

power finance & risk

The exclusive source for power financing and trading news

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Fortis Plans To Expand Into Asset Auctions

Fortis Capital plans on ramping up its acquisitions business in power and energy.

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Canaport Narrows Field For LNG Leads

Canaport LNG has short-listed banks aiming to secure lead rolls on a roughly \$675 million non-recourse construction loan.

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J.P. MORGAN WIND OUTFIT SIZES UP LENDERS FOR \$700M

Noble Environmental Power is auditioning lenders to provide nearly \$700 million in funding for construction of four wind farms, totaling around 300 MW, in upstate New York. **Chuck Hinckley**, ceo at the Essex, Conn.-based wind developer, says it has asked 10 institutions with experience in wind financing, including **HVB** and **Fortis Capital**, to submit proposals that will be evaluated during the second week of May. "We expect it to be a very competitive process," the official said.

The wind shop, which is majority owned by **J.P. Morgan Partners**, is leaning toward a bank that can provide both debt and tax equity. Officials at HVB and Fortis did not return a calls.

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GOLDMAN, CREDIT SUISSE PREP COLETO B-LOAN LAUNCH

Goldman Sachs and **Credit Suisse** expect to kick off a B-loan funding package to bankroll **American National Power's** \$1.1.4 billion acquisition of 632 MW Coletto Creek Power Station in Goliad County, Texas at the end of May. Debt likely will represent about 70% of the total cost of the acquisition, which was first reported Tuesday in *Power Finance & Risk Daily*, *PF*'s daily on-line news service.

The financing will include a term loan plus a working capital facility, officials say. Although the plant output is contracted through 2009, additional agreements will also be worked out and will factor into the ultimate deal structure, observers say. Bankers at Goldman declined to comment and Credit Suisse officials did not return calls. The

(continued on page 12)

BROOKFIELD NAMES SCOTIA, RBC FOR CLUBBY \$400M WIND LOAN

Brookfield Power has tapped **Scotia Capital** and **RBC Capital Markets** to arrange a roughly \$400 million construction loan for the development of a wind project in Ontario. The banks are expected to lead a clubby syndication including only about a handful of wind lenders. The non-recourse loan funds the development of wind farm Prince Phase II, which is underpinned by a 20-year PPA with the **Ontario Power Authority**. Calls to officials at Brookfield Power were not returned nor were calls to executives at Scotia and RBC Capital.

Other banks that might be invited include **ABN AMRO**, **BMO Financial** and **Toronto-Dominion**. Officials at the firms either declined to comment or did not return calls. A timeframe for syndication and completion of the funding could not be determined.

(continued on page 12)

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



At Press Time Tenaska Marketing Wraps \$1B Revolver

BNP Paribas has wrapped syndication of a \$1 billion credit facility on behalf of **Tenaska Marketing Venture**. Tenaska Marketing, the natural gas dealing arm of Omaha, Neb.-based **Tenaska**, obtained the revolver to support its trading (PFR, 4/3). A spokeswoman at Tenaska said the deal was oversubscribed but declined to provide further details. Officials at BNP did not return calls.

BNP targeted insurance lenders and banks with an appetite for commodities risk. Lenders including **Fortis Capital**, **CoBank**, **MetLife**, **Société Générale** and **Bank of the West** participated in the deal. **Bank of Tokyo-Mitsubishi** and **Calyon** are also believed to have taken a slice.

Pricing was set at 100 basis points over LIBOR with incremental increases depending on utilization. The credit line also carries a commitment fee of 37.5 basis points.

Hedge Fund Plant Owners Ready Debt-Equity Conversions

Hedge fund owners of generation plants, including **Liberty**, **MachGen**, **Granite Ridge** and **Union and Gila** are readying conversions of debt tied to the construction of the plants into equity. A New York hedge fund executive says once-distressed names are leveling off and owners are primed to restructure the plants' debt and convert a portion into equity, similar to deals completed by **Credit Suisse** for owners of **Lake Road** and **Exelon Boston**. "We look at these deals and we see a lot of debt that hasn't been converted in several years and it's not paying interest so that's not the right capital structure, so we need to figure out how much real debt the plants can sustain and equitize the rest," the official notes.

A timeline for the conversions could not be ascertained but the hedge fund executive says the owners need to determine the most logical conversion process for all the players involved and pick a bank. Most of the plants have dozens of owners who bought debt in the assets in the secondary market.

MachGen has approximately \$1.2 billion in project paper associated with the facilities' construction. The plants consist of **Athens** (1,080 MW) in New York, **Millennium** (360 MW) in Massachusetts, **Covert** (1,170 MW) in Michigan and **Harquahala** (1,092 MW) in Arizona.

Entegra Group, which is the holding company for 4.5 GW **Union** and **Gila** plants in Arkansas and Arizona, has \$1.325 billion in payment-in-kind notes it wants to essentially rework into two tranches of debt and equity—a cash-pay tranche and tranche with a PIK option component (PFR, 2/13).

The 720 MW **Granite Ridge** plant in New Hampshire was developed by **AES** with a \$300 million project loan arranged by **ABN AMRO** and the 560 MW **Liberty** plant in Eddystone, Pa., has about the same amount of debt.

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**Institutional
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INTELLIGENCE FIRST

Fortis Looks To Expand Acquisitions Footprint

Fortis Capital plans on ramping up its acquisitions business in power and energy. The firm, which is best known in the U.S. for renewable energy, wants to leverage its relationships into consistently handling acquisitions and sales of energy assets, says an official⁴ at the bank in New York. The move is partly client driven, with the firm hoping to be able to provide additional services to customers, the official notes.

Fortis plans to make its acquisitions effort without hiring additional staff or making changes in its energy and utilities practice, the banker says. It does not plan on trying to get involved in the highly competitive corporate-level merger business, he notes.

Energy Derivs Biz Sees Growth

Optionable, a New York-based energy derivatives brokerage, will expand its staff of 10 over-the-counter options and futures brokers this year to help handle increased trading volumes. Energy derivatives volumes have tripled on all exchanges since 2000; **New York Mercantile Exchange** alone has seen electronic trading increase 128% to 330,000 contracts traded daily since last year.

"After the **Enron** debacle died down, energy derivatives have once again become a popular class for institutional investors and hedge funds," says **Kevin Cassidy**, ceo. He declined to divulge the number of new hires he will make. OTC volumes in particular have been growing, he says.

\$3B Boom!

GE To Treble Renewables Push

GE Energy Financial Services plans to triple its investment in the renewable energy sector from about \$1 billion to \$3 billion by 2008. **Leanne Bell**, managing director at GE EFS in Stamford, Conn., says new technology has made renewable generation more cost effective and less dependent on tax credits.

The energy giant announced plans to expand its renewables group in step with its initiative and named **Kevin Walsh** to head it. Walsh was formerly managing director for the company's global portfolio. In addition to Walsh, GE EFS has added about 15 people to the group, nearly quadrupling its size. High gas prices have also helped rationalize investments in renewables areas such as solar-, wind- and hydro-driven generation, as has legislation in about 20 states that dictate increased renewables standards.

"Near term a lot of it is going to be in wind. The U.S. wind market is going gangbusters," says Walsh. He also hopes to expand the group's global reach. The GE unit's investments in wind, for

example, have so far been in the U.S. and Europe, he notes.

The renewables mandate also comes from on high given that **Jeffrey Immelt**, ceo at parent **General Electric**, has called for cuts in greenhouse emissions across all GE units.

Allocations Readied For EnCana Asset Loan

Banc of America Securities, **Deutsche Bank** and **Goldman Sachs** are expected to allocate an \$800 million term loan B this week for **Carlyle/Riverstone Holdings'** acquisition gas storage assets from **EnCana Corp.** Pricing is still not solidified but banks have been asked to make commitments with guidance pricing of LIBOR plus 225 pricing, (PFR, 4/17). Calls to lead banks were not returned. **Chris Ullman**, spokesman for Carlyle/Riverstone in Washington, D.C., did not return a call for comment.

SunTrust Nears Pine Prairie Wrap

SunTrust Robinson Humphrey is expected to allocate this week its \$320 million construction financing for sponsors **Plains All-American Pipeline** and **Vulcan Capital's** development of Pine Prairie Energy Center in Evangeline Parish, La. The financing package includes a \$270 million, seven-year term loan priced at LIBOR plus 275 and a \$50 million, five-year revolver priced at LIBOR plus 250 (PFR, 4/10). The project is rated B+ by **Standard & Poor's** and B1 by **Moody's Investors Service**. The deal is said to be oversubscribed but it could not be determined by how much. Bank officials and sponsors did not return calls for comment.

Targa Re-Considers Dynegy Midstream Biz Sale

Targa Resources is considering its options outside of a sale of its North Texas assets currently in the marketplace. **Howard Tate**, v.p. of finance for the Houston midstream company, would not say what the company is evaluating or give a timeline for when it hopes to make a decision. Targa put up for auction some of the **Dynegy Midstream Services** it acquired late last year. The sale covers holdings in north Texas worth approximately \$1 billion (PFR, 2/27).

Proceeds from the anticipated sale were expected to slash debt at Targa, says **Michael Doss**, an analyst at **Moody's Investors Service** in New York. Doss says if the sale does not go through by June 30, Targa faces a downgrade in its credit rating. It is currently rated Ba3 by Moody's. "Normally ratings aren't conditional like that," he says. "But in this case, it's more or less what we're doing. We really weren't fooling around with the need

to sell the asset.” Doss says a review will take about three months.

The sale of the North Texas assets, acquired during the Dynegy acquisition last November, was launched in late January early February by Merrill Lynch.

EIF Sees Challenge In Selling Dominican Stake

Energy Investors Funds is under no illusions about the hurdles it faces in divesting its 5% interest in the Dominican Republic utility **Empresa Generadora de Electricidad Haina**, which it holds in its *Caribbean Basin Power Fund*. **Lucas Missong**, portfolio manager, says EIF may have difficulty lining up a buyer for the largest generating company in the country because the economy—which boomed in the late 1990s—is still reeling from the collapse of the biggest local bank three years ago.

Two weeks ago, EIF kicked off the sale of all of the fund's holdings. It expects to be able to line up buyers for its 55% stake in **Pedregal Power Company** and its 20% stake in **St. Lucia Electricity Services**, Missong says. The sale of its 36.4% ownership interest in **Jamaica Energy Partners** was completed recently, but terms of the sale were not disclosed.

Missong thinks EIF's 20% stake in St. Lucia Electricity, which is the maximum amount of interest any one party is allowed to own in St. Lucia's monopoly provider, would be a good fit for a long-term holder such as an insurer and views Pedragel, an independent power producer in Panama that runs a thermal generation plant, as an efficient operator.

Corporate Strategies

Hydro-Quebec Places C\$500M Notes

Hydro-Quebec has issued C\$500 million (\$436.55 million) of 6% notes due February 2040. **Paul Robillard**, treasurer, says the Montreal-based utility decided to issue the debt at this time because he liked the rate environment. “We’re essentially taking advantage of what we think of as favorable financing terms.”

The notes were offered at 114.96 and underwritten by **National Bank Financial**, with **CIBC World Markets** and **Scotia Capital** in co-lead manager roles. National Bank Financial led Hydro-Quebec's last offering, and CIBC and Scotia also participated. **Moody's Investors Service** rates Hydro-Quebec's senior unsecured debt A1.

A felicitous capital markets environment, including relatively low rates, has allowed Hydro-Quebec to complete much of the C\$3.1 billion of debt it planned on issuing in 2006. Including this offering, it has issued C\$1.5 billion of long-term debt this year. At this point, it has no new offerings planned and will stay on the sidelines for the short term.

Canaport Narrows Field For LNG Leads

Canaport LNG has short-listed a group of banks aiming to secure lead rolls on a roughly \$675 million non-recourse construction loan. Canaport backers **Repsol** and **Irving Oil** are said to be picking a winner from a trio: **Banco Santander**, a partnership including **BBVA** and **Royal Bank of Scotland**, and a **BNP Paribas** and **BMO Financial** group. Proceeds will bankroll construction of a liquefied natural gas re-gasification terminal in Saint John, New Brunswick. A lead will be selected over the next few weeks, observers say.

Officials at the Canaport venture did not return calls and bank officials either declined to comment or did not return a call.

According to officials familiar with the deal, all three financiers have agreed to provide long-term funding of nearly 30-years. Underpinning the project is Repsol's agreement to take the output from the facility. The company also has a 75% interest in the project, with Irving holding the balance.

Ground breaking on the \$750 million project has begun with the major lifting to build the one-billion-cubic-foot per day facility scheduled for this summer. Once completed, sometime in 2008, it will be the first liquefied natural gas import facility in Canada.

The receiving terminals for the project would be situated close to a Maritimes & Northeast pipeline, which extends from the Canadian maritimes to Massachusetts, and would serve markets in eastern Canada and New England.

Appalachian Serves Up Five, 30-Year Paper

Appalachian Power has sold \$500 million of debt in two separate, equally-sized tranches: a five-year tenor at 5.55% and a 30-year offering carrying a 6.375% coupon. Proceeds are earmarked to pay down \$100 million of maturing debt and to help finance Appalachian's \$900 million capital expenditure program, says **Steven Hayes**, assistant treasurer at **AEP Service Corp.**, a sister unit of Charleston, W.Va.-based Appalachian. Both entities are held by parent **American Electric Power**.

AEP likely will funnel money down to Appalachian to support its improvement program in order to keep the unit's debt-to-capitalization ratio stable. Improvements will include adding scrubbers to generating units, as well as upgrades and expansions to transmission projects in Virginia and West Virginia. At the end of 2005, Appalachian had \$2.3 billion in debt and \$1.9 billion in equity, for a total capitalization of \$4.2 billion and a

56:44 debt-to-cap ratio.

The debt offering was led by the relationships firms **Bank of New York, Lehman Brothers** and **Merrill Lynch**. Co-managers included **Calyon, UBS** and **BNP Paribas**.

Debt was sold at the five and 30-year tenor because Appalachian wanted to reach out to a broader investor base. The energy company also wanted to take advantage of the relatively flat yield curve to borrow long-term paper at a low rate. **Moody's Investors Service** rates both offerings Baa2. Hayes says there is the potential for a tax-exempt offering or pollution-control revenue bonds this year because of the scrubbers and the solid waste the plants will produce, but he declined to provide details on that possibility.

Union Light Recalls 7.65% Notes

Union Light Heat & Power has redeemed \$15 million of 7.65% notes due July 2025. The **Duke Energy** unit paid down the debt with some of the proceeds from a \$115 million offering issued last month (PFR, 3/27). **Mike Haggerty**, an analyst at **Moody's Investors Service** in New York, said earlier debt issuance has been slated for redemptions as well as to acquire generation from its parent, **Cincinnati Gas and Electric**, which is now a subsidiary of Duke after its **Cinergy** merger. Calls to a spokesman were not returned.

Kentucky regulators encouraged Union Light to acquire its own generation and restructure as a more traditional, vertically integrated utility, Haggerty says. That served as the impetus for its acquisition of generation from Cincinnati Gas.

Moody's has a positive outlook on Union Light, which

Haggerty says is under review for the next 12-18 months to see how the Duke/Cinergy merger plays out.

Union Light's \$115 million offering was broken down into two tranches: a \$50 million, 5.75%, 10-year notes and \$65 million, 6.2% 30-year notes, with the 5.75% paper priced at 103 basis points over Treasuries and the 6.2% notes priced at 143 basis points over.

AES Taps Revolver For Bulgarian Plant

AES Corp. plans on tapping its \$600 million credit facility to help fund construction of the \$1.3 billion Maritza East 1 plant in Bulgaria. **Jonathan Cho**, an analyst with **Fitch Ratings** in New York, says funds from the **Merrill Lynch**-led revolver will be used as bridge financing. "The credit facility acts as a bridge to the equity injections," Cho says. Calls to **Robin Pence**, spokeswoman for the Arlington, Va.-based energy company, were not returned.

The 670 MW coal-fired generation plant is scheduled to be online by 2010. The plant, just outside of Sofia, the capital city of Bulgaria, is supported by a 15-year power purchase agreement with the Bulgarian national utility.

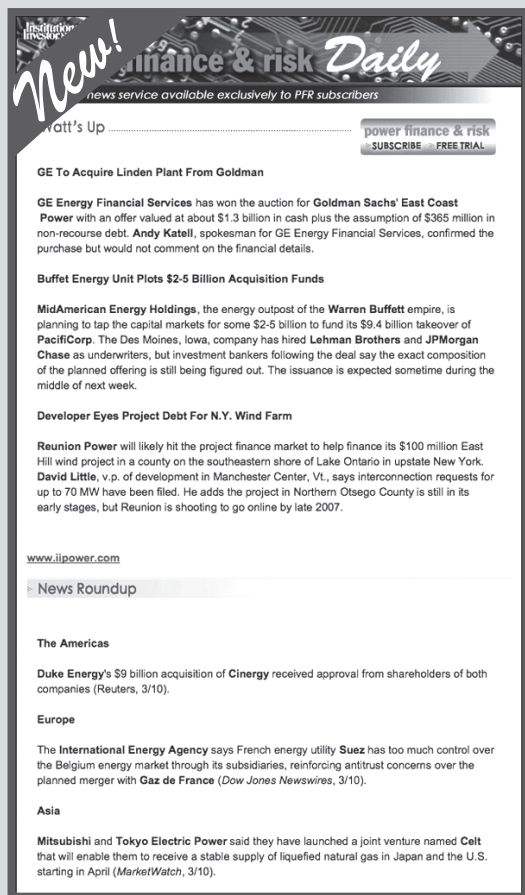
Cho says AES has already closed on its non-recourse financing. The €342 million (\$420 million) project financing, closed last December, was led by the **European Bank for Reconstruction and Development**. The EBRD syndicated about €246 million of the loan to **BNP Paribas, Calyon, ING** and the **Black Sea of Trade and Development Bank**.

Financing Record (APRIL 12-APRIL 18)

M&A

Date Announced	Effective Date	Target Name	Target Industry Sector	Target Nation	Acquiror Name	Acquiror Industry Sector	Acquiror Nation	Value (\$M)
4/12/06		Sichuan Guangan AAA Pub Co Ltd	Electric, Gas, and Water Distribution	China	Sichuan Putong Indl Co Ltd	Electric, Gas, and Water Distribution	China	3.254
4/13/06	4/13/06	Catalyst Renewables-Lyonsdale	Electric, Gas, and Water Distribution	United States	Central Hudson Entrp Corp	Oil and Gas; Petroleum Refining	United States	9.8
4/13/06		Coast Mountain Power Corp	Electric, Gas, and Water Distribution	Canada	NovaGold Resources Inc	Mining	Canada	33.372
4/13/06	4/13/06	Gas Pasaia SA	Electric, Gas, and Water Distribution	Spain	Naturgas Energia	Oil and Gas; Petroleum Refining	Spain	
4/13/06		German Wind Farms(2)	Electric, Gas, and Water Distribution	Germany	Northland Power Income Fund	Electric, Gas, and Water Distribution	Canada	19.989
4/13/06		India Hydropower	Electric, Gas, and Water Distribution	India	Franklin Park India LLC	Investment & Commodity Firms, Dealers, Exchanges	India	
4/13/06		Varna Heat & Power Plant	Electric, Gas, and Water Distribution	Bulgaria	CEZ	Electric, Gas, and Water Distribution	Czech Republic	252.516
4/17/06		Shanghai Jiuquan Auto Liquefie	Electric, Gas, and Water Distribution	China	XinAo Group Co Ltd	Electric, Gas, and Water Distribution	China	7.155
4/17/06		Shanghai Jiuquan Auto Natural	Electric, Gas, and Water Distribution	China	XinAo Group Co Ltd	Electric, Gas, and Water Distribution	China	1.119
4/18/06		Inalta SA	Electric, Gas, and Water Distribution	Spain	Red Electrica de Espana SA	Electric, Gas, and Water Distribution	Spain	

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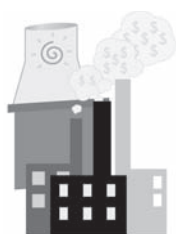
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Generation Auction & Sale Calendar

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 Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Atlantic City Electric Company	B.L.England	New Jersey	447	Coal	Concentric Advisors	
	Key Stone	Pa.	-	Coal		
	Conenaugh	Pa.	-	Coal		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
Bear Stearns	Mulberry	Fla.	120	Gas	Bear Stearns	Sold to Northern Star Gen.
	Orange	Fla.	103	Gas	Bear Stearns	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
BNP -led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Ongoing.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Carlyle Riverstone/ Sempra Carlyle Riverstone/ Sempra	Coleto Creek Power Station	ERCOT	632	Coal	Goldman Sachs Greenhil & Co.	Int'l Power Agreed To Purchase For \$1.14B (See Story Page 1). Ongoing.
	Topaz Power Group	ERCOT	2.9 GW	Gas&Oil		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
	Palisades	Mich.	798	Nuke	Concentric Advisors	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion (PFR, 12/27). Actively Pursuing A Sale.
	Lowell Power	Mass.	82	Gas	None	
Delta Power						
El Paso Europe	EMA Power	Hungary	70	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due.
	CDECCA	Conn.	62	Gas		Negotiations Are Taking Place With
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Stake Sold To GE
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
Exelon/PSEG	Eddystone Generating Station	Delaware County, Pa.	1,510 MW	Coal and Gas		Interviewing Banks To Advise On Sales.
	Linden Generating Station	Linden, N.J.	775 MW	Gas		



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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Goldman Sachs	East Coast Power	Linden, N.J.	940 MW	Gas	Goldman	GE Agreed To Purchase Asset.
Gama Construction Ireland Limited	Tynagh	Republic of Ireland	400 MW	Gas	Fieldstone Private Capital Group	Ongoing.
KBC-led creditor group Mirant	Milford	Conn	542	Gas	Lazard	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport	Texas	80	N/A		Considering Liquidation.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Dominion Has It Under Contract.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
InterGen	Redbud	Okla	1,220		Citigroup	Harbert Venture Acquired The Assets.
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
Sempra	Twin Oaks	ERCOT	305	Coal	Goldman Sachs	Sold To PNM Resources For \$480 million.
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
Teco Energy	Dell Power Station	Ark.	540	Gas		Reviewing Options.
	McAdams Power Station	La.	599	Gas		
Tenaska Energy	Tenaska Frontier	ERCOT	830	Gas	Lehman Brothers RBC Capital Markets	J. Power Agreed To Purchase Asset.
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.

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Weekly Recap

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

The Americas

- **Calpine Corp.** closed the \$43 million sale of its 45% stake in the 525 MW Valladolid III plant on Mexico's Yucatan Peninsula to **Mitsui & Co.** and **Chubu Electric Power Co.** Calpine plans to book a \$41 million impairment charge on the investment, part of \$7.1 billion it expects to book for the 2005 fiscal year (*Associated Press*, 4/20).

- The **Federal Energy Regulatory Commission** upheld its earlier approval of **Weaver's Cove Energy's** proposed \$250 million liquefied natural gas terminal in Fall River, Mass., handing a setback to opponents of the project. Fall River officials had asked the commission to reconsider approval in light of new plans by the company to use a fleet of smaller tankers (*Associated Press*, 4/18).

- Texas' Public Utility Commission and **CenterPoint Energy** are in a dispute over rates. The commission thinks CenterPoint generated more revenues than it should have in 2004 and wants a review. CenterPoint said it collected less revenue than normal two years ago and should be allowed to increase rates 3.7%, or \$50.1 million (*Houston Chronicle*, 4/18).

- **Peabody Energy Corp.** said first-quarter profit more than doubled as it increased production volume and coal fetched higher prices. Its stock was recently up \$3.50, or 6.8%, to a 52-week high of \$54.86, surpassing the previous 52-week high of \$52.83, set April 4 (*Associated Press*, 4/18).

- The Electric Reliability Council of Texas says the rolling power blackouts in Texas, caused by unusually high temperatures and scheduled maintenance on several power plants, should not portend summer outages. Monday marked the first time since 1989 that ERCOT has ordered transmission operators to curtail electric load, says **Dottie Roark**, spokeswoman (*Dow Jones Newswires*, 4/18).

- Seven western U.S. electric utilities will back the plans to build huge lines from Wyoming and Utah to Nevada and California in a \$4-6 billion project called the Frontier Line (*The Wall Street Journal*, 4/17).

- **Pacific Gas & Electric Co.** has signed a five-year contract to buy 1.5 GW of capacity from the Moss Landing plant. **Duke Energy** is selling the plant along with five other power plants in California and Arizona to **LS Power Group** (*San Jose Business Journal*, 4/17).

- **Entergy New Orleans'** Michoud plant is back in operation after sustaining more than \$17 million in damage. The gas-fired plant was shut down prior to Katrina making landfall. Before Katrina, its three units produced 918 MW, but only two of the units will restart by summer (*Louisiana Weekly*, 4/17).

- The government began its cross-examination of **Jeffrey Skilling** former **Enron** chief executive. Skilling is charged with 28 counts of fraud, conspiracy and insider trading (*The Washington Post*, 4/17).

Russia

- Russia rejected the U.S. call for Moscow to end its cooperation with Iran in constructing the Bushehr nuclear power plant (*Dow Jones Newswires*, 4/20).

- **Sakhalin Energy**, the operator for the Sakhalin II project in Russia, signed a contract with Japan's **Hiroshima Gas** to supply 210,000 metric tons of liquefied natural gas annually for the next 20 years. Sakhalin Energy is owned by **Royal Dutch/Shell** and Japan's **Mitsui** and **Mitsubishi** (*RIA Novosti*, 4/20).

- **Gazprom** and **Petro-Canada's** proposed liquefied natural gas plant in the Leningrad region of Russia will cost about \$1.5 billion, according to **Graham Lyon**, v.p. of Petro-Canada. The terminal is expected to come online by 2009 (*New Europe*, 4/17).

Europe

- The French government is not obligated to meet a request from state-run power company **Electricite de France** for a rise in regulated electricity tariffs, according to **Francois Loos**, Industry Minister. In February, the company turned to the government seeking approval for a rise in regulated tariffs charged to small businesses and households (*Dow Jones Newswires*, 4/20).

- Poland's prime minister urged the European Union to adopt a common energy policy to secure energy supplies and to coordinate talks with suppliers. E.U. member Poland, as well as E.U. aspirant Bulgaria and many other European countries are heavily dependent on Russian energy and have been seeking ways to diversify after the recent Russian-Ukrainian gas price dispute (*Dow Jones Newswires*, 4/14).

- The British government has considered changing the merger laws to stop companies such as **British Gas**, a subsidiary of **Centrica**, from falling into foreign hands despite criticizing



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Entry Date	Fund Name	Assignment	Mandate Size (millions)	Consultant	Comments
6/21/2005	Stanford Management Company	Asia/Multi Asset	N/A	None	SMC has sent its managing directors to Asia for three months to scout out investment opportunities. The managing directors focus on different asset classes. They will return in late August or early September.
6/14/05	Dairy Crest Group Pension Fund	Global/Active Equity	130 GBP	Mercer Investment Consulting	Fund is searching for a global (ex-U.K.) active equity manager. Decisions by autumn.
6/14/05	New York City Board of Education	US/Alternatives/Private Equity	60 USD	Mellon, Human Resources & Investor Solutions	Seeking exposure to a diversified pool of private equity funds across various strategies and vintage years. RFQ will be available at (http://www.comptroller.nyc.gov) on or about June 17. Deadline is July 1, 2005.
6/13/05	Massachusetts Pension Reserves Investment Management Board	Global/Active Fixed-Income/Inflation-Linked Bonds	720 USD	Cliffwater, LLC	Seeking active global inflation-linked bond manager. RFPs are available at (http://www.mapension.com). Proposals are due July 1 with selection in Sept. 1, 2005.

similar protectionist moves by France and other countries (*The Guardian*, 4/18).

Asia

- Indonesia's state oil-and-gas firm **PT Pertamina** is looking to buy liquefied natural gas from Qatar under a long-term contract to cover a shortfall in LNG export commitments that Indonesia must meet amid falling domestic gas output. For now, Pertamina plans to buy Qatar's LNG from the spot

market. The company has yet to decide on the volume of LNG it intends to buy (*AFX*, 4/19).

Australia

- Deutsche Bank** and **ABN AMRO Holding** were appointed co-lead managers of the A\$3 billion (\$2.2 billion) initial public offering of Australian power provider **Snowy Hydro** (*The Wall Street Journal*, 4/19).

BROOKFIELD NAMES

(continued from page 1)

Brookfield's Prince Phase II Wind Energy Project is near Sault Ste. Marie, Ontario. The 90 MW project is an expansion to Brascan Power's 99 MW Prince Phase I wind energy, which it launched construction of about two years ago. It is located in the townships of Dennis, Pennefather, Korah and Aweres in Northern Ontario and will be constructed using 60 wind turbine generators, each measuring 1.5 MW in capacity.

Brookfield decided to develop the project as a part of a request for proposal from the government of Ontario, which has been aiming to boost its renewable generation capacity

Also under construction is a transmission line and a new road network at the site. —*M.D.*

J.P. MORGAN WIND

(continued from page 1)

Noble is aiming for \$445 million in senior secured debt and \$232 million in tax equity, says **Jeff Nelson**, director of project financing. Plans are to launch construction of the facilities this summer with completion in Clinton and Wyoming County, N.Y. near the Canadian border, scheduled for year-end. "One of the advantages of wind facilities is that construction period is relatively short," says Hinckley.

HVB already provided a \$153 million turbine loan earlier this year for Noble, which Nelson implies might be restructured as it obtains its new debt. He declined to provide details on the structure or terms of the facility. Hinckley says HVB's role in funding the turbines does not make it a frontrunner for the lead. "It's a level playing field," he says.

The farms are being constructed in N.Y. largely because power is in high demand and the market is deregulated. It intends on selling its capacity on a merchant basis, he notes. "New York is an attractive commodity pricing market," he says. "We anticipate entering into a financial swap," he adds, declining to provide further details.

The facilities include a 67-turbine wind park in Altona, N.Y. totaling 100 MW, a similarly sized facility in Clinton, as well as a 79.5 MW facility in Ellenburg. —*Mark DeCambre*

GOLDMAN, CREDIT

(continued from page 1)

acquisition is scheduled to wrap up during the third quarter.

ANP, whose parent is **International Power**, plans on investing about \$300 million in cash in the deal, but an IP spokesman would not comment further on financing. Most of its assets in the U.S. are gas-fired and this marks ANP's first coal plant purchase.

Coletto has PPAs with **J. Aron & Co.** and **Morgan Stanley**, which were signed when **Sempra Energy** and **Carlyle/Riverstone** acquired Coletto from **American Electric Power** two years ago (PFR, 7/5/04).

—*Mari Slater & Peter Roth*

Calendar

- Euromoney** and the **American Council on Renewable Energy** will host the third annual Renewable Energy Finance Forum-Wall Street in New York at the Waldorf Astoria Hotel June 21-22. For more information, please contact **Glenn Cooney** via phone at +44-0-20-7779-8914.

- Midwest Renewable Energy Association** is hosting its 17th annual Renewable Energy and Sustainable Living Fair June 23-25, 2006. The Fair will again be held at the ReNew the Earth Institute, MREA's educational facility, in Custer, Wis. For additional information contact <http://www.the-mrea.org>.

Quote Of The Week

"After the Enron debacle died down, energy derivatives have once again become a popular class for institutional investors and hedge funds." —**Kevin Cassidy**, **ceo of Optionable**, a New York-based energy derivatives brokerage, on why the firm is expanding its staff (see story, page 3).

One Year Ago In Power Finance & Risk

Energy Investors Fund was providing the equity for **Sea Breeze Power Corp.** and **Boundless Energy** to construct a transmission project in the Pacific Northwest. Construction of the Strait of Juan de Fuca Transmission Cable was set to run from the end of 2006 to the end of 2007. [The joint venture is still undergoing regulatory hearings for the project.]