

power finance & risk

The exclusive source for power financing and M&A news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

APRIL 26, 2010

VOL. XIII, NO. 16

Citi Leads Geothermal Fund Hunt

Citigroup is heading the effort to raise \$100 million in equity for geothermal developer **Vulcan Energy**.

See story, page 2

At Press Time

PG&E Preps Solar Acquisition RFO 2
BostonGen Bids Due Late May 2

In The News

Merrill Report Bearish On Wind 3
Wind Co. Homes In On
Calif. Investment 3
Industry Anticipates
Senate Legislation 3
Calpine Purchase Should
Spark M&A 3
Gila River Bids Deadline Imminent 4
Las Brisas Awaits Permits, Financing 4
NextEra Refis Babcock Costs 4
LG&E Bids Set To Come In 4
GE Places Shepherds Stake
On Mart 4
Tenaska Waits For Carbon
Before Financing 5
Treasury To Iron Out Cash
Grant Kinks 5

Departments

Project Finance Deal Chart 7
News In Brief 7

COPYRIGHT NOTICE: No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2010 Institutional Investor, Inc. All rights reserved. ISSN# 1529-6652

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

EXELON REPORTEDLY SCOPES DEERE

Exelon has reportedly been looking at **John Deere Renewables** as the Chicago giant explores starting a wind generation business. "They have been looking to start a wind business and jump into the wind market," says a banker.

Exelon has been involved with several wind auctions in the last year, says a renewables M&A banker. **Paul Elsberg**, an Exelon spokesman, says the company has not announced an entry into the wind generation market and that it does not comment on speculation. Exelon is said to be working with **Barclays Capital**. Calls to officials at Barclays were not returned.

First round bids for John Deere Renewables are due at the end of this week with auctioneer **Goldman Sachs**. A ballpark price of \$1 billion is being floated. The assets include 36 existing farms totaling 735 MW, a small development team and a 1.4 GW development pipeline that includes Deere's stakes in multiple wood-burning biomass projects around the

(continued on page 8)

Leaner, Lighter?

COMBINED MIRANT, RRI COULD BE A TARGET

GenOn Energy, the entity formed by the planned combination of **Mirant** and **RRI Energy**, could be an acquisition target once the merger is complete. The mammoth generator would be a leaner, larger upgrade over the two constituent IPPs that were limping along. The \$150 million cost savings post-merger could make it a more attractive acquisition, according to a banker who works with both companies. "They're not precluding a sale," he notes.

The merger is expected to close by year-end pending each company's ability to refinance some of their debt. Company officials said during a conference call that they are confident they can refinance the debt. Officials through a spokeswoman would not comment on the timing of the refinancing or the possibility of a sale once the merger is complete.

The merged company will have a \$2.9 billion balance sheet and more than 24.7 GW of

(continued on page 8)

TEXAS PLANS NON-WIND ENERGY CREDITS

The **Public Utility Commission of Texas** is proposing the creation of renewable energy credits for 500 MW of non-wind renewable projects. The RECs would be tradable carbon offset credits that companies or utilities could purchase to meet Texas emission targets. The PUC is looking to jumpstart broader renewable development in the state.

"We have a lot of solar resources in Texas, but for some reason the market really hasn't taken off. This will be an important move for the industry," says **Lisa Chavarria**, partner at law firm **Stahl, Bernal & Davis** in Austin.

Staffers have sent an outline of RECs covering geothermal, biomass and solar projects in the state—already the largest wind generator in the U.S.—to the commission for initial approval. The commission could hear the proposal at a meeting as early as May 14, says **Terry Hadley**, spokesman at the PUC in Austin. The plan is to start the scheme next year.

(continued on page 8)

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

Geothermal Co. Taps Citi To Hunt Equity

Geothermal player **Vulcan Energy** is looking to raise \$100 million in equity. **Citigroup** is leading the effort for the Bend, Ore.-based developer. Vulcan is in late-stage development of its 60 MW Putua geothermal project in Reno, Nev., and is close to signing a PPA with a California utility. It was unclear how the equity would be used.

Denham Capital invested \$108 million via preferred and common stock, ahead of Vulcan's plans to finance projects earlier this year (PFR, 2/5). **Southern California Edison** and **NV Energy** have 20-year PPAs with Vulcan for 180 MW of capacity.

Officials at Citi and **Scott Mackin**, partner with Denham, were unavailable for comment. **Bob Warburton**, ceo, did not return a call for comment.

PG&E To Launch Solar Acquisition Program

Pacific Gas & Electric Co. is preparing to launch a five-year program to build and own 250 MW of photovoltaic solar. PG&E is planning to ask the **California Public Utilities Commission** to approve two request for offer programs after it received permission from the regulator last Thursday to own up to 250 MW of pv solar and enter into power contracts of the same amount.

A spokesman in San Francisco, Calif., declined to elaborate on the timeline for the RFOs.

Under one RFO the company will solicit bids from developers looking to sell pv projects between 1 MW and 20 MW. The utility can recover costs for the acquisition of projects up to \$1.45 billion. The utility will enter into power purchase agreements with 250 MW of pv solar under the other RFO.

BostonGen Bids Expected Late Next Month

First round bids are expected in the latter part of next month for the sale of the 3 GW of **Boston Generating** plants.

Parent **U.S. Power Generating Co.** "anticipates consummating the sale of its assets through a Chapter 11 bankruptcy sale process," according to the teaser sent out by advisor **JPMorgan** earlier this month. The company has halted negotiations with its lenders to refinance a chunk of debt coming due which led to the asset sale (PFR, 4/12).

Jeff Hunter, cfo of U.S. Power Gen in New York, declined to elaborate on other options or comment on the possible bankruptcy filing.

Assets for sale include the 801 MW Fore River and the 560 MW Mystic 7, both gas- and oil-fired, and the 1602 MW combined, natural gas-fired, Mystic 8 and 9, in the greater Boston area. **Constellation Energy** is interested in buying the plants and has retained **UBS** and **Credit Suisse** as advisors. Calls to CS and Constellation officials were not returned. A UBS official declined comment.

JPMorgan is preparing to send out information memoranda on the company's finances this week after finalizing confidentiality agreements with potential bidders. **Sean O'Donnell**, executive director, head of U.S. generation M&A, and **Paul Dabbar**, managing director of global M&A at are running the auction and declined comment.

"If someone wants to come in and pay more than the debt is worth, great, we're open to that," says the deal watcher, noting that it's unlikely a bid will come in to cover all the debt.

power finance & risk

The exclusive source for power financing and M&A news

EDITORIAL

STEVE MURRAY
Editor

TOM LAMONT
General Editor

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

JEANINE PREZIOSO
Managing Editor
(212) 224-3226

HOLLY FLETCHER
Reporter
(212) 224-3293

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

KIERON BLACK
Sketch Artist

PRODUCTION

DANY PEÑA
Director

DEBORAH ZAKEN
Manager

MELISSA ENSMINGER,
JAMES BAMBARA, DOUGLAS LEE
Associates

JENNY LO
Web Production & Design Director

ADVERTISING

PAT BERTUCCI
Associate Publishers
(212) 224-3890

ADRIENNE BILLS
Associate Publisher
(212) 224-3214

PUBLISHING

ALLISON ADAMS
Group Publisher

LAUREN O'DONNELL
Marketing Associate
(212) 224-3609

VINCENT YESENOSKY
Senior Operations Manager
(212) 224-3057

DAVID SILVA
Senior Fulfillment Manager
(212) 224-3573

SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year \$2,995 (in Canada add \$30 postage, others outside US add \$75)

DAN LALOR
Director of Sales
(212) 224-3045

KEN LERNER
Account Executive
(212) 224-3043

REPRINTS

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

CORPORATE

GARY MUELLER
Chairman & CEO

STEVE KURTZ
Chief Operating Officer

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

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

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

Power Finance & Risk ©2010
Institutional Investor, Inc. ISSN# 1529-6852

Copying prohibited without the permission of the Publisher.

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Merrill Analysts Paint Grim U.S. Wind Picture

U.S. wind generation players are going to struggle as merchant power prices sink on the back of low natural gas prices, according to research from **Bank of America Merrill Lynch**.

The analysts calculate that wind facilities need to land \$60-70 per MWh to generate adequate returns. That's a significant premium to the prevailing spot rates of \$40-50 per MWh. Government subsidies to develop projects are helpful, but do not take the place of a feed-in tariff, since the projects still need to sell the electricity, the report says.

Further, states are already ahead of meeting their renewable portfolio standards to the tune of 20 GW. Of the 31 states that have renewable standards, wind conditions vary. Federal RPS legislation is unlikely to be helpful since the industry collectively is unsure federal standards would be enforceable from one state to the next, the report adds.

Calif. Co. Eyes Investment, Refinancing

Coram Energy has shortlisted three bidders interested in providing debt or equity to refinance about \$20 million of debt on wind farms in California. The Tehachapi, Calif.-based developer expects to select an investor in about three weeks, says **Brian O'Sullivan**, president. All parties are financial institutions, he says, declining to disclose names.

The developer was also hunting tax equity investors on a farm but that may be called off, O'Sullivan says, declining to elaborate. Coram shortlisted five companies after retaining **Marathon Capital** to head the fundraising process (PFR, 3/12).

Renewable Players Want Bill To Set Carbon Price

Renewable energy companies are hoping a U.S. Senate energy bill sets a firm and long-term price for carbon, outlines clear incentives for non carbon-emitting projects, and continues to provide subsidies for renewable development.

Sens. **John Kerry**, D-Mass., **Lindsey Graham**, R-S.C., and **Joe Lieberman**, I-Conn., are expected to unveil the American Power Act today.

The price of carbon is expected to be set at a floor of around \$12 per ton and a ceiling of somewhere between \$24-27 per ton, market participants say. A price for carbon would help utilities with coal generation plan how much they need to spend on renewables, as one example, in turn allowing renewable companies to plan development projects.

"The key to any successful program is pricing," says one

lobbyist. "If you know carbon costs \$35 in 2030, you can make investments in it, so you can go forward."

Other provisions such as whether the bill will extend subsidies such as programs similar to the U.S. **Department of Treasury** cash grant program are expected to be addressed.

"Renewables won't deploy without things like the cash grant program," the lobbyist adds. "Interim policies are necessary to keep renewables developing."

Calpine, Conectiv Set To Prompt More M&A

Calpine's planned \$1.65 billion purchase of **Conectiv Energy's** generation fleet is expected to usher in more sector M&A. "The fact you can now get financing for a transaction of this size is proof the market has changed," says an M&A lawyer in New York. **Credit Suisse** is leading a \$1.3 billion term loan to finance the transaction, with **Deutsche Bank** and **Citigroup** participating.

The Houston IPP will buy 4.5 GW of assets in the deal with parent **Pepco Holdings** pending regulatory approval. The transaction is expected to close by the end of June. CS and **Morgan Stanley** are advising Pepco; Citigroup and DB are advising Calpine. Officials at Citi and CS declined to comment and calls to officials at other banks were not returned.

Calpine is paying \$381 per kW. It is buying 19 assets:

Plant	Location	MWs	Fuel
Bayview	Bayview, Va.	12	Diesel
Bethlehem	Bethlehem, Pa.	1,130	Natural Gas, Diesel
Carl's Corner	Carl's Corner, N.J.	73	Natural Gas, Kerosene
Cedar	Manahawkin, N.J.	68	Kerosene
Christiana	Wilmington, Del.	50	Diesel
Crisfield	Crisfield, Md.	10	Diesel
Cumberland 1 & 2	Milville, N.J.	181	Natural Gas, Kerosene
Deep Water	Pennsville, N.J.	168	Coal, gas, oil
Delaware City	Delaware City, Del.	18	Fuel oil
Delta, under construction	Delta, Pa.	545	Natural Gas
Edge Moor	Wilmington, Del.	720	Coal, gas, oil
Hay Road	Wilmington, Del.	1,082	Natural Gas
Mickleton	Mickleton, N.J.	56	Natural gas
Middle	Rio Grande, N.J.	77	Kerosene
Missouri Avenue	Atlantic City, N.J.	60	Kerosene
Sherman Avenue	Vineland, N.J.	81	Natural Gas, Kerosene
Tasley	Tasley, Va.	26	Diesel
West	Marshallton, Del.	19	Fuel oil
Vineland Solar One	Vineland, N.J.	4	Solar

Pepco will use the sale proceeds to pay down debt, according to a filing with the U.S. **Securities and Exchange Commission**.

Officials at Conectiv, in Newark, N.J., Pepco in Washington, D.C., and Calpine did not return calls.

Entegra Expects Final Gila River Bids

Final bids for a unit of **Entegra Power Group's** 2.2 GW Gila River gas-fired plant are due next week. Potential buyers, mostly financial investors and strategics, are currently in the due diligence phase for the 550 MW unit near Phoenix, Ariz., says **Michael Schuyler**, ceo in Tampa, Fla. Once bids are in, the company plans to have the sale wrapped in June.

Barclays Capital received more than 10 bids in the first round of the auction, Schuyler says, declining to be more precise. Interest in Gila River has been high because Entegra is selling the portion of the plant that has a 10-year tolling agreement with **Arizona Public Service Co.** which started in 2007, deal watchers say.

Entegra is selling the unit to pay down debt (PFR, 2/25). An official at Barclays declined to comment.

Las Brisas Awaits Permits

Las Brisas Energy Center, a 1,320 MW facility, is expected to have permits that will allow it to begin construction in three-to-four months. **Quintana Capital Group** and **IPP Chase Power Development** are looking to raise more than \$1 billion to finance construction of the Texas petroleum coke-fired facility (PFR, 3/26). "They'll put as much debt on it as they can and the rest will be equity," says a person familiar with the deal.

Financing terms could not be learned and there is no set timeline for syndication.

The facility will be located in Corpus Christi and is expected to cost \$3.2 billion. It will consist of four 330 MW plants and will run from local fuel – petcoke is a byproduct of the oil refining process.

The duo has tapped **Morgan Stanley** for the debt and equity raise. Bankers there declined comment.

NextEra Refinances Acquisition Costs

NextEra Energy Resources secured a \$255 million term loan to refinance expenses related to the acquisition of a trio of **Babcock & Brown** wind farms in the fall. The limited-recourse senior secured variable rate loan matures in January 2027, according to documents filed with the U.S. **Securities and Exchange Commission** last Monday. Pricing details could not be learned.

UniCredit Bank, **BBVA**, **BayernLB**, **Credit Agricole**, **NordLB** and **Bank of Tokyo-Mitsubishi UFJ** were lead arrangers. **Shearman & Sterling** was lender's counsel. An official at NordLB declined comment. Calls to officials at Credit Agricole, BoTM, Shearman & Sterling and NextEra parent **FPL Group** in Juno Beach, Fla., were not returned.

NextEra bought the 79.5 MW Majestic wind farm in Texas,

54 MW Butler Ridge wind farm in Wisconsin and 51 MW Wessington Springs wind farm in South Dakota (PFR, 9/11).

Bids Due On E.ON Kentucky Assets

Final bids for E.ON's Kentucky assets are due this week. The two leading bidders are **Duke Energy** and **Macquarie Infrastructure Co.**, bankers in New York say.

Louisville Gas & Electric Co. and **Kentucky Utilities Co.** are likely to fetch around \$5 billion, market watchers say. **Goldman Sachs** is running the process.

Barclays Capital is advising Duke. The identity of the other bidders could not be learned.

The City of Louisville is working with boutique investment bank **Coady Diemar Partners** in New York, on a bid (PFR, 3/26). A city spokesman declined to comment on the process and calls to **Scott Magrane**, managing director at Coady, were not returned. **American Electric Power** reportedly dropped out of the bidding.

Of the bidders, Duke is tipped to have an advantage, one M&A banker in New York says. "Utilities can always outbid funds," the banker says, adding that clearing the regulatory process would be easier for a utility that already operates in the state.

The German company is divesting some assets to pay down roughly EUR6 billion (\$8 billion) in debt, says the M&A banker. Calls to officials at Goldman, Barclays and E.ON U.S. in Louisville, Ky., were not returned. **Tom Shiel**, a Duke spokesman in Charlotte, N.C., and a Macquarie official declined comment.

GE Shops Shepherds Flat Stake

GE Energy Financial Services is shopping its tax equity stake in the 909 MW Shepherds Flat wind farm it is developing with **Caithness Energy**.

Market watchers were surprised by the news of the sale, though someone familiar with the company says it had been in GE's plan to sell the tax equity stake all along. Project finance lawyers and bankers say equity returns on wind projects are not robust.

It was unclear whether or not the project financing would be affected. The \$1.8 billion project—touted as one of the largest among wind—had lined up \$1.4 billion in debt financing from five banks (PFR, 11/20). The equity was expected to come from GE and Caithness.

The company's plan to sell its equity comes at a time when the project, to be located in north central Oregon, faces contention. The **Federal Aviation Administration** has disputed its construction and operation on behalf of the U.S. **Air Force**, which says spinning turbines will interfere with its radar systems.

Shepherds was expected to receive a U.S. **Department of**

Energy loan guarantee for up to 80% of the cost, break ground May 1 and be operational sometime between 2011 and 2012. "This dispute with the [government] is holding up many aspects of the project," says **Andy Katell**, a spokesman in Stamford, Conn. Katell declined to comment on the timing of the tax equity sale or financing. "We will continue to work with appropriate government agencies to find a positive resolution that will allow the co-existence of crucial military systems and wind turbines at Shepherds Flat," he adds.

Stuart Murray, director of infrastructure & energy finance at **Citigroup**, in New York, who was working on the project's loan guarantee application, declined comment.

Along with Citigroup, **Bank of Tokyo Mitsubishi-UFJ**, **Credit Suisse**, **Morgan Stanley** and **Royal Bank of Scotland** are leading financing. Bankers declined comment or did not return calls.

Jeff Delgado, director at Caithness, did not return a call. **Don Kyle**, head of the **GE Capital Markets** energy team, directed calls to Katell.

The offtaker is **Southern California Edison**, which has a 20-year PPA with the project. The terms of the PPA have not changed, an SCE spokeswoman says.

Tenaska Awaits Carbon Rules Ahead Of Financing

Independent power producer Tenaska will begin seeking financing for its Trailblazer Energy Center in Nolan County, east of Sweetwater, Texas, pending more clarity on a national carbon emissions policy.

"The timing for the financing will clearly be impacted by the timing of the Federal carbon legislation," says **Gregory Van Dyke**, treasurer of Tenaska in Omaha, Neb.

The company is continuing to develop the project and expects to tap the equity, commercial bank debt and bond markets for the \$3.5 billion carbon dioxide-sequestering 600 MW coal-fired project. "We're in constant dialogue with lenders about plans to finance," he adds.

The project has been under scrutiny by environmental groups, but Tenaska last Monday announced that it came to an agreement with the **Environmental Defense Fund** on its technology and limited use of water.

"This is the first agreement where a company has agreed to capture and sequester significant amounts of CO₂ that come from a coal plant and to do so in a state where there is retail competition," said **Jim Marston**, EDF's national energy program director, during a conference call last Monday.

The Omaha-based company is also developing a \$3.5 billion integrated gasification combined cycle plant in Taylorville, Ill.,

and is working with the U.S. **Department of Energy** on due diligence for a loan guarantee of up to \$2.579 billion. Tenaska is planning to put up almost half the equity for that project. It will not apply for a loan guarantee for the Trailblazer project, Van Dyke says.

Construction on Trailblazer is expected to take five years and the earliest the project could come online would be 2015 if it receives all necessary permits by year-end.

Cash Grant Clarity Emerges Case-By-Case

Questions regarding which parts of renewable project construction qualify under the U.S. **Department of Treasury** cash grant program are being reviewed on a case-by-case basis, as they come up, says **Keith Martin**, partner at **Chadbourne & Parke** in Washington, D.C. "Some questions are getting answered orally, but the finance world likes to see these in writing," he says.

Treasury officials met with wind developers in New York earlier this month to address the confusion after it released guidelines in March that were unclear (PFR, 3/26).

As one example, for wind projects, paving roads or installing a portion of the concrete pads for turbine installation qualifies as 'under construction' after further review, Martin says. Treasury officials are leaning toward allowing the installation of tortoise fences for solar thermal projects, after initially disqualifying them, he adds.

Guidelines regarding which geothermal wells count will likely be clarified, too, Martin says. Test holes don't qualify as 'under construction' but developers are asking Treasury if they would count those holes if they were to be expanded into production wells.

Calls to **Ellen Neubauer**, director of the Treasury cash grant program, were directed to a spokeswoman who did not respond before press time.

iipower.com

**PRINT IT OUT. DOWNLOAD IT.
YOUR CHOICE.**

Subscribers can access their copy of
Power Finance & Risk on Friday afternoons at
www.iipower.com.

To set up your subscriber password, contact customerservice@iinews.com
or call (800) 715-9195 between 8:00 a.m. and 6 p.m.



We have upgraded our delivery system to assure that you are getting prompt and accurate service. In order to ensure there is no interruption in service, please log on to **www.iipower.com** now to activate your new login details and confirm your password.

You can also contact customer service at:

800.715.9195
customerservice@iinews.com

Your cooperation is greatly appreciated.

power finance & risk

Project Finance Deal Book

Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Jeanine Prezioso at (212) 224-3226 or e-mail jprezioso@iineews.com.

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AEI	Jaguar Energy (300 MW)	Guatemala	Banca de Inversion Bancolombia Corporación Financiera and Central American Bank of Economic Integration	Construction and term loan	\$350M	10-yr	Financing closed in March (PFR, 4/12/10).
Cardinal Gas Storage	Perryville (7.5 bcf Gas Storage)	Franklin County, La.	ING, WestLB	Construction/ Term loan	\$125M	Construction + 5 yrs	Deal set to close in April (PFR, 4/19/10).
First Wind	Stetson (57, 25.5 MW Wind)	Danforth, Maine	BNP, HSH, Rabo, GE, Union, Commerzbank	Construction/ bridge/ working capital	\$116M	7-yr	BNP wraps loan syndication (PFR, 4/19/10).
Invenergy	Beech Ridge (186 MW Wind)	Greenbrier County, W. Va.	TBA	TBA	TBA	TBA	Project financing scaled back due to bat problems (PFR, 4/12/10).
Pure Energy	Bayonne Energy Center	Bayonne, N.J.	Calyon, WestLB	Mini-Perm	\$300-400M	TBA	Deal will launch in May (PFR, 4/19/10).
Quintana Capital Group, Chase Power Development	Las Brisas Energy Center (1,320 MW petroleum coke-fired)	Texas	TBA	TBA	TBA	TBA	Awaiting permits (see story, page 3).
Rollcast Energy	Piedmont Green Power (50MW biomass)	Barnesville, Ga.	Natixis, Union Bank	>\$100M	TBA	TBA	Project in negotiations with fuel suppliers (PFR, 4/15/10).
Starwood Energy Group	Sault Ste. Marie (40 MW solar)	Sault Ste. Marie, Ontario	NordLB	TBA	TBA	TBA	Starwood is hunting debt to develop 40 MW of photovoltaic projects in Ontario (PFR, 4/19).
Tenaska	Trailblazer Energy Center (600 MW coal-fired)	Nolan County, Texas	TBA	TBA	TBA	TBA	Tenaska will seek financing after there is more clarity on climate change legislation (see story, page 5).

For a complete listing of the Project Finance Deal Book, please go to iipower.com.

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

- **Georgia Power** issued a 1 GW request for proposals last Wednesday in anticipation of stricter regulations on its coal fleet. The unit of **Southern Co.** will consider bids for five, 10 or 15-year PPAs as well as the acquisition of development projects or existing facilities. The company is considering retiring some coal units by 2015 (*Energy Central*, 4/22).

- **Oregon Wave Energy Trust** is launching an initiative to push utilities and developers to install turbines off the Oregon coast. A New Jersey company, **Ocean Power Technologies**, is testing a 1.5 MW installation and has plans for a project of up to 100 MW (*Brighter Energy*, 4/21).

- The lack of transmission in Michigan's Thumb region will stunt plans to build wind projects. Companies including **NextEra Energy Resources** are scouting sites in the area (*The Muskegon Chronicle*, 4/21).

- Wisconsin legislators delayed a vote on a bill that would put

limitations on greenhouse gas emissions and implement a renewable portfolio standard. Lawmakers concerned with utility rate increases are threatening to kill the legislation (*The Journal Sentinel*, 4/21).

- Local officials in Evanston, Ill., are contemplating the merits of building a \$400 million offshore wind farm in Lake Michigan. The proposal calls for 40 large wind turbines (*The Wall Street Journal*, 4/20).

- New Jersey ranks second in solar installations, according to the **Solar Energy Industries Association**. However, experts anticipate New Jersey's solar industry to be hurt in 2010 by \$158 million in cuts to the state's Clean Energy Fund (*The New Jersey Star-Ledger*, 4/20).

- Consultant **PFC Energy** issued a report saying the shift from coal-fired to gas-fired generation is simpler than thought. The switch to gas-fired plants could cut the power sector's carbon footprint by 50% (*The Financial Times*, 4/20).

COMBINED MIRANT

(continued from page 1)

coal, gas and oil-fired generation in California, the Midwest, the Mid-Atlantic, the Southeast and the Northeast.

Edward Muller will be ceo and chairman of the combined company until 2013. Calls to Muller were directed to the spokeswoman. The all-stock transaction would create a company with a \$3.1 billion market cap. Likely buyers would be middle market utilities with a mix of merchant and regulated assets that are looking to grow, the banker says. —*Jeanine Prezioso*

TEXAS PLANS

(continued from page 1)

The proposal includes a tier, or REC category, for solar resources, one for new non-wind and non-solar facilities installed after January 1, 2010, and one for facilities that were installed anytime—but are not wind and solar. Energy storage projects, no matter the origin of power, would qualify for the latter two, according to the so-called Strawman proposal.

Comments submitted by NextEra Energy Resources, which plans to develop solar projects in the state, and Tessera Solar, support the establishment of RECs but want solar projects to qualify across all three categories of RECs.

A NextEra official in Texas declined to comment and directed calls to Steve Stengel, spokesman in Juno Beach, Fla., who did not return a call. Calls to Sean Gallagher, v.p. of marketing and regulatory affairs at Tessera in Berkeley Calif., were not returned before press time. —*H.F.*

EXELON REPORTEDLY

(continued from page 1)

country, according to the Goldman teaser. The wind development projects are mostly expansions to existing facilities.

Parent Deere & Co. is offering to purchase all the Class A shares of projects if the final buyer doesn't have tax appetite, according to the teaser. Goldman managing directors, Matt Darnall and Brian Bolster, and Adam Patnaude, v.p., are running the sale.

A seller retaining the production tax credits is a rare twist and is likely because of wariness of the fleet of Suzlon Energy turbines that had blade problems in the past, says an M&A banker. The offer of tax equity investments could sweeten the deal for buyers that would have difficult finding tax equity investors.

Goldman bankers declined to comment through a spokeswoman. Calls to Ken Golden, spokesman for Deere & Co. in Moline, Ill., were not returned. A call to a Suzlon official was not returned before press time. —*Holly Fletcher*

Alternating Current

Treasury Forgoes Red, White & Blue For Green

The U.S. Department of Treasury announced last week that it will begin purchasing renewable energy credits for wind power equivalent to meet 100% of the Treasury's electricity needs. This after it has doled out \$3 billion in cash grants for renewable development.

'Tis a noble effort on the government's part both to promote renewables and use them, but worth noting that five of the seven wind farms generating the power are owned by European companies. They have good ol' American names and are located in America's heartland, Kansas and Iowa, as examples, but the 100 MW Smoky Hills wind farm in Elsworth, Kan., is owned by Italian energy conglomerate Enel. Another project that the Treasury will buy credits from is the 74 MW Blue Canyon Wind Farm in Comanche, Okla., owned by Horizon Wind Energy, a subsidiary of Portugal's EDP Renováveis.

A large chunk of U.S. taxpayer money is also going to wind projects being developed by European companies. Cherry picking from a list of the 500 or so projects that received cash grants, one finds hundreds of millions of dollars is being given to European companies such as Iberdrola Renewables, which got \$31 million for one of its farms. Horizon got \$174 million for two projects, and enXco, a subsidiary of France's EDF Energie Nouvelles' unit got \$69 million.

A Treasury spokeswoman when asked failed to see the connection, saying only that the Treasury is doing its part to promote the use of green energy. Perhaps that is the case, but the agency's push to use wind underscores that the U.S. may have some catching up to do to meet its own agenda.

Quote Of The Week

"Having a non-wind REC is an important first step to encourage the renewable market. We have a lot of solar resources in Texas but for some reason the market really hasn't taken off—this will be an important move for the industry." — **Lisa Chavarria**, partner at law firm **Stahl, Bernal & Davis** in Austin, on a proposal to create a non-wind renewable energy credit market (see story, page 1).

One Year Ago In Power Finance & Risk

International Power was looking to divest its 50% stake in 300 MW gas and oil-fired peaking Hartwell facility in Hart County, Ga., to Southern Co. for \$148.5 million. [Municipal utility Oglethorpe Power exercised its right of first refusal as offtaker to purchase the facility, overriding Southern's unsolicited bid (PFR, 9/8).]