIGHING MORE GENERATION SALES?

National Grid is reportedly evaluating whether to offload more of its **Long Island** generating assets, having scored a whopping \$2.9 billion from **TransCanada** for its 2.4 GW **Ravenswood** plant in **Queens, N.Y.** (*PFR*, 4/4), an offer rumored to be nearly \$800 million higher than the runner up's cover bid.

The plants were acquired through the company's \$7.3 billion merger with **KeySpan Energy**. The **Long Island Power Authority**, to which they are contracted, has the option

(continued on page 12)

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

At Press Time

JP, BNP Tee Up \$1.5B Commodities Deal

JPMorgan and BNP Paribas are set to launch retail syndication today of a fully underwritten \$1.5 billion revolving credit facility for **Gavilon**, formerly **ConAgra Trade Group**, which is being sold to **Ospraie Special Opportunities Fund** for \$2.1 billion. A bank meeting will be held at 2 p.m. at the W Hotel in midtown Manhattan.

On deck is the five-year revolver for working capital, secured by cash, accounts receivable and inventory. It is priced at 250 over LIBOR and has an accordion feature to \$2 billion.

JPMorgan, left lead, and BNP, joint bookrunner, are offering predominantly asset-based lenders four ticket levels for an upfront fee of one basis point per million—\$100 million, \$75 million, \$50 million and below \$50 million. Eight banks joined in primary syndication with the title of joint lead after committing \$150-200 million. Those were **Bank of Tokyo-Mitsubishi**, **Barclays Capital**, **Calyon**, **CoBank**, **Credit Suisse**, which advised Ospraie on the purchase, **Fortis**, **ING** and **Société Générale**.

Ospraie and the banks either declined to comment or did not return calls.

TCW Taps Arcapita Director

Trust Company of the West has hired **Jerry Stalun**, director at international private equity firm **Arcapita** in Atlanta, as managing director and head of global power in its energy and infrastructure group, replacing **Brian Daly**, who left in February (*PFR*, 3/4). He started the position on Friday, reporting to **Blair Thomas**, group managing director and chief executive of power in Los Angeles.

Stalun has 22 years' experience in the global power business and before Arcapita served as a senior v.p. at **GE Energy Financial Services**. Previous to that he was managing director at **Duke Capital Partners** and formerly served as managing director and co-head of global power project finance at **Bank of America**.

Calyon Looks To Offload Calypso Debt

Calyon's proprietary trading desk is looking to sell down pieces of the \$850 million financing it underwrote for **EIF Calypso's** purchase of power plant interests from **Cogentrix Energy**.

As first reported in *PFR Daily* last Thursday, the bank is reportedly asking for bids but is not requiring investors to buy strips pro-rata the way it did in syndication. "They're cutting deals," says one market watcher, noting that around 98 1/2 would be fair. "But they're probably not willing to take much of a hit on the discount."

Another banker contacted after **Standard & Poor's** rated the debt BB+ on March 28 said he thought the seven-year term loan A would fetch more than the 12-year term loan B. "I think 99 would probably get it done [on the term loan A]," he said, adding that 98 might be a reasonable price for the term loan B.

Calyon flexed up pricing during syndication to 237.5 basis points over LIBOR from 225 on the term loan A and its accompanying \$200 million revolver. Pricing on the B loan was flexed to 300 from 262.5 (*PFR*, 1/25). Nine banks took buy-and-hold stakes equaling roughly half of the financing in syndication (*PFR*, 3/28). Officials at the lead declined to comment.

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**Institutional
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INTELLIGENCE FIRST

GE Shops 80 MW Calif. Facility



Colton Power

GE Energy Financial Services is marketing an 80 MW facility in the City of Colton, Calif. It is not using an advisor, but is selling the gas-turbine simple-cycle plant with the help of its asset manager, Syracuse, N.Y.-based PUREENERGY.

Colton Power consists of two facilities, Drews and Century, with eight GE 10

MW combustion turbine generation units and is under long-term contract to the **California Department of Water Resources**.

A spokesman for GE EFS declined to comment on the sale process but says the firm, “Invests globally with a long-term view across the energy spectrum and from time to time realizes its investments through sales.” **Don Scholl**, president of PUREENERGY, declined to comment.

Last month GE also began shopping its lessor interest in Panther Creek, a 94 MW contracted qualifying facility in Nesquehoning, Pa. (PFR, 2/29).

Kraft Lands At BBVA

BBVA Securities has tapped **Rainer Kraft**, former senior v.p. of loan syndications at **Fortis**, as its new head of syndications in the Americas. “He has enormous experience in the U.S. market where BBVA wants to strengthen its capabilities,” says **José Ramón Vizmanos**, head of North American project finance at BBVA in New York.

Kraft began last Wednesday in the newly created position, reporting to **Jorge Burgaleta**, head of structured finance for the Americas. “We want to increase our underwriting roles, so we need some syndication capacities here,” says Vizmanos of the rationale for the hire. BBVA plans to expand its structured finance team even further, he adds. In February, **David Gonzalez** joined as v.p. of North American project finance after leaving **Dexia Crédit Local** (PFR, 2/29).

Most recently at Fortis Kraft worked on syndication of \$280 million in financing tied to the 150 MW Sherbino Wind Farm in Pecos County, Texas (PFR, 4/4). Previously, he worked with BBVA to syndicate \$185 million in financing for 164 MW NedPower Mount Storm (PFR, 1/18). Before Fortis, which he departed from in February, he worked in the project and structured finance group at **DZ Bank** (PFR, 2/15).

ABN Readies Storage Syndication Launch

ABN Amro will launch syndication of \$410 million in financing for **First Reserve** and **Royal Vopak**’s pending acquisition of the **Bahamas Oil Refining Company** oil storage terminal today at a 9:30 a.m. bank meeting at the Le Parker Meridien hotel in New York.

DnB NOR Bank has joined the deal as a joint lead arranger and bookrunner, while **Natixis** has joined with an agent title.

The financing supporting the roughly \$875 million purchase breaks down into a \$325 million term loan and an \$85 million revolver for working capital. Both have eight-year tenors, adjusted from a targeted 10-year tenor. Rounding out the package is a \$10 million debt service reserve facility being held by ABN. Sponsor equity makes up the balance of the price.

Ticket sizes have been set tentatively at \$20 million, \$35 million and \$50 million. Pricing starts at 200 basis points over LIBOR in years one through five and steps up to 225 for years six through eight. Commitments will be due in early May with an eye to closing the deal soon after.

First Reserve will hold an 80% interest in the Freeport-based facility being renamed Vopak Terminal Bahamas, with operator Vopak holding 20%. The seller was **Petróleos de Venezuela**. Officials at the banks either declined to comment or did not return calls.

Final Bids On Black Hills Portfolio Taken

Binding bids on the 974 MW contracted generating portfolio being shopped by **Black Hills Corp.** were due last Monday. Five players are believed to be left in the hunt: Australian infrastructure fund **Hastings Funds Management**; **Paul Prager**’s **Beowulf Energy** with **Natural Gas Partners**; **Tenaska Energy** in partnership with **Tyr Energy**; **Energy Investors Funds**; and **EnergyCo.**, the **PNM Resources** and **Cascade Investments** joint venture (PFR, 1/25).

Credit Suisse, which is advising the seller, took preliminary bids before Thanksgiving and offers reportedly needed to be in the range of \$750 million to qualify. The fleet—comprising 149 MW of gas-fired capacity under construction in New Mexico and 825 MW across California, Colorado and Nevada—is projected to earn at least \$75 million of contracted EBITDA per year over the next five years.

Calls to **Dale Jahr**, director of investor relations at Black Hills in Rapid City, S.D., and to CS were not returned.

CIT Takes Commitments In La. Gas Storage Deal

CIT Energy is taking commitments of between \$15 million and \$25 million in the syndication of \$125 million in loans backing the 15.5 billion cubic feet Arcadia Gas Storage facility in North Louisiana, with an eye to closing the deal by the end of this month. "A number of banks are still actively working and coming in," says **Peter Gaw**, president of CIT Energy in Houston, declining to identify any participants.

The lead was mandated back in November and launched syndication via conference call about two weeks ago for the eight-year, single-tranche financing, which converts to a five-year term loan after construction. "We went to a limited bank list because it's a smaller deal," Gaw explains, referencing relationship banks of **Martin Resource Management**, the general partner of master limited partnership **Martin Midstream Partners**, and **Energy Capital Partners**, who together are developing the facility. Pricing could not be learned.

Arcadia is being developed east of Shreveport, La., in three phases. The first phase, slated for completion in the third quarter, will consist of converting four salt caverns for gas

storage service totaling 1.5 Bcf. Phases two and three will each consist of a new 7 Bcf cavern that will be operational late next year and of 2011, respectively. Calls to Martin and ECP were not returned.

Fortis Preps Miss. Gas Storage Financing

Fortis launched syndication of \$140 million in senior secured financing at a Denver bank meeting last Wednesday for **Monroe Gas Storage**, developer of a 12 billion cubic foot underground natural gas storage facility near Amory, Miss.

Monroe, a joint venture between **Foothills Energy** and **High Sierra Energy**, is set to enter commercial operation April 1 next year, according to **Kevin Legg**, v.p. of marketing at Foothills in Denver. He confirmed the bank meeting and said Fortis was mandated within the last month but declined to comment on the financing specifics. Calls to officials at Fortis were not returned and **Marjorie Hargrave**, cfo of High Sierra, declined to comment.

The project will connect to **Spectra Energy's** Texas Eastern Transmission pipeline and to **El Paso's** Tennessee Gas Pipeline to serve markets in the Southeast, Midwest and Northeast U.S.

Alinda Co. Wraps \$904M Financing

Reliance Limited Partnership, a Toronto-based portfolio company of infrastructure fund **Alinda Capital Partners**, recently closed on a \$904 million capital markets and bank financing. Proceeds will be used to repay a bridge that funded its acquisition of Ontario, Canada-based water heater utility **Reliance Home Comfort** last June, as well as for growth capital. The deal consists of a \$284 million private placement, a C\$380 million (\$378.5 million) Canadian bond offering and a C\$240 million three-year bank facility.

Citigroup and **RBC Capital Markets** led the deal (PFR, 2/8), which originally envisaged the private placement of \$275 million in seven-year bullet bonds at **Reliance Holdings** and \$375 million in 10-year bullets at the operating company, **Reliance Limited Partnership**, as well as the concurrent placement of C\$300 million in bonds. The deal was adjusted due to difficult conditions in the U.S. market and strong demand in the Canadian market. Reliance postponed the Holdings portion, but was able to obtain sufficient committed funds from other sources over the short term.

Reliance—formerly **Union Energy**—represents Alinda's acquisition of the predecessor **UE Waterheater Income Fund** and other assets it subsequently acquired. **Chris Beale**, managing partner at Alinda in New York, could not be reached for comment.

Leads Tweak Noble Turbine Pricing

Banks arranging financing for **Noble Environmental Power's** \$460 million turbine supply loan have flexed up pricing during syndication to 275 basis points over LIBOR from 175, and to 137.5 over from 75 for any unused portion. The decision was made earlier this month, according to a deal tracker, who notes that the ongoing risk of production tax credits not being renewed has caused syndication to stall.

Around eight banks have signed up to the deal since **HSB Nordbank** and **KeyBanc Capital Markets** launched it in mid-November, with **Dexia Crédit Local** serving as the documentation agent (PFR, 11/21). Commitment levels vary, but tickets of \$35 million were on offer for around 14 slots, with some banks looking at a \$50 million slug. The debt matures in March 2010.

The loan, which the developer calls its flagship financing, will fund the purchase of **General Electric** turbines to be used at projects in development in the Northeast, Michigan and Texas this year and next, and refinances turbine loans from the last two years. The portion of the loan refinancing the older turbine debt must be taken out by the end of this month, while debt for 2008 and 2009 projects must be taken out by Oct. 31 this year and next, respectively. Officials at the sponsor and the banks either declined to comment or did not return calls.

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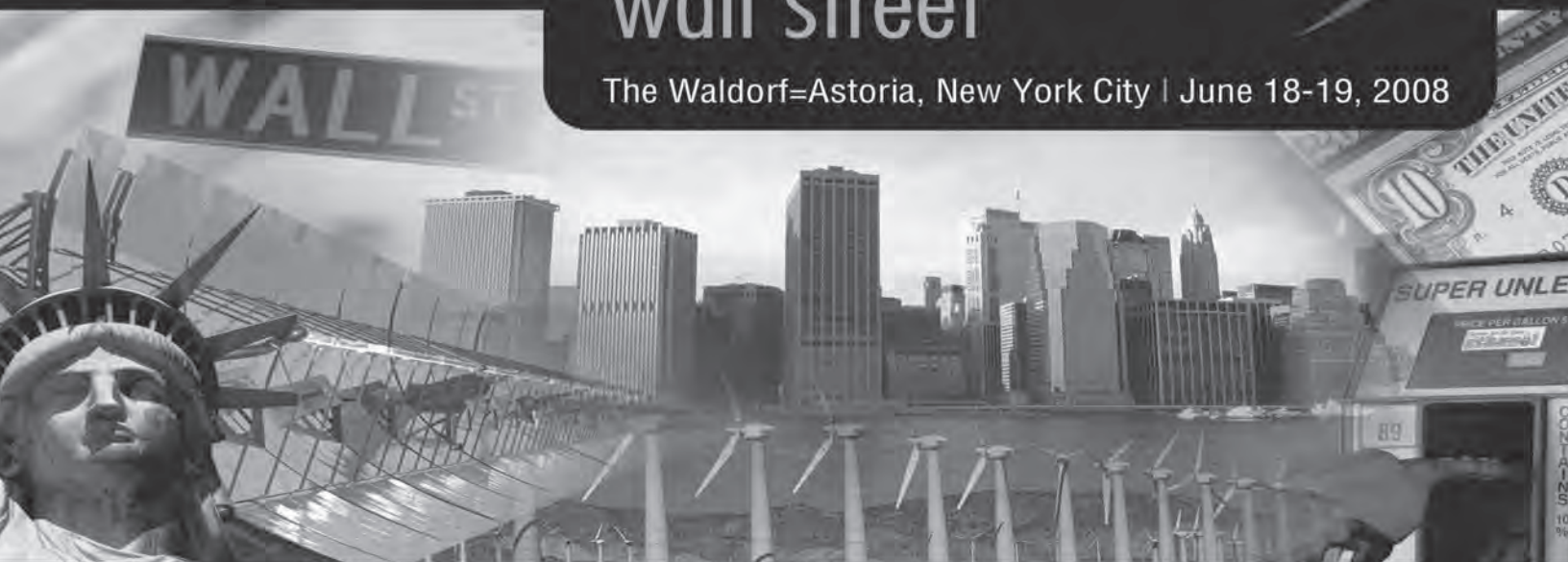

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Welsh IPP Goes All Equity For Peaking Purchase

CEC Generation, a subsidiary of **Welsh Power Group**, has acquired Redditch, a 26 MW open-cycle gas-turbine plant in Worcestershire, U.K., for about GBP4.5 million (\$8.94 million) and plans to finance the purchase with equity, says **Alex Lambie**, ceo in Newport, South Wales.

Welsh Power acquired 100% of the shares from previous owner **First Energy Redditch**.

The IPP already owns coal, gas and biomass but wants to build a fully integrated business, Lambie says. "We're looking for a mix in the portfolio. The one part that was missing was peaking."

CEC was created to hold sub-50 MW generation and Redditch is its first asset. Any plants under 50 MW are subject to local planning and do not need a government license, making for a speedier process, Lambie explains. The plant was built in the early 1990s by **Rolls Royce Power Ventures** for **Midlands Electricity**.

SUEZ Eyes New Brazilian Hydro Tender

SUEZ Energy Brasil is planning to bid to develop the BRL10 billion (\$5.8 billion), 3.3 GW Jirau hydro facility on Rio Madeira—the largest hydro project in Brazil ever—after recently securing financing for its 1,087 MW Estreito hydro unit. It is planning to bid with one or more partners, says **Gustavao Labanca**, v.p. of finance in Rio de Janeiro, declining to disclose whom SUEZ may team up with. First-round bids are due May 9 to Brazil's **Ministry of Mining and Energy**.

Like Jirau, the BRL3.3 billion Estreito project is a part of the Brazilian Government's Programme for the Acceleration of Growth. It has funding from Brazilian development bank **Banco Nacional de Desenvolvimento Econômico e Social** (BNDES), which will provide a 24-year loan at a 6.25% short-term interest rate. Suez also has a BRL524 million, 24-year loan with **Unibanco**, **Bradesco**, **ItauBBA** and **Banco Votorantim** to assume commercial risk. Co-investors in Estreito—**Vale** (30%), **Alcoa** (25.49%) and **Camargo Corrêa** (4.4%)—are securing their own financing for the project, the first phase of which is expected to become operational in 2010.

Jirau, expected to come online by 2013, is an official project of the Initiative for Integration of Regional Infrastructure in South America, coordinated by all 12 regional governments. It will benefit from the technical and financial support of multilateral and national development banks, including the **Inter-American Development Bank**, the **Andean Development Corporation** and the **Fund to Develop the Plata River Basin**.

BoS Syndicates Spanish Solar Financing

Halifax Bank of Scotland is syndicating a EUR180 million (\$282.7 million) construction financing for **Abertura Solar Park**, a 20 MW photovoltaic project in the Spanish province of Cáceres.

Ticket sizes on offer are EUR25-30 million, with mostly European banks and a few Japanese banks participating, according to **Federico Florian**, director of energy and environmental finance at HBOS in London. Syndication is expected to close in May.

HBOS underwrote EUR62 million of the deal, which met financial close in early February, with **WestLB** taking a EUR90 chunk and **Dexia Sabadell** taking the remainder. Construction on **Abertura** is expected to be complete by the end of June, with the project coming online by the end of September.

HBOS closed its first-ever solar photovoltaic financing in January. The EUR152.8 million package funded construction of two 10 MW Spanish solar projects, **Trujillo** and **San Servan**, owned by Spain's **Fotowatio**. It underwrote EUR26.5 million alongside **Royal Bank of Scotland** and **Banco Santander**.

\$2.1B Asian Acquisition Financing Seen Syndicating

A roughly S\$2.9 billion (\$2.1 billion) debt package is being syndicated by a host of banks that underwrote the financing for **SinoSing Power's** recent purchase of 2,670 MW Tuas Power from **Temasek Holdings**. Among those leading the S\$4.235 billion deal are **DBS Bank**, **BNP Paribas** and **OCBC Bank**.

The package reportedly consists of S\$2.5 billion in non-recourse, senior debt and a roughly S\$400 million mezzanine portion provided by **China Exim Bank** and **Bank of China**. About S\$1.3 billion in equity was provided by the buyer's parent company, **China Huaneng Group**.

One deal watcher said he expects the deal to struggle because the purchase price is 14 times the plant's forecasted EBITDA for 2009 and there will be little comfort surrounding debt service coverage. A spokesman for Huaneng did not return a request for comment.

The divestiture of Tuas Power was the first of three Singapore generation companies being sold by Temasek via **Credit Suisse** and **Morgan Stanley** (PFR, 10/19). The timeline for selling the remaining two gencos—3,100 MW gas-fired **PowerSeraya** and 3,300 MW oil-fired **Senoko Power**—has not yet been firmed up, but Temasek expects the complete package to be offloaded by mid-2009, according to a spokesman.

Irish Wind Portfolio Financing Set To Wrap

Royal Bank of Scotland and Ulster Bank are set to close a EUR260 million (\$411.9 million) refinancing for SWS Natural Resources' 77 MW wind portfolio in southwest Ireland and an 81 MW development portfolio.

Eddie Cullen, director of structured finance at Ulster Bank in Dublin, confirmed the bank's role in the deal but officials at RBS declined to comment and a call to SWS was not returned.

The debt package consists of two term loans, a VAT facility and a debt service reserve facility, priced about 100 basis points over LIBOR. Syndication is expected to launch shortly after closing this month.

The existing assets include 45 MW Kilgarvan in County Kerry, 9.5 MW Gneevies on the northeastern edge of the Derrynasaggart Mountain range, and 22 MW Knockawarriga in County Limerick. Construction on the greenfield portfolio, which consists of three unnamed assets, is expected to begin mid-year.

JPMorgan Anoints Commodities Team

JPMorgan Chase has named the top tier of executives in its commodities trading team reporting directly to Blythe Masters, head of global commodities in New York, and integrated two executives from Bear Energy, the energy and trading arm of Bear Stearns. Paul Posoli, president of Bear Energy in Houston, will serve as co-head of global energy alongside Catherine Flax, previously co-head of global energy with Ray Eyles at JPMorgan. An internal message Masters sent April 4 and obtained by PFR announced the new roles.

Under the reshuffle, Flax will continue to head global corporate marketing. Eyles, based in London and who Masters describes as the most senior trader in global commodities, will oversee the group's activities in Europe, the Middle East and Asia, while also heading up global metals, agricultural commodities and proprietary trading. "I have asked Ray to continue to focus on the development of Global Commodities market risk-taking across all asset classes," Masters wrote. Moving over from Bear to head up the firm's principal investing in global commodities is Francis Dunleavy.

Continuing in their roles in commodities are Mike Camacho, global head of structured commodities and commodity exotics and hybrids, John Anderson, head of market risk for the division, Mark Higgins, head of the analytic strategies group, and Dan Hines, cfo of global commodities.

"We have a world-class team of professionals, and I am counting on each of you to work together as partners to complete the

integration, continue to serve our clients, leverage our competitive advantages and position the business for future growth," Masters wrote. Calls to officials at JPMorgan and Bear were not returned, and a spokesman declined to make them available.

Two Senior Power Bankers Set To Depart RBS

Alan White, head of power at Royal Bank of Scotland in London, will be leaving his position in June to open a wine bar. Bill Morris, senior director of power project finance, will also be departing in June to take early retirement, after more than 37 years with the group.

All inquiries and pending deals are being overseen by Andrew Jameson, head of energy and natural resources in London, until replacements are formally announced, according to White.

White joined RBS in 2002 and led a series of high-profile deals such as International Power's EUR302 million (\$506.6 million) acquisition financing of Trinergy's Italian and German wind assets and IVPC Power 3 and IVPC Power 8, a EUR197.25 million limited-recourse project financing of Italian wind farms. Morris, who confirmed his planned retirement, most recently handled the financing for more than 1 GW of Italian wind projects.

Corporate Strategies

Utah Utility To Sell \$450M To Refinance Maturities

Intermountain Power Agency, a Utah municipal-owned utility, will use proceeds from its upcoming issue of \$450 million in subordinated power supply revenue refunding bonds to refinance \$400-550 million in upcoming bond maturities. Priorities include \$360 million in variable-rate bonds callable July 1, \$62.8 million in auction-rate bonds callable April 25 and the refunding of up to \$177 million in fixed-rate bonds callable July 1.

"It depends on what the market gives us," says Allyn Orme, treasury manager in South Jordan, Utah. "We're converting the VRDNs [variable-rate demand notes] to fixed rates because of the insurance mess. We're a single project entity—we don't have new money needs," says Orme, referring to its 1.8 GW Intermountain Power Project in Lynndyl, Millard County.

IPA sells power from the project to 23 cities in Utah, six cooperatives, six Californian utilities, including the Los Angeles Department of Water and Power and the Utah Power & Light, a subsidiary of PacifiCorp. These robust take-or-pay contracts but lack of project diversity contributed to the A1 rating assigned to the issue by Moody's Investors Service.

The bonds, maturing in 2022, will price this week and close

the following week.

Goldman Sachs is leading the deal. "We have a long-standing relationship with them. They've been our lead for 20 years," says Orme.

Ameren Subs Issue \$887M To Pay Down Debt

Three subsidiaries of **Ameren Corp.** have together issued \$887 million in 10-year senior secured notes to repay short- and long-term debt held by the respective operating companies. "The markets have been volatile lately, and these companies look to get in at a time they are advised to be issuing," says **Robert Hornick**, senior director at **Fitch Ratings** in New York.

Transmission and distribution subsidiary **Illinois Power**, doing business as **AmerenIP**, privately placed \$337 million in 10-year,

6.25% notes rated BBB by Fitch. Some \$334 million in proceeds will pay down pollution control revenue bonds the company has outstanding. Generation subsidiary **Ameren Energy Generating** privately placed \$300 million in 7% notes rated BBB+, with the \$298 million in proceeds put towards short-term debt. And utility subsidiary **AmerenUE** publicly sold \$250 million in 6% notes rated A+, proceeds from which will redeem several series of environmental improvement revenue refunding bonds.

Barclays Capital, **BNP Paribas** and **Lehman Brothers** led the **AmerenIP** offering, while **Lehman**, **UBS Investment Bank** and **Wachovia Securities** led the **Ameren Generating** sale. **Goldman Sachs** and **JPMorgan** led the **AmerenUE** transaction. At year end, **Ameren** had just under \$5.7 billion in total debt outstanding, according to documents filed with the **Securities and Exchange Commission**. Calls to **Warner Baxter**, executive v.p. and cfo at **Ameren** in St. Louis, were not returned.

Houston MLP Issues \$1.1B To Trim Revolver

Enterprise Products Operating, a subsidiary of master limited partnership **Enterprise Products Partners**, issued \$1.1 billion in senior unsecured notes to pay down its revolver and for general corporate purposes during its multi-year capital expenditure program. "They're kind of at the back end of it now, but there is still a significant amount [of spending planned] this year and next," says **Joseph Sorce**, analyst at **Fitch Ratings** in Chicago, which rates the notes BBB-.

"This year they have \$1.6 billion in capital projects," Sorce notes, pointing to the 1.5 billion cubic feet per day **Meeker Natural Gas Processing** facility in Colorado completed last spring and the **Independence Hub Platform** and **Trail Pipeline** south of **Venice, La.** "The company has a great footprint and is investing in some great gas producing regions," he says, referring to its projects in Texas and the Rockies. He adds that after several years of aggressive capital spending, **EPO** will begin to see a significant return on its investments with more cash flow.

The two-tranche offering comprises \$400 million in 5.65% senior notes due 2013 and \$700 million in 6.5% senior notes due 2019. The \$1.09 billion in proceeds will pay a portion of the \$1.265 billion outstanding on **EPO's** \$1.75 billion, multi-year revolver, which has a weighted average rate of 3.5%.

Lehman Brothers, **Citigroup**, **JPMorgan** and **Scotia Capital** were joint bookrunners on the sale, with **Mizuho Securities USA**, **SunTrust Robinson Humphrey** and **Wachovia Securities** serving as senior co-managers. **BNP Paribas**, **RBS Greenwich Capital**, **Barclays Capital**, **DnB NOR Markets**, **Lazard Capital Markets** and **UBS Investment Bank** were co-managers. Calls to **Bryan Bulawa**, treasurer at **EPO**, were not returned.

Avista Shops \$250M For Refinancing



Malyn Malquist

Avista Corp. plans to use proceeds from its issuance of \$250 million in 10-year, 5.95% first mortgage bonds to refinance the June 1 maturity of \$272 million in 9.75% senior unsecured notes sold in 2001. "There were not a lot of other issuers in the market. There was a fairly heavy supply early in the week," explains **Malyn Malquist**, executive v.p. and cfo in **Spokane, Wash.**, of the timing. A number of utilities were in the market before **Avista** chose to price its notes March 27, he says, adding, "It was a good window to sell the bonds."

UBS Securities, **Goldman Sachs** and **BNY Capital Markets** were joint bookrunners and co-arrangers on the deal, which closed April 3. **Banc of America Securities**, **KeyBanc Capital Markets**, **Wedbush Morgan Securities** and **Wells Fargo Securities** were co-managers. **UBS** was chosen due to a key person on the team that **Avista** had worked with on a number of transactions at a rival firm, says **Malquist**, declining to name the individual. **Goldman** has worked on previous deals and **Bank of New York** leads the company's revolving credit facility, he says. The co-managers are all relationship banks.

Avista chose 10-year bonds because there are quite a few short maturities and a lot of 30-year debt in its maturity schedule. "There was a hole in our maturity and it was an attractive rate," **Malquist** says. The company targeted a 6% coupon for the issue, so just came within the mark. It last tapped investors in Dec. 2006, selling \$150 million in 30-year, 5.7% first mortgage bonds and is planning another bond offering in the second half of this year, expected to be around \$100 million. Its debt-to-equity ratio is 54:46.



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 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, Michael Underwood	Thompson River Cogen	Montana	16	Coal, Waste Wood	Energy Advisory	Wayzata Investment Partners reportedly acquired.
Bicent Power	Mountain View	Palm Springs, Calif.	67	Wind	Goldman Sachs	AES to acquire (PFR, 1/7).
Black Hills Corp.	Arapahoe Valmont Fountain Valley Las Vegas I Las Vegas II Harbor Valencia	Denver, Colo. Valmont, Colo. Colorado Springs, Colo. Las Vegas, Nev. Las Vegas, Nev. Long Beach, Calif. Albuquerque, N.M.	130 80 240 53 224 98 149	Gas Gas Gas Gas Gas Gas Gas	Credit Suisse	Final bids taken 4/7. Preliminary bids taken Nov. 20 said be close to \$800 million (PFR, 12/10). Hastings Funds Management, Beowulf Energy in partnership with Natural Gas Partners, Tenaska Energy with Tyr Energy, Energy Investors Funds, and EnergyCo. on shortlist to acquire.
BTEC Turbines	Southaven Energy New Albany Power	Miss. Miss.	340 390	Gas Gas	JPMorgan	Assets or just the equipment for sale. Teasers dispatched April 3 (PFR, 4/7).
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 this month.
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	Status unknown, (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 acquired for \$342 million. Royal Bank of Scotland and UBoC may led financing.
Conectiv Energy (Pepco Holdings)	Various	PJM Interconnection	3,700	Various	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 \$1.4 billion. Barclays to lead the debt, expected to launch into syndication soon (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	Looking at strategic options on the plant (PFR, 1/18).
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	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.	3.6 GW (176 ready to construct)	Wind	Marathon Capital	Weighing partnership, joint venture, recap or sale (PFR, 12/17).
Fluor	Greater Gabbard	Thames Estuary, U.K.	500	Wind	RBC	Specs went out in late Aug. for Fluor's 40% stake (PFR, 8/17).
Foresight Wind Energy	Various	Arizona, New Mexico	2 GW pipeline	Wind	CP Energy	Transaction delayed (PFR, 10/8).
FPL Energy	Posdef Tesla	Stockton, Calif. Tracy, Calif.	44 1,120	Coal/Petcoke Gas/Steam	New Harbor Credit Suisse	Indicative bids due April 11 (PFR, 3/11). Development site. Status unclear.
General Electric	Baglan Bay Panther Creek Pittsfield Generating Colton Power	Port Talbot, Wales Nesquehoning, Pa. Pittsfield, Mass. Colton, Calif.	510 94 163 80	Gas Waste Coal Gas Gas	Lexicon Partners N/A 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). Selling with help of asset manager PUREENERGY (PFR, 4/8).

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Goldman Sachs, Cargill	Teesside Power	Teesside, U.K.	1.8 GW	Gas	Rothschild	Gaz de France and Suez jointly agreed to acquire Feb. 25.
Goldman Sachs (Cogentrix Energy)	Southaven Power	Southaven, Miss.	810	Gas	Houlihan Lokey	TVA will acquire for \$466.3 million (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	1.1 GW	Gas		
	Quezon	Philippines	460 (211 stake)	Coal		
	Millmerran	near Brisbane, Australia	880 (228 stake)	Coal		
	Callide	Queensland, Australia	920 (230 stake)	Coal		
K&M International Power	Termovalle	Calif, Colombia	220	Gas	JPMorgan	Teasers to be dispatched this week (PFR, 3/18).
Kelson Canada	Calgary Energy Center	Calgary, Alberta	300	Gas	UBS	Teasers out (PFR, 3/26).
(Harbinger Capital Partners)	Island Generation	Duncan Bay, B.C.	230	Gas		
	King City Cogeneration	King City, Calif.	120	Gas		
	Whitby Cogeneration	Whitby, Ontario	50	Gas		
Kelson Holdings	Dogwood	Pleasant Hill, Mo.	620	Gas	Goldman Sachs, Merrill Lynch	Weighing strategic options, including sale/merger (PFR, 10/9).
	Redbud	Luther, Okla.	1.2 GW	Gas		Signed agreement to sell Redbud for \$852 million to consortium of load-servicing entities (PFR, 1/21).
	Cottonwood	Deweyville, Texas	1.2 GW	Gas		
	Magnolia	Benton County, Miss.	922	Gas		
KGen Power	Murray I	Murray Co., Ga.	630	Gas	Credit Suisse	Talks to merge with Entegra stalled due to management disagreements (PFR, 3/24).
	Murray II	Murray Co., Ga.	620	Gas		
	Hot Spring	Hot Spring Co., Ark.	620	Gas		
	Hinds	Jackson, Miss.	520	Gas		
	Sandersville	Washington Co., Ga.	640	Gas		
LS Power	Sugar Creek	Sugar Creek, Ind.	561	Gas	N/A	Northern Indiana Public Service to acquire (PFR, 11/2).
MACH Gen	Millennium	Carlton, Mass.	360	Gas/Oil	Credit Suisse	Considering sale or a merger (PFR, 12/17).
	Athens	Athens, N.Y.	1 GW	Gas/Oil		In second round.
	Covert	South Haven, Miss.	1.1 GW	Gas		
	Harquahala	Tonopah, Ariz.	1.09 GW	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	1.6 GW	Gas (development)	JPMorgan	Exploring sale options (PFR, 2/11).
(Montgomery Energy Partners)	Quail Run	Odessa, Texas	825	Gas (development)		
	L'Energia	Lowell, Mass.	84	Gas (repowering)		
	Billerica Energy Center	Billerica, Mass.	240-360	Gas (development)		
Noble Environmental Power	Various	N.Y., Mich.	385	Wind	Goldman Sachs	Company reportedly looking to IPO.
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		
NorthWestern Energy	Colstrip Unit 4 (30%)	Mont.	740	Coal	Credit Suisse	Exploring strategic options (PFR, 2/8).
NRG Energy	Indian River	Millsboro, Del.	784	Coal	N/A	Seller soliciting offers on plant (PFR, 11/8).
Primary Power International	Hillman	Hillman, Mich.	19	Biomass		Fortistar agreed to purchase an interest in the portfolio. Deal set to close in 30 days (PFR, 2/19).
	Grayling	Grayling, Mich.	36			
	Genesse	Flint, Mich.	35			
	Dapp Generating	Westlock, Alberta	17			
	Valley Power	Drayton Valley, Alberta	12			
Reliant Energy	Channelview	Lyondell, Texas	830	Gas	Houlihan Lokey	FORTISTAR and Global Infrastructure Partners to acquire for \$500 million (PFR, 4/8).
RES Americas	Various	U.S.	1 GW under construction	Wind	Credit Suisse	Company looking to sell up to 100% (PFR, 1/7).
Ridgeline Energy	Various	Idaho, Ore., Wash.	3.7 GW pipeline	Wind	Marathon Capital	Talks nixed with a southern U.S. utility (PFR, 10/8). Back in play.
Rockland Capital	B.L. England	Cape May County, N.J.	447	Coal, Oil	JPMorgan	Owner seeking strategic equity partner (PFR, 12/10).
Energy Investments						
Sempra Generation	Catoctin	Frederick Co, Md.	600 in development	Gas	N/A	Development project reportedly for sale.
Signal Hill Power	Wichita Falls	Wichita Falls, Texas	77	Gas	Miller Buckfire	First-round bids received March 17.
Sumas	Sumas Cogeneration	Sumas, Wash.	125	Gas	N/A	Puget Sound Energy agreed to buy for undisclosed sum.
Sithe Global Power	River Hill	Karthus Township, Pa.	290	Coal	Credit Suisse	Status unclear (PFR 2/16/07).
Temasek Holdings	PowerSeraya	Singapore	3.1 GW	Gas	Credit Suisse,	Teasers dispatched 10/15.
	Senoko Power		3.3 GW	Oil	Morgan Stanley	
	Tuas Power		2.7 GW	Steam		Sold to Huaneng Group for \$3 billion.
Tenaska Power Fund	Commonwealth Chesapeake	New Church, Va.	315	Oil	JP Morgan	Tyr won the auction and Fieldstone Private Capital Group is advising on the purchase and financing (PFR, 2/19).
Third Planet Windpower	Various, U.S.	Various, U.S.	3 GW late-stage	Wind	Marathon Capital	Developer looking for joint venture partner.
TransAlta	Campeche	Mexico	252	Gas/Diesel	N/A	InterGen to buy for \$303.5M, funded with equity and non-recourse debt.
	Chihuahua	Mexico	259	Gas		
	Binghamton	Binghamton, N.Y.	50	Gas	N/A	Standard Power set to acquire (PFR, 3/12).
TransAlta Cogeneration	Mississauga	Mississauga, Ontario	108 (50%)	Gas	N/A	Quietly shopping portfolio (PFR, 4/2).
	Ottawa	Ottawa, Ontario	68 (50%)	Gas		
	Sarnia	Sarnia, Ontario	575	Gas		
	Windsor-Essex	Windsor, Ontario	68	Gas		
Tyche Power Partners	Brooklyn Navy Yard	Brooklyn, N.Y.	286	Gas Cogen	Credit Suisse	Temporarily iced due to credit crunch.
UPC Wind	Various	North America	3 GW	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, Calif.	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).
Wheelabrator Technologies	Shasta	Anderson, Calif.	49	Biomass	ABN Amro	Seller evaluating a sale. Review close to completion.

News In Brief

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

Americas

- **SunEdison**, has acquired **Renewable NRG**, a leading solar company in Portland, Ore., recognized for installations and leadership in the state's emerging solar industry (*EarthTimes*, 4/4).
- **Brookfield Infrastructure Partners** has increased its ownership in Chilean transmission company, **Transelec Chile S.A.**, to 17.8% from 10.7% at a cost of \$111.3 million (*CNNMoney.com*, 4/7).
- **Abu Dhabi National Energy Co** (or **TAQA**) is looking to acquire 2 GW of power generating capacity in North America for about \$2 billion (*Reuters*, 4/7).
- **Pequot Ventures**, the \$2 billion venture capital arm of hedge fund **Pequot Capital**, plans to take an alternative energy company in its portfolio to the public market soon (*Reuters*, 4/8).
- The Maryland General Assembly approved legislation needed to complete a settlement between the state and **Constellation Energy**, a deal valued at about \$2 billion in rate relief. It also dropped consumer liability for nuclear decommissioning costs (*Associated Press*, 4/8).
- **ConocoPhillips** and **British Petroleum** plan to build a gas

pipeline to carry Alaska's gas to Canada and the lower 48 U.S. states (*Forbes*, 4/7).

- The New York governor is expected to oppose a project by **Shell U.S. Gas and Power** and **TransCanada** to build a floating LNG processing plant in the Long Island Sound (*Reuters*, 4/10).
- **Clear Wind Renewable** will acquire four wind energy projects at different stages of development and with a total planned capacity of 320 MW from **Chermac Energy** (*EarthTimes*, 4/10).

Europe

- German utility **RWE** has made an indicative all-cash offer for **British Energy**, in a deal that could value the U.K. nuclear operator at up to £11 billion (\$21.7 billion) (*Financial Times*, 4/10).
- **Energias de Portugal** may opt to sell stakes in its renewable energy unit to two investors if market conditions hamper its planned initial public offering in June (*Thomson Financial*, 4/7).
- Italy's **Enel** hopes to sell a minority stake in its new renewable energy division by the end of 2009 as part of a plan to pay off EUR 56 billion (\$88 billion) in debt stemming from its purchase of Spain's **Endesa** with partner **Acciona** (*Reuters*, 4/8).

Biomass Co. Weighs Acquisition Financing Options

Renegy Holdings last week signed a non-binding letter of intent to acquire an idle 18 MW biomass facility in Ione, Calif., for just over \$5 million and is looking at a range of options to finance both the acquisition and refurbishment to bring the project online by year-end. **Megan Meloni**, a spokeswoman in San Francisco, says recourse and non-recourse financing, equity stakes and tax credits at both the corporate and asset level are all under consideration.

Renegy, which purchased the plant from a local farmer and has 55 MW so far, is targeting a 1 GW biomass portfolio within the next five years, focusing on assets in the western and northeastern U.S. and British Columbia due to these locations' sustainable supply of wood waste for fuel. Acquisitions of existing facilities at a significant discount to new construction are a key component of its growth strategy. "Our strategy is to acquire operating and idle plants," Meloni says, noting that an idle plant costs circa \$600 per kW versus up to \$3,000 per kW for new build.

The company is also looking for about \$6 million in funds to refurbish an idle 13 MW plant in Susanville, Calif., it purchased from forest products company **Sierra Pacific Industries** in November for \$1.3 million. Separately, it is constructing a 24

MW greenfield biomass plant near Snowflake, Ariz., that should be operational in the second quarter.

ING Tweaks Texas Gas Storage Financing

ING Capital is reportedly restructuring financing for **Tres Palacios Gas Storage's** development of a gas storage facility in Matagorda County, Texas, into a smaller, one-year bridge financing, instead of the \$435 million financing originally outlined.

Driving the change, deal trackers says, is the fact syndication has failed to bring in enough participants and the sponsor now only needs to bankroll one salt cavern conversion instead of three. The lead is working with banks individually to take buy-and-hold stakes of the new package. Tres Palacios' parent company, **NGS Energy Fund**, did not return calls and ING declined to comment.

The original financing, rated B1 by **Moody's Investors Service**, consisted of a \$285 million senior secured construction loan, a \$100 million senior secured term loan and a \$50 million revolver (PFR, 2/1). **BNP Paribas** was originally mandated as a co-lead but was dropped before wholesale syndication launched in January. Tickets of \$50 million were on offer for a senior managing arranger title in the deal, priced at 350 basis points over LIBOR.

BABCOCK UNFURLS

(continued from page 1)

- 101 MW South Trent in west Texas
- 80 MW Majestic in the Texas Panhandle
- 51 MW Wessington in South Dakota
- 54 MW Butler Ridge in Wisconsin, acquired from **Eurus Energy America** and
- 69 MW Thumb, phase one of a two-part development in Huron and Sanilac Counties, Mich., which Babcock recently bought from **Noble Environmental Power** (PFR, 3/14).

Likely investors are the usual suspects in tax equity, particularly firms that have participated in Babcock portfolios before, such as **JPMorgan Capital**, **Wells Fargo**, **ABN Amro's Lease Plan North America**, **Prudential Insurance Co.**, **General Electric** and **Wachovia**. **Union Bank of California** is another possible bidder, according to one deal watcher. Officials at Wells and JPMorgan declined to comment and officials at the other banks either declined to comment or did not return calls.

Tax equity is expected to finance roughly 60% of the portfolio, representing a \$1.5-1.6 billion transaction. "[Babcock] typically back-leverages its balance sheet," says one tracker.

—Katie Hale, K.B.

CHANNELVIEW LANDS

(continued from page 1)

excluded certain contractual obligations the seller had with the plant's power and steam customer **Equistar Chemicals**.

Under those contracts, Equistar is allowed to participate in the performance of the cogenerating facility and objected to Reliant's movement to separate its cash flow agreement from other project contracts. Reliant is now trying to settle with Equistar on a buyout price that would be paid out of the roughly \$90-100 million in equity left over after \$410 million is paid to debt holders invested in the bankrupt plant (PFR, 4/8). While that dispute is under way, there is a risk those investors will move to foreclose and the buyers have the right to walk.

A call to **Andrew Johannesen**, a corporate finance official handling the matter for Reliant, was not returned but a spokeswoman confirmed the judge's denial of the motion to approve the sale. Officials at Equistar, FORTISTAR, GIP and auctioneer **Houlihan Lokey Howard & Zukin** declined to comment.

GIP replaced **AllCapital** as FORTISTAR's partner in the bidding and will provide the equity commitment for the full purchase price, should the sale go ahead. The deal would be a first in the power sector for GIP, which is capitalized by **General Electric** and **Credit Suisse**, where Ogunlesi was the former executive vice chairman in investment banking. —Katy Burne

IS NATIONAL GRID

(continued from page 1)

until May 31 to buy some of the units, but may not be able to afford them. In addition, the state Public Service Commission is concerned about utilities owning large bundles of generation and gaining too much market power. The facilities include:

- E.F. Barrett, with 350 MW of steam and 311 MW of combustion turbine capacity in Island Park
- 100 MW Far Rockaway
- a simple-cycle, 72 MW combustion turbine plant at the Shoreham Nuclear Plant, and
- 239 MW simple-cycle Wading River

LIPA also has rights of first refusal to purchase on the same terms as offered by another party other facilities National Grid may decide to sell.

A spokesman for National Grid says despite the full price for Ravenswood, "There are currently no plans to sell [its] other plants, which [it] values for their stable income stream through long-term contracts with LIPA." Calls to LIPA were not returned.

—K.B.

TURBINE SUPPLIER

(continued from page 1)

remanufactured GE Frame 7E units totaling 390 MW, with a 10,999 btu/kWh heat rate. Separately, a 65 MW load bank and six Frame 5L gas turbine generator packages, each totaling 16.7 MW, are up for grabs. BTEC is offering to convert the turbines to a dual fuel configuration for a fee.

BTEC will consider a number of options:

- Selling capital stock in BTEC
- Selling capital stock in either Southaven or New Haven
- Asset-level sales involving individual or multiple units, or
- Any combination of a plant sale and individual units

The company is selling to maximize after-tax cash proceeds to shareholders and because of the high demand for the equipment, which can be used by a buyer for rapid greenfield development or to repower existing sites elsewhere. Current lead times for similar turbines run to around seven years. It is unclear if the equipment is still under warranty. Calls to BTEC and JPMorgan were not returned.

—K.B.

Quote Of The Week

"It's more of a private placement with preferred partners as we frame out our equity strategy for 2008." —**David Giordano**, director of project development at **Babcock & Brown** in Philadelphia, on the firm's solicitation for tax equity investment for its 2008 wind portfolio (see story, page 1).