

# power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

MAY 1, 2006  
VOL. IX, NO. 17

## Traders See Energy Lucre

Energy traders are getting bonus guarantees 10-15% higher than last year from firms seeking to snare staff in the once-again lucrative sector.

*See story, page 2*

## Primary Bids Top \$400M

Bidders in the auction for **American Securities Capital Partners'** stake in Oak Brook, Ill., generator **Primary Energy Ventures** have made early offers of more than \$400 million.

*See story, page 3*

## GE To Eye Calpine Plants

**GE Energy Financial Services** plans on taking a hard look at assets expected to be offloaded by Calpine.

*See story, page 3*

## In The News

|                                |   |
|--------------------------------|---|
| DZ Adds Manhattan Bankers      | 3 |
| GMAC Headhunts In Calgary      | 3 |
| Ohio Fund Sets Up Houston Shop | 3 |

## Corporate Strategies

|   |   |
|---|---|
| Goldman Jumps On Board Sierra Sub Revolvers | 4 |
| Dynegy Ups Lending Lines                    | 4 |

## Departments

|                  |    |
|------------------|----|
| Financing Record | 5  |
| Weekly Recap     | 10 |

**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 2006 Institutional Investor, Inc. All rights reserved.

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

## 10 GW

### TXU PUTS PLANTS, STORAGE ON THE BLOCK

TXU is auctioning 10.3 GW of gas-fired generation facilities in Texas as well as a reported 20 bcf in gas storage facilities.

**Bank of America** is running separate marketing processes for the two portfolios of the Dallas-based energy company.

Officials in BofA's mergers and acquisitions group in New York



*(continued on page 12)*

### INVENERGY AIMS FOR \$400M WIND FINANCING

Invenergy is aiming to arrange about \$400 million in construction financing for a roughly 200 MW portfolio of wind farms. The lead will be launched by **Dexia Crédit Local**, which ran an earlier \$120 million loan, funding the acquisition of turbines for the development, about three weeks ago. Officials at the bank declined comment. Pricing on the turbine loan or this second phase of debt could not be ascertained. Calls to **Kevin Smith**, a senior v.p. at the Chicago-based wind developer, were not returned.

Bankers say the debt package is similar to a \$390 million wind financing (PFR, 9/5)

*(continued on page 12)*

## A Breeze?

### NOVEL EUROPEAN WIND POWER DEAL LAUNCHED

A novel €350 million (\$435 million) deal backed by expected future power sales from 39 wind farms in Germany and France is in the market. **CRC Breeze Financing**, a Luxembourg-based SPV, is issuing the notes and will use the proceeds to buy out the various project developers and finance the completion of each farm, according to *PFR* sister publication *Securitization News*. A spokesman for CRC, a Cayman-based funding boutique, declined to comment.

HVB sourced the projects, which will total 330 MW, and is structuring the paper. **Matthias**

*(continued on page 12)*

### UBoC READIES PUSH IN M&A

**Union Bank of California** is beefing up its power and utilities group in North America and hired former **Calpine** exec **Lynn Smull** to spearhead a new initiative in mergers and acquisitions. The San Francisco-based bank, which is best known in the sector for arranging corporate utility loans, wants to expand the scope of its deals. It sees an opportunity to snare M&A business from existing clientele, says **Henry Park**, senior v.p., in Los Angeles.

"More and more clients are asking us for these services and we have a successful track record in the power sector and we want to leverage our knowledge and experience in many

*(continued on page 11)*

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

## At Press Time

## Babcock NorthWestern Purchase Seen As Share Boon

Babcock & Brown Infrastructure's planned \$2.23 billion acquisition of Sioux Falls, S.D.-based NorthWestern Corp. is expected to be a positive for the firm's listed Australian investment fund. Roger Leaning, analyst at ABN AMRO Morgans in Brisbane, Australia, says the deal fits in well with the existing portfolio of assets owned by the publicly-traded fund, including Powerco, New Zealand's third largest electricity and gas network utility. The fund is listed on the Australian Stock Exchange as Prime Infrastructure. Leaning estimates Babcock's purchase could yield in excess of 7 cents Australian (5.3 cents) per share for shareholders.

Tristan Peniston-Bird, spokesman for Babcock at public relations firm Gavin Anderson & Co. in New York, says \$505 million of debt will be raised upon completion of the deal, and that the fund has about \$248 million cash on hand. It also adds about \$41 million to its coffers semiannually through a dividend reinvestment plan, which could mean another \$82-123 million, depending on when the sale closes.

## Energy Traders Get More Cash

Energy traders are getting bonus guarantees 10-15% higher than last year from large firms seeking to boost staff in the once-again lucrative sector, traders and recruiters say. Big players are promising compensation of over \$1 million including salary and bonus, up from the \$800,000 traders averaged last year, and multimillion-dollar guarantees are being promised to the top traders. Bonuses are likely to go up even higher this year as competition for star traders intensifies and banks fight to keep talent from jumping ship.

"Much of the staffing up at bulge-bracket firms transpired in 2004 and 2005, but second-tier banks are rapidly hiring personnel to catch up to the Goldman Sachs and Credit Suisses of the world," says Eric Moskowitz, director with the Options Group, a global executive search and consultancy firm.

Goldman, Credit Suisse, Merrill Lynch and Morgan Stanley were the first to invest in energy trading after the Enron debacle died down several years ago. Among those hiring now are Deutsche Bank Securities, JPMorgan Securities and Bear Stearns, which last month began recruiting personnel for a 26-trader energy desk.

Foreign banks, such as Fortis, Calyon and Dresdner Kleinwort Wasserstein, also want to establish businesses in the U.S. Spokespeople for the banks either declined to comment or did not return calls. A JPMorgan spokesman said the bank is strategically expanding its energy desk in the U.S. and globally.

These firms will face tough choices on whether to pay up for headcount or stand fast and potentially miss the market. "To build a meaningful desk, a brokerage would need to commit at least \$30-50 million just for hires," said Alan Johnson, ceo of Johnson Associates, a compensation consultancy.

All of them are competing against established firms, whose top traders can earn as much as \$25 million a year, so luring top professionals is difficult.

## power finance & risk

The exclusive source for power financing and trading news

### EDITORIAL

TOM LAMONT  
Editor

STEVE MURRAY  
Deputy Editor

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

MARK DeCambre  
Managing Editor  
(212) 224-3293

PETER ROTH  
Associate Reporter  
(212) 224-3226

MARI SLATER  
Associate Reporter  
(212) 224-3116

STANLEY WILSON  
Washington Bureau Chief  
(202) 393-0728

JANA BRENNING,  
KIERON BLACK  
Sketch Artists

### PRODUCTION

DANY PEÑA  
Director

LYNETTE STOCK, DEBORAH ZAKEN  
Managers

MICHELLE TOM, ILIJA MILADINOV,  
MELISSA ENSMINGER,  
BRIAN STONE, JAMES BAMBARA  
Associates

JENNY LO  
Web Production & Design Director

MARIA JODICE  
Advertising Production Manager  
(212) 224-3267

### ADVERTISING

JONATHAN WRIGHT  
Advertising Director  
(212) 224-3566  
jwright@iinews.com

PAT BERTUCCI, MAGGIE DIAZ  
Associate Publishers [New York]

LANCE KISLING  
Associate Publisher [Technology]

SIMON OLIVER  
Associate Publisher [London]  
(44-20) 7779-8355

LUCA MIHALY  
Sales Associate

LESLIE NG  
Advertising Coordinator

### PUBLISHING

ELAYNE GLICK  
Publisher  
(212) 224-3069

AMANDA CATERINA  
Associate Marketing Manager  
(212) 224-3096

VINCENT YESENOSKY  
Senior Operations Manager  
(212) 224-3057

DAVID SILVA  
Senior Fulfillment Manager  
(212) 224-3573

### SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year - \$2,545 (in Canada add \$30 postage, others outside U.S. add \$75).

DAN LALOR  
Director of Sales (212) 224-3045

NATALIE MAIR  
Account Executive [London]  
(44-20) 7779-8076

KEN LERNER  
Account Executive  
(212) 224-3043

GEORGE WITTMAN  
Client Development Manager  
(212) 224-3019

### REPRINTS

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

### CORPORATE

CHRISTOPHER BROWN  
Chief Executive Officer

DAVID E. ANTIN  
Chief Operating Officer

ROBERT TONCHUK  
Director/Central Operations & Fulfillment

**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@iinews.com

**Editorial Offices:** 225 Park Avenue  
South, New York, NY 10003.  
Tel: (212) 224-3293  
Email: mdecambre@iinews.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** ©2006  
Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

**Institutional  
Investor NEWS**  
INTELLIGENCE FIRST

## DZ Adds Project Finance Pair

DZ Bank has hired two project finance professionals to bolster its business in New York.

The Frankfurt-based lending institution hired **Moritz Keller** as a v.p. and **Judson Horn** as an associate. Keller had worked previously with DZ for nearly three years before leaving for **ING Capital** (PFR, 11/20/03). He will be responsible for deal origination and syndication among other duties and Horn, who worked previously at **JPMorgan Chase**, will handle originations. Both execs will report to group head **Bill Roos**, who was unavailable for comment. The pair will start in the next few weeks.

Several months ago veteran project financier **Mary Power** left the firm, accepting an early retirement package (PFR, 10/3). She resurfaced as a consultant for **Pace Global** in New York (PFR, 3/20).

## GMAC Looks To Add Staffer In Calgary

**General Motors Acceptance Corp.** is looking to hire a senior project finance banker in Calgary. **Kirk Edelman**, senior v.p., who heads up the energy finance business in New York, says GMAC wants to grow its presence and views Canada as a burgeoning market. The plan is to add a senior originator experienced in the power and oil and gas sector over the next several weeks and it will consider tapping additional staffers as needed. Edelman was hired at the start of the year to grow GMAC's project finance footprint (PFR, 12/12).

**General Motors** sold a majority stake in GMAC to a group led by **Cerberus Capital Management** for \$7.4 billion. Edelman notes although there is some uncertainty about the strategy of new ownership, the firm continues to pursue deals.

## Primary Energy Offers Top \$400M

Bidders in the auction for **American Securities Capital Partners'** stake in Oak Brook, Ill., generator **Primary Energy Ventures** have made indicative offers of more than \$400 million. A number of bidders topped that number, says a banker following the sale. The shop is looking to sell its stake, which is believed to stand at more than 70%, for about \$440-450 million via broker **Lehman Brothers**, which took first round bids a week-and-a-half ago (PFR, 2/20).

The timing of the second round could not be determined. Calls to **Michael Fisch**, managing director at American Securities in New York, and to **Frank Napolitano**, managing director at Lehman in New York, were not returned. **William**

**Johnson**, executive v.p. at Primary Energy, declined to comment.

Primary Energy was founded by power financier **Bill Rockford**. It owns and operates four recycled energy projects and has a 50% interest through an investment vehicle in a pulverized coal facility. The facilities are under contracts with **United States Steel**, **Ispat Inland** and **International Steel Group**.

## Ohio Power Fund Sets Up Houston Post

Columbus-based **Alpha Energy Partners** is opening an office in Houston. The firm, which is run by former **American Electric Power** honcho **Lew Williams**, is opening the office on May 1, says **Barry Hines**, co-founder of **Boomerang Capital**, which serves as third-party marketer.

Alpha, which manages \$325 million, focuses on natural gas trading (*ialternatives.com*, 9/24/04). The team is comprised mostly of AEP veterans, and for this reason is based in Columbus, said Hines. By opening an office in Houston, the firm will have an easier time attracting talent in the future, he adds. **John Massey**, who manages the coal and emission portions of the portfolio, will head up the office in the Lone Star state.

## GE Energy Eyes Calpine Assets

**GE Energy Financial Services** plans on taking a hard look at assets expected to be offloaded by Calpine. **Leanne Bell**, managing director at GE EFS in Stamford, Conn., says GE EFS may bid on some of the 20 plants the San Jose, Calif., company plans on selling. She declined to detail GE EFS' interest, including specifying which plants it might have an interest in. The asset sale is part of a streamlining of operations for Calpine's anticipated emergence from bankruptcy.

Observers say Calpine's intent is to auction the bulk of its generation investments outside of those in its home state and ERCOT. Calpine spokeswoman **Katherine Potter** declined to provide details on the company's sale strategy. "Along with the bankruptcy court, we are evaluating all our assets certainly from an economic standpoint," she says.

Alabama facilities such as the 793 MW Decatur plant and a 722 MW plant known as Morgan could be put up for grabs. Also believed to be on deck are Carville, a 455 MW plant in Louisiana; Columbia, a 464 MW plant in South Carolina; Goldendale, a 237 MW plant in Washington; Oneta, a 994 MW plant in Oklahoma; as well as New Jersey facilities Newark and Parlin.



## Corporate Strategies

### Dynegy Bulks Up Bank Lending Lines

Dynegy Holdings has added capacity to its revolving credit line and obtained a new letter of credit facility. The Houston-based holding entity added some \$270 million in additional capacity by tacking on \$70 million to its existing three-year \$400 million revolving line and obtaining a six-year \$200 million LC. **Ralph Pellecchia**, an analyst with **Fitch Ratings** in New York, says the new facility gives the company more liquidity to run its business. **David Byford**, spokesman for Dynegy in Houston, would not comment or make an official available for comment.

Both lines were arranged by **Citigroup Global Markets** and **J.P. Morgan Securities**. The banks also served as lead arrangers on the original \$400 million credit facility, which was priced at 200 basis points over LIBOR (PFR, 3/20). Pricing on both facilities now is set at 175 basis points over LIBOR. Syndication of the facilities was completed two weeks ago.

Pellecchia believes Dynegy is in a position to see improved credit ratings from revenue growth given its asset sales, which have allowed it to trim overall debt.

### Sierra Units Add Goldman To Punched Up Revolvers



Bill Rogers

Sierra Pacific Resources subsidiaries **Nevada Power** and **Sierra Pacific Power** have added **Goldman Sachs** to upsized credit facilities. **Bill Rogers**, treasurer at the Reno, Nev., holding company, says the utilities added about \$100 million of firepower each to their lines, needed in light of volatile natural gas prices. He says Goldman's inclusion is the first

time the firm has worked with the company's units. "We want to have them as a banking partner," he notes.

The added capacity on the loans provides additional flexibility: the units are fully hedged for the summer. "I can't tell you what 2007 is going to look like," Rogers reflects. Both maturing Nov. 2010, Nevada Power's revolver was increased to \$600 million, and Sierra Pacific Power's was pushed to \$350 million.

**Lehman Brothers**, **Merrill Lynch**, and about seven other lenders are also providing the same amount of aggregate credit as Goldman between the two facilities. Since Sierra Pacific Resources does not have a revolver at the holding company level, the two amended revolvers represent all of the credit facilities available to its subsidiaries. Rogers notes that Sierra Pacific's units enter into contracts to purchase gas and then hedge its contracts.

Rogers says bringing Goldman into its credit facility is part

of a broader effort to reach out to more banks than Sierra Pacific has in the past. He notes that banks that work with the company gain insight into it what can be beneficial for Sierra Pacific in the future, which will be taken into account when it hands out new assignments.

### Geothermal Producer Taps Equity For Expansion

**Ormat Technologies**, a geothermal energy producer, recently sold 4 million shares, netting \$135 million to support growth. The shares were priced at \$35.50, a \$0.70 discount to the previous day's close. **Dita Bronicki**, ceo, said the Sparks, Nev.-based company's primary reason for raising capital was to help pay for construction of projects that should add 110 MW of capacity this year and 58 MW the next. Ormat's generating portfolio totaled 364 MW last year. The proceeds could also be used for acquisitions, Bronicki said, without providing any specifics.

Ormat, a subsidiary of Israel's **Ormat Industries**, has watched its share price soar in the past year, as investors flock to alternative energy stocks. However, Bronicki said the offering wasn't timed to take advantage of this year's stock price rise as Ormat filed a \$1 billion shelf filed with the **Securities and Exchange Commission** in January.

**Lehman Brothers** and **Goldman Sachs** were the joint book runners on the offering, with **Citigroup** as the joint lead and **HSBC**, **RBC Capital Markets** and **Dundee Securities** as co-managers. Bronicki said she assembled the cast to expand Ormat's investor base through brand name bulge bracket banks and Canadian securities firms. Dundee, she noted, is small but has experience in raising capital for geothermal energy companies.

### For More Benefits Visit Our Web Site

As a **Power Finance & Risk** subscriber, you're entitled to access the **Power Finance & Risk** Web site – absolutely free. Go to **www.iipower.com** to discover the added value to your subscription, including:

- Earlier Delivery
- A Virtual Library of Past Issues
- Mid-week Breaking News Stories
- Printer Friendly Stories
- Web Links
- Weekly Email Alert Service
- Global Access

**To access the Subscribers Only area of the site, you'll need a User ID and Password. To obtain these, please contact us at customerservice@iinews.com or at 1-800-715-9195 between 8 a.m. and 6 p.m. EDT.**

## Williams E&P Sub Sponges Term Loan

Williams Cos. subsidiary Williams Production RMT Company has retired secured debt with cash on hand and funds funneled from its parent's revolver. The unit paid down a \$488.9 million floating-rate term loan, coming due in 2008 and it will be replaced later this year, says **Kelly Swan**, spokesman for Williams in Tulsa, Okla. The loan, issued at Williams' exploration and production subsidiary, was used to back gas reserves in the Rockies. He would not make an official available for comment.

Swan would not say how much of Williams Production's debt is secured versus its unsecured, but says the preference is for

unsecured. **Lehman Brothers** and **Banc of America Securities** were the lead arrangers on the term loan.

**Hugh Welton**, an analyst at **Fitch Ratings** in New York, says the retirement helps simplify the company's capital structure. Williams has been diligently paying off debt since 2002 throughout its subsidiaries, retiring almost \$5 billion. The analyst says Fitch views the term loan retirement as a positive because it removes secured debt at the parent-level, adding the ratings agency has put the Williams Cos. on deck for a potential upgrade.

Williams Cos. still has about \$7.5 billion in debt outstanding, Welton says, adding it is a strong company due in large part to its core natural gas business.

## Financing Record (APRIL 19-APRIL 25)

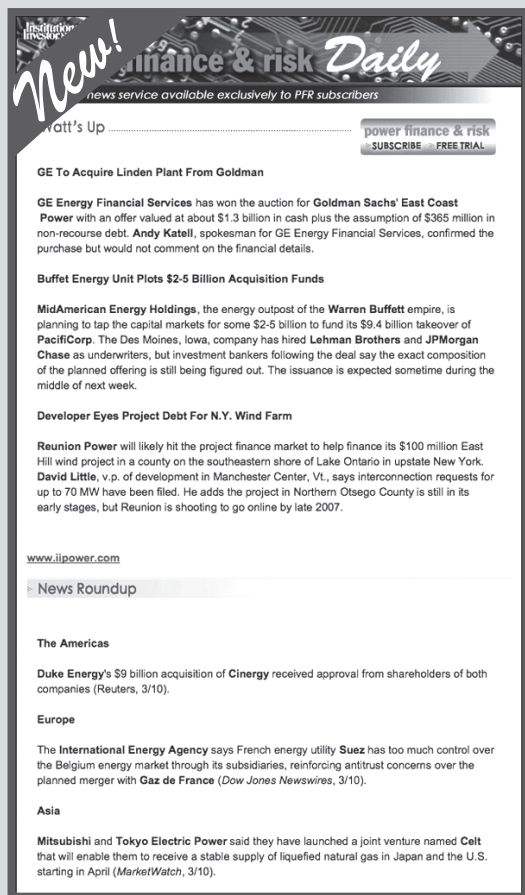
### M&A

| Announced | Date Effective | Target Name                    | Target Advisors             | Target Industry Sector                | Target Nation                         | Acquiror Name            | Acquiror Advisors              | Acquiror Industry Sector                       | Acquiror Nation | Value(\$Mil) |
|-----------|----------------|--------------------------------|-----------------------------|---------------------------------------|---------------------------------------|--------------------------|--------------------------------|--|-----------------|--------------|
| 4/19/06   |                | Coleto Creek Power             | Goldman Sachs & Co          | Electric, Gas, and Water Distribution | United States                         | International Power PLC  | Lehman Brothers                | Electric, Gas, and Water Distribution          | United Kingdom  | 1,140.00     |
| 4/20/06   |                | Bintang Hytien Jaya PT         |                             | Electric, Gas, and Water Distribution | Indonesia                             | Asian Utilities Pte Ltd  |                                | Investment & Commodity Firms,Dealers,Exchanges | Singapore       | 0.028        |
| 4/20/06   |                | Genscape Inc                   |                             | Electric, Gas, and Water Distribution | United States                         | DMG Information          |                                | Printing, Publishing, and Allied Services      | United States   | 196          |
| 4/20/06   | 4/20/06        | Powersource Corp               |                             | Electric, Gas, and Water Distribution | United States                         | Sure Trace Security Corp |                                | Electronic and Electrical Equipment            | United States   |              |
| 4/22/06   | 4/22/06        | Stadtwerke Cottbus GmbH        | Sal Oppenheim Jr & Cie KGaA | Electric, Gas, and Water Distribution | Germany                               | Deutsche Kreditbank AG   |                                | Commercial Banks, Bank Holding Companies       | Germany         | 184.59       |
| 4/24/06   | 4/24/06        | Entergy Solutions Ltd-Electric |                             | Electric, Gas, and Water Distribution | United States                         | Direct Energy            |                                | Electric, Gas, and Water Distribution          | Canada          | 30           |
| 4/25/06   |                | NorthWestern Corp              | Credit Suisse Group         | Blackstone Capital Partners LP        | Electric, Gas, and Water Distribution | United States            | Babcock & Brown Infrastructure | Investment & Commodity Firms,Dealers,Exchanges | Australia       | 1,316.01     |

### Debt

| Rule 144A | Issue Date | Issuer                        | Amount (\$ mil) | Coupon (%) | Type of Security | Maturity | Offer Price | YTM(%) | Spread | S&P | Moody's | Fitch |
|-----------|------------|-------------------------------|-----------------|------------|------------------|----------|-------------|--------|--------|-----|---------|-------|
| Yes       | 4/19/06    | Florida Power & Light Co(FPL) | 300             | 6.2        | Fst Mtg Bonds    | 6/1/36   | 99.975      | 6.202  | 96     | A   | Aa3     | AA-   |
|           | 4/19/06    | Hydro One Inc                 | 220.2           | 5.36       | Medium-Term Nts  | 5/20/36  | Market      | Market |        |     |         |       |
|           | 4/20/06    | Gulf Cogeneration Co          | 46.1            | 5.87       | Amortizing Nts   | 4/27/09  | 100         | 5.87   |        | NR  | NR      |       |
|           | 4/20/06    | Gulf Cogeneration Co          | 30.7            | 6.11       | Amortizing Nts   | 4/27/11  | 100         | 6.11   |        | NR  | NR      |       |
|           | 4/20/06    | Gulf Cogeneration Co          | 76.8            | 6.64       | Amortizing Nts   | 4/27/16  | 100         | 6.64   |        | NR  | NR      |       |
|           | 4/25/06    | Taipower                      | 15.7            | 1.97       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.97   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 15.7            | 1.97       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.97   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 34.5            | 1.97       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.97   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 3.1             | 1.95       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.95   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 18.8            | 1.95       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.95   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 15.7            | 1.85       | Fxd/Straight Bd  | 5/3/11   | 100         | 1.85   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 62.7            | 1.85       | Fxd/Straight Bd  | 5/22/11  | 100         | 1.85   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 31.3            | 1.85       | Fxd/Straight Bd  | 5/3/11   | 100         | 1.85   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 15.7            | 1.85       | Fxd/Straight Bd  | 5/3/11   | 100         | 1.85   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 3.1             | 1.85       | Fxd/Straight Bd  | 5/3/11   | 100         | 1.85   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 62.7            | 1.95       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.95   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 31.3            | 1.95       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.95   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 31.3            | 1.95       | Fxd/Straight Bd  | 5/3/16   | 100         | 1.95   |        | AAA | NR      |       |
|           | 4/25/06    | Taipower                      | 18.8            | 1.85       | Fxd/Straight Bd  | 5/3/11   | 100         | 1.85   |        | AAA | NR      |       |

Source: Thomson Financial Securities Data Company. For more information, call Rich Peterson at (212) 806-3144.



## Get the Latest Market News Every Day!

FREE with your  
**Power Finance & Risk**  
subscription

Now **Power Finance & Risk** subscribers can get the latest market news delivered directly to your inbox or BlackBerry by 6pm EST every work day. You'll stay two steps ahead with the **Power Finance & Risk Daily** as you learn about the most important developments in asset and corporate M&A, plant financing and power trading.

## One email. Same time. Every day.

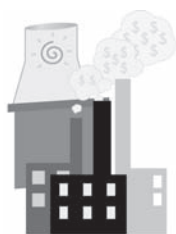
In each daily issue, you will receive:

- **Watt's Up** – Breaking news from the PFR News Desk
- **News Roundup** – the latest market news

## www.iipower.com

FOR FURTHER INFORMATION CONTACT:

**Ken Lerner • Tel: 212.224.3043 • Email: klerner@iinews.com**



## 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       |                                 |  |
| American Securities Capital Partners                               | Approximately 70% Stake In Primary Energy Ventures | Oak Brook, Ill. | 900          | Various    | Bank of America                 | First-Round Bids Are In (see story, page 3).                               |
| 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<br>(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/ Semptra<br>Carlyle Riverstone/ Semptra         | Coleto Creek Power Station                         | ERCOT           | 632          | Coal       | Goldman Sachs<br>Greenhil & Co. | Int'l Power Agreed To Purchase For \$1.14B (See Story Page 1).<br>Ongoing. |
|  | Topaz Power Group                                  | ERCOT           | 2.9 GW       | Gas&Oil    |                                 |  |
| Citi & SocGen-led creditor group<br>(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<br>(NEG developed plants)                      | Lake Road  | Conn.           | 840          | Gas        | Lehman Bros.                    | Cargill Bought Debt Portion (PFR, 12/27).<br>Actively Pursuing A Sale.     |
|  | Lowell Power                                       | Mass.           | 82           | Gas        | None                            |  |
| Delta Power  |  |                 |              |            |                                 |  |
| El Paso Europe   | EMA Power  | Hungary         | 70           | Coal       |                                 | Final Bids Due.<br>Negotiations Are Taking Place With                      |
| El Paso North America<br>(Merchant assets)                         | Berkshire  | Mass.           | 261 (56.41%) | Gas        |                                 |  |
|  | CDECCA   | Conn.           | 62           | Gas        |                                 |  |
| 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        |                                 |  |

# Tired of waiting in line for your turn to read the latest financial news?



**Try our online solution:  
The Corporate  
Access Program.**

Staying on top in the financial world requires the most current communication tools. A long routing list is not one of them.

Our program offers online information access to multiple users in your firm. Breaking news, feature articles, deal opportunities, regulatory insights, and online archives.

**For information on how to customize a plan to meet your needs and your budget, contact Daniel Lalor at 212-224-3045 or [dlalor@iinews.com](mailto:dlalor@iinews.com), or Julian Davies (U.K.) at 44-20-7779-8929 or [jdavies@euromoneyplc.com](mailto:jdavies@euromoneyplc.com)**

**Institutional  
Investor NEWS**  
INTELLIGENCE FIRST

INSTITUTIONAL INVESTOR NEWS / 225 PARK AVENUE SOUTH / NEW YORK, NY 10003  
[WWW.IINEWS.COM](http://WWW.IINEWS.COM)



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

| Seller   | Plants                       | Location             | MW       | Plant Type   | Advisor                                | Status                                   |
|--|------------------------------|----------------------|----------|--------------|--|--|
| 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          |  |  |
| Goldman Sachs  | East Coast Power             | Linden, N.J.         | 940 MW   | Gas          | Goldman                                | GE Agreed To Purchase Asset.             |
| Gama Construction<br>Ireland Limited                         | Tynagh                       | Republic of Ireland  | 400 MW   | Gas          | Fieldstone Private<br>Capital Group    | Ongoing.                                 |
| KBC-led creditor group<br>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 &<br>Transmission<br>(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,<br>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<br>(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<br>RBC Capital Markets | J. Power Agreed To Purchase Asset.       |
| Tractebel North America                                      | Chehalis                     | Wash.                | 520      | Gas          | N/A                                    | Looking To Sell Or Swap.                 |
| TXU  | 17 peaker sites              | Texas                | 10.3GW   | Gas          | Bank of America                        | First-round bids are in.                 |
| WPS Resources  | Sunbury Generating Station   | Shamokin Dam, Pa.    | 450 MW   | Coal         | Lazard                                 | Buyers Are Stalling Over Fuel Contracts. |

### ***NOW GET power finance & risk EVERY FRIDAY!***

Paid subscribers now have access to a PDF of the upcoming Monday's newsletter on *Power Finance & Risk's* Web site every Friday afternoon before 5 p.m. EDT. That's a 64 hour jump on mail delivery, even when the post office is on time! Read the news online at your desk or print out a copy to read at your leisure over the weekend. Either way, you'll be getting our breaking news even sooner and starting your week off fully informed!



## Weekly Recap

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

### Asia and Australia

- Australian power providers **Australian Gas Light** and **Alinta** have ended their hostile takeover battle, agreeing instead to an A\$6.8 billion (\$5.1 billion) asset swap and spin-off of Australia Gas' energy assets (*Wall Street Journal*, 4/27).

### The Americas

- TXU said it will invest \$10 billion to construct 11 coal-fired power plants in Texas, in a bet that it can wring bigger profits out of that state's lucrative power market. The addition of 8.6 GW of generating capacity could raise market-power concerns. TXU already is the biggest generator in the state, with 18.3 GW of installed capacity (*Wall Street Journal*, 4/21).
- Maryland reached a tentative agreement with **Constellation Energy Group's Baltimore Gas and Electric** unit, the state's largest power supplier, which will help ease customers into paying a 72% increase in their electricity bills (*Washington Post*, 4/21).
- Brazil's federally controlled electric power holding company **Centrais Eletricas Brasileiras (Eletrobras)** is looking to increase its involvement in international generation projects (*Estado*, 4/24).
- **Aquila** is investigating the purchase of the 500 MW Aries power plant near Pleasant Hill, Mo. The facility could be sold by **Calpine** as a part of plans to shop 20 plants in its Chapter 11 bankruptcy restructuring (*Kansas City Business Journal*, 4/24).
- **Duke Energy Gas Transmission**, a unit of **Duke Energy**, plans to expand its Algonquin gas transmission system by constructing a 3.5-mile, 18-inch diameter natural gas pipeline in

the Cape Cod towns of Sandwich and Bourne, Mass. (*Charlotte Business Journal*, 4/26).

- **New Solar Ventures** and **Solar Torx**, two companies based in Arizona, proposed building a 300 MW solar-powered generating facility on state land northwest of Deming, New Mexico (*Albuquerque Journal*, 4/25).

- **Appalachian Power** and **Wheeling Power**, subsidiaries of **American Electric Power**, came to an agreement with government agencies in West Virginia in their rate cases. The overall impact of this year's increase and the future annual increases will result in an estimated overall \$129 million, or 16%, increase in revenue between the end of July and mid-2009 (*Dow Jones Newswires*, 4/25).

### Europe

- **Scottish Power** won final planning approval to build Europe's largest on-shore wind farm. Scottish said the 322 MW 140-turbine Whitelee project south of Glasgow would provide enough green energy to power 200,000 homes (*AFX News*, 4/27).
- The European Commission has cleared **E.ON** to buy Spain's **Endesa**. The commission said the combination won't create antitrust problems. The Spanish government is maneuvering to block E.ON's bid in favor one from domestic **Gas Natural** (*Dow Jones Newswires*, 4/25).
- Lugano, Switzerland-based international consortium **ASG Power** said that it would build a \$1.9 billion power plant and re-gasification terminal in southwestern Albania in the next



*The premier daily sales and marketing tool for investment managers.*

**iisearches posted over \$2.7 trillion  
in business leads in 2005...**

**...grow your business with  
the latest daily search leads.**

## Weekly Recap (cont'd)

three years to provide power and gas to the region (*Associated Press*, 4/24).

- France won't amend a 1946 bill imposing minimum state ownership on municipal energy distributors, even when larger utility company **Gaz de France** is privatized, says **Francois Loos**, industry minister. The decision means local energy distributors such as **Gaz de Strasbourg** and **Gaz de Bordeaux** will remain majority state-owned (*Dow Jones Newswires*, 4/25).

### Russia

- Russian president **Vladimir Putin** warned Moscow would shift its energy focus to Asia if Europe resisted its expansion plans, ratcheting up tension in an escalating row over Russia's international energy ambitions (*Wall Street Journal*, 4/27).
- Russian energy giant **Gazprom** attacked the European Union's plan to liberalize the gas market. **Alexander Medvedev**, deputy ceo, says proposals to deregulate the market and loosen long-term contracts between Gazprom and EU-based customers could undermine the stability of the gas market (*Financial Times*, 4/26).

## UBoC READIES

(continued from page 1)

of the assets that we are intimately familiar," Park says, noting the institution's aim would be to serve as an advisor to company's looking to buy or auction generation facilities or other energy assets. He declined to discuss specifics about other possible hires in that area. "We are not striving to be a market leader in this sector—we have the luxury of targeting opportunities. We are not striving to displace **JPMorgan [Chase]** or **Goldman Sachs**—we are just looking to find opportunities for clients that enhance their business," Park adds.

At Calpine, Smull focused on restructuring and capital raising activities prior to the beleaguered San Jose IPP's Chapter 11 filing in December. He will be based in Los Angeles and is expected to handle M&A and arrange corporate and project level financing, Park explains. "He has extensive asset-specific M&A advisory and execution experience," he notes. Prior to Calpine, Smull was a director in **Banc of America Securities'** global project finance group and worked in a similar area at **Salomon Brothers**.

In addition, UBoC also is hoping to make a pair of hires to build up its power and utilities group in Calgary. The bank has an office there, but does not have staff on the ground

You  
read  
it  
here  
*first!*

We stay ahead  
of our competition  
so you can stay  
ahead of yours.



specifically geared to handling power and energy deals particularly as Canada, including the **Ontario Power Authority**, attempts to enhance generation and pipeline infrastructure, Park says. He declined to provide further details.

—M.D.

## INVENERGY AIMS

(continued from page 1)

completed last year. The specific assets to be included in this iteration still need to be worked out, but the projects are expected to be contracted, say bankers, declining to identify offtakers.

Prospective participants, who were involved in last year's wind deal, expect that this new deal also will be received well in the market. Invenenergy's deal last year ultimately drew the interest of nearly a dozen banks. Watchers expect that Dexia will give interested parties a clearer picture of which farms will be included in the financing as the deal gets closer to launching in the summer.

Last year, financing backed the construction of the 135 MW Judith Gap wind farm in Judith Gap, Colo., the 60 MW Spring Canyon farm near Peetz, Colo., and the 64.5 MW Wolverine Creek facility in Idaho Falls, Idaho. All three projects have been completed.

—Mari Slater

## NOVEL EUROPEAN

(continued from page 1)

**Glueckert**, head of syndicate at HVB in Munich, says past wind farm transactions have been around €100 million (\$124.2 million), so CRC Breeze is setting a benchmark in terms of magnitude.

The construction loans made by CRC will also be cross collateralized. **Laurence Monnier**, analyst at **Fitch Ratings**, says the transaction's unique structure makes it something of a one-off. "Typical project financing transactions have a holding company, but this is more like a securitization with senior and subordinate debt, and a Luxembourg-based SPV issuing the loans," she adds.

The collateral is mixed—33% of the wind farms are fully operational, 9% have been completed but are still to be connected to the grid and the remainder is under construction.

This asset class comes to market infrequently, but there is potential for growth, Monnier says. The wind farm market is maturing and there is a need for refinancing of loans, which could lead to an increase in these kinds of deals, she said. "We expect to see more wind farm financing deals which may use a securitization structure, but not necessarily this structure," she adds. "This model just suited the portfolio involved in this

transaction." The biggest wind farm market is in Germany, followed by the U.S. which is also the fastest growing.

—Hugh Leask

## TXU PUTS

(continued from page 1)

did not return a call for comment. TXU spokesman **Chris Schein** declined comment. Also advising TXU is **Black River Capital**, a boutique energy investment bank based in Dallas. An industry official familiar with the bank says **John Wilder**, ceo of TXU, may have brought Black River into the deal because he has a high opinion of partner **Doug Strebel**, a former **Donaldson, Lufkin & Jenrette** and **Shell Exploration & Production** official. Calls to Strebel were not returned.

Indicative bids for the assets were due April 21, say industry officials. Given the mix of assets, values could not be determined.

About 45 plants at 17 sites are included in the sale, of which 12 individual plants with a capacity to generate about 3.2 GW are mothballed. Observers say some of the storage terminals feed the to-be-sold generation facilities, which might make them more attractive to buyers of the generation.

TXU has included one proviso in the auction process: the winner must agree not to build coal-fired generation on the plant sites for a significant period of time. The requirement was inserted because TXU recently announced plans to spend approximately \$10 billion to construct 11 coal-fired power plants in Texas, and does not want the sale to create an opening for competition, deal trackers say.

—Peter Roth & Mark DeCambre

## Quote Of The Week

*"We are not striving to be a market leader in this sector—we have the luxury of targeting opportunities. We are not striving to displace JPMorgan [Chase] or Goldman Sachs—we are just looking to find opportunities for clients that enhance their business."* —**Henry Park**, senior v.p. at **Union Bank of California** in Los Angeles, specifying UBoC's entry strategy in asset-level mergers and acquisitions (see story, page 1).

## One Year Ago In Power Finance & Risk

**AIG Highstar** and the **Ontario Teachers' Pension Plan** had tapped **Barclays Capital** to arrange about \$1.1 billion in financing backing the \$1.75 billion purchase of a 5.5 GW global generation package from **InterGen**. [Barclays, along with **Royal Bank of Scotland**, closed on the financing package, which consisted of an \$875 million, eight-year term loan and a \$200 million, five-year revolving credit facility, five months later (PFR, 10/24).]