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The exclusive source for power financing and trading news

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A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

MAY 8, 2006
VOL. IX, NO. 18

Bidders Emerge In NU Auction

Carlyle/Riverstone Holdings and **Brascan Power** make **Northeast Utilities'** second round.

See story, page 3

Primary Bids Due Mid-June

Second stage bids for **American Securities Capital Partners'** stake in Oak Brook, Ill., generator **Primary Energy Ventures** are due June 15.

See story, page 3

In The News

- | | |
|---|---|
| Iowa Wind Outfit Eyes Long-Term Funding | 3 |
| VC Firm Fundraises For Renewables Startup | 5 |

Corporate Strategies

- | | |
|--|---|
| Carlyle/Riverstone Vehicle Steps Up Revolver | 3 |
| Missouri Agency To Issue Plum Point Debt | 4 |
| Portland Utility Taps Private Mart | 4 |
| Nevada Calls Mortgage Bonds | 4 |

Departments

- | | |
|---------------------------|----|
| Financing Record | 5 |
| Generation Auction & Sale | 6 |
| Weekly Recap | 10 |

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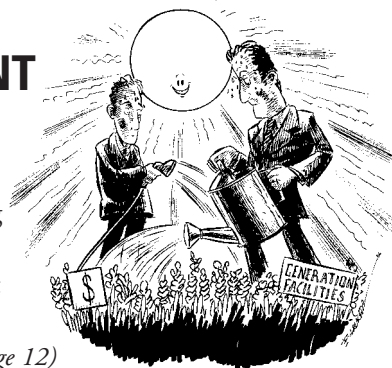
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Overheated?

GOLDMAN TO FOCUS ON CURRENT GENERATION PORTFOLIO

Larry Kellerman, managing director at Goldman Sachs, says the firm is now concentrating on eking out more bang for its generation buck by maximizing gains on its current portfolio of assets, rather than bidding for plants in what it views as a seller's market. "While there are external

(continued on page 12)



EX-COVANTA CHIEF KICKS OFF BEANTOWN-BACKED SHOP

Ex-Covanta CEO Scott Makin has launched generation investment firm **Waypoint Energy** with backing from **Sowood Capital Management**, the Boston shop which runs some of **Harvard University's** money. "We'll be investing all across the board: renewables, cogeneration, coal-fired, existing facilities and late-stage developments" says Makin. The target is to invest and develop some 5 GW of generation by 2010.

(continued on page 11)

GOLDMAN, BAYERLB TEE UP \$263M WIND PACKAGE

Goldman Sachs and Bayerische Landesbank plan on launching a \$263 million loan financing the development of two wind farms totaling about 380 MW by **Horizon Wind Energy**. A bank meeting will be held next Thursday at the Marriott New York East Side in Manhattan to kick off syndication. BLB officials declined to comment and Goldman officials did not return calls. **Alec Dreyer**, ceo of Horizon in Houston, also did not return a

(continued on page 12)

PFR Project Awards

SABINE PASS LNG, LA PALOMA LAND NOMINATIONS

Funding for Sabine Pass LNG, North America's first liquefied natural gas project, and a landmark deal that saw **Complete Energy** acquire an asset with no money down are among the nominees for *PFR's* Fifth Annual Power Project Finance Awards. Non-recourse deals ranged across the spectrum last year from LNG to transmission to generation restructurings. The top honors will be announced in the May 22 issue.

For full details on the transactions in the running, see page 8



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



At Press Time

PE Shops Prep For Energy Plays

Private equity shops such as **Pegasus Capital Advisors** and **Crestview Advisors** are attempting to break into power and energy investments. The prospective entrants have been shelling out cash in other sectors and have recently broadened their scope to include energy and power, say officials who have spoken to executives at the firms. Cos Cob, Conn.-based Pegasus is said to be building up staff and expected to target investments in the renewables sector, such as biomass.

Pegasus, which has some \$1.1 billion in assets, has offices in Manhattan and Connecticut and typically invests in middle-market businesses via buyouts, debt restructurings, asset consolidations or growth capital, according to its Web site. **Alec Machiels**, v.p. in Manhattan, declined to comment.

Crestview has been seen chasing down generation investments including taking a run at assets being unloaded by **Primary Energy** (see story, page 1) for about \$400-450 million. Observers say Crestview has been eyeing a number of energy investments but has not yet scored an acquisition. A call to **Thomas Murphy**, managing director and co-owner of Crestview in New York, was directed to a spokeswoman, who declined to comment.

At Last?

Diamond Puts Morris Energy Refi To Bed



Morris Energy

Bank of Tokyo-Mitsubishi UFJ has closed a \$55 million deal for **Diamond Generating Corp.** refinancing the acquisition funding of the 177 MW Morris Energy Center from **Calpine Corp.** The financing for the inside the fence, cogeneration facility breaks down into a \$50 million, six-year term loan and a \$5 million working capital facility. Pricing could not be determined. **Taka Nakagawa**, v.p. of business development for Diamond in Los Angeles, declined to comment. Calls to BoTM-UFJ were not returned.

The asset, which originally was owned by **NRG Energy** before being passed around due to various transfers and acquisitions, generates steam, power and de-mineralized water for **Equistar**. Diamond Generating acquired the asset last year and it is fully contracted by **Equistar Chemicals**, a subsidiary of **Lyondell Chemical Company**, and is located in Morris, Ill.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iineews.com.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Primary Energy Bids Due Mid-June

Final-round bids for **American Securities Capital Partners'** stake in Oak Brook, Ill., generator **Primary Energy Ventures** are due June 15. Management meetings are set to begin this week, say market watchers. The auction, which is being handled by **Lehman Brothers**, has drawn indicative bids of more than \$400 million (PFR, 5/1). American Securities is looking to sell its stake, which is believed to be more than 70%, for about \$440-450 million (PFR, 2/20).

Bidders are said to include **DTE Energy** and **Crestview Advisors**. Calls to **Michael Fisch**, managing director at American Securities in New York, **Jim Metcalfe**, managing director at Lehman in New York, and **William Johnson**, executive v.p. at Primary Energy, were not returned. Crestview officials declined to comment, and **Lorie Kessler**, spokeswoman at DTE, did not make company officials available.

Bidders Emerge in NU Auction

Carlyle/Riverstone Holdings and **Brascan Power** are among bidders invited into the second round of **Northeast Utilities'** auction of its wholesale generation business. A \$1 billion offer was the hurdle, say bank and private equity officials. Management meetings are set to begin this week, with final bids expected to be taken after Memorial Day weekend.

The staple financing package offered by auction manager **JPMorgan Chase** includes a commodity hedge, the details of which are not yet known.

Calls to **Paul Dabbar**, managing director at JPMorgan in New York, **David McHale**, cfo at Berlin, Conn.-based NU, and **Pierre Lapeyre**, managing director at Riverstone in New York, were not returned. A call to **Richard Legault**, president and coo of Brascan, was referred to spokeswoman **Shelley Moorhead**, who did not return a call.

Alaska Fund Mulls Size Of Pipeline Equity Play

Alaska Permanent Fund is considering exactly how much equity it will invest in a planned Alaskan natural gas pipeline project. **Bo Poats**, managing director of financial, corporate and strategic services at Fairfax, Va.-based advisor **Pace Global Energy Services**, says a detailed project proposal, including project cost, expected this month from sponsors **Exxon Mobil**, **BP** and **ConocoPhillips**, will allow the fund to better assess its investment options.

"I think really what the fund is doing is recognizing that trend and saying, 'We have one right here in our backyard,'" Poats says, noting that the fund is recognizing the increased level of investment in areas such as energy infrastructure. He declined to

provide specifics on Alaska's plans. Calls to **Laura Achee**, director of communications for the fund, were not returned. The fund has about \$34 billion in invested capital. The sponsors are expected to bankroll 70-80% of the project (PFR, 10/31).

Iowa Wind Outfit Seeks Long-Term Funding

Midwest Renewable Energy Corp. plans on looking for long-term non-recourse funds next year to help expand the Top of Iowa wind farm. **Stephen Dryden**, principal in Joice, Iowa, says the company's modus operandi has been to lead development, bring on equity partners and then sell the asset. Near Kensett, Iowa, the planned \$187 million project is the second phase of an existing facility that went online five years ago.

Entergy owns a majority interest in the first phase of the wind farm, which it acquired from Midwest Renewable, but its involvement in the expansion, if any, could not be determined. An Entergy spokesman in Jackson, Miss., declined to comment.

Midwest Renewable likes to maintain a 50:50 debt to equity ratio on its projects, but Dryden says it could shoot for more debt given lender appetite. He declined to identify which banks the company might do business or discuss past lending relationships.

Dryden says the firm would like to break ground and begin construction this year or next spring. The first phase was developed with **Horizon Wind Energy**, which sells the energy to Madison, Wis.-based **Alliant Energy**.

After the first phase was completed, Entergy purchased a majority interest, with Horizon and Midwest Renewables maintaining a minority interest. The percentage breakdown could not be determined.

Corporate Strategies

Carlyle/Riverstone Vehicle To Ratchet Up Revolver

Niska Gas Storage, a holding co. for midstream gas assets **Carlyle/Riverstone Holdings** acquired from **EnCana**, is expected to upsize the revolving credit facility it plans to sign by \$100 million to \$350 million. The extra capacity will be used to support natural gas trading, says **Jamie Koutsoukis**, analyst at **Standard & Poor's**, noting Niska was concerned about having sufficient liquidity in light of its non-investment grade status. Its BB- credit rating means it has to post more collateral for its trades than a higher-rated entity.

Niska is also planning to make improvements to some of the acquired assets and it may tap the revolver if it cannot fully fund the improvements with internal cash flow, Koutsoukis says.

Corporate Strategies (cont'd)

Pricing on the revolver is tied to EBITDA and is expected to range from 175-225 points over LIBOR.

Bank of America is believed to be leading the upsized revolver as well as the acquisition financing for the EnCana purchase. **Andrew Ward**, managing director at Carlyle in New York, referred calls to **Rick Macon**, managing director at BofA's loan syndication department in Boston, who declined to comment.

Plum Paper

Missouri Agency To Issue \$280M For Ark. Plant

Missouri Joint Municipal Electric Utility Commission will issue about \$280 million in tax-free bonds this week to help fund its part of the planned Plum Point project in Osceola, Ark., which is being developed by **LS Power**. **Duncan Kincheloe**, general manager and ceo of the commission, says the offering represents the agency's first debt issuance and it is expected to be followed by a smaller offering closer to the scheduled 2010 completion.

A bond issuance was the most advantageous approach for the commission because of the combination of cost and risk management. The bonds will also be insured by **MBIA Insurance Corporation**, says Kincheloe, adding this seemed like the best way to secure an enthusiastic greeting from the market.

Merrill Lynch, **Credit Suisse** and **Goldman Sachs** completed **LS Power's** \$750 million project financing for the coal-fired facility (PFR, 3/20). Along with Plum Point, the commission has signed a long-term PPA for **Omaha Power District's** Nebraska City II project.

Muni advisor **McDonald Partners**, acted as a consultant to the agency, says Kincheloe, noting that McDonald has worked successfully with a number of municipal agencies or joint action agencies in the past.

Portland Utility Places Privates

Portland General Electric has privately placed \$275 million in mortgage debt to refinance higher interest-rate bonds. **Jim Warberg**, director of capital markets in Portland, says the utility has about \$150 million in 8 1/8 % first-mortgage bonds that were called early at a premium and were replaced by the lower-rate mortgage debt. Portland General will also use some of the funds to help finance the construction of its Port Westward plant in Clatskanie, Ore.

The deal timing reflects the current relatively low interest rate levels, on a 20-year view. The \$275 million bonds were issued in two parts in order to stagger maturities: a \$175 million of

6.31%, 30-year tranche and \$100 million 6.26%, 25-year offering. Warberg says **Deutsche Bank** and **JPMorgan Chase** were the leads.

The \$285 million, 400 MW gas-fired Port Westward plant has been under construction since 2004, with completion set for next year.

Nevada Power Calls Pricey Mortgage Bonds

Nevada Power has decided to redeem \$78 million of outstanding high-coupon 7.2% first-mortgage bonds. **Bill Rogers**, treasurer at parent company **Sierra Pacific Resources**, says Las Vegas-based Nevada Power is in the process of phasing out its first-mortgage indentures so that its general and refunding notes will move to the top of the list of senior debt. The first mortgages will be redeemed around May 30 with either cash or short-term borrowings and later replaced with longer-term debt, the treasurer explains, adding that no plans are in place yet.

Post redemption, the utility will have about \$39 million of 6.6% first mortgage notes remaining. Nevada Power has already received approval from the **Public Utilities Commission of Nevada** to refinance that debt, Roger says, declining to specify the exact timing of that redemption.

Moody's Investors Service rates Nevada Power senior unsecured debt Ba1. The most recent offering from the utility was a 10-year issue priced at 5.9%. Its sister **Sierra Pacific Power** also issued a 10-year, 6% debt offering.

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VC Firm Fundraises For Renewables Startup

New York-based venture capital firm **iQ Venture Partners** is a third of its way to its \$10 million goal of fundraising for Arlington, Va.-based **Verdant Power's** Roosevelt Island Tidal Energy (RITE) project. The firm hopes to complete the efforts by June, according to **Lloyd Bankson**, iQ's managing director.

The RITE Project will be the first tidal energy project to be granted a license from the **Federal Energy Regulatory Commission**. Once constructed, it will consist of approximately 390 turbines located in the East Channel of the East River

adjacent to the east shore of Roosevelt Island in New York. It is expected to generate up to 10 MWs. The anticipated completion date is early next year.

iQ is the only firm fundraising for this start-up after Verdant selected it, Bankson says. Prior to joining iQ three years ago, Bankson was an executive director of **Goldman Sachs** and **JP Morgan's** financial institutions. The firm did not launch a specific fund for this venture, Bankson notes. Its investors for this start-up are all U.S. based.

Verdant is a global developer of sustainable energy that commercializes hydropower systems, a new renewable energy technology for worldwide applications.

Financing Record (APRIL 25-APRIL 29)

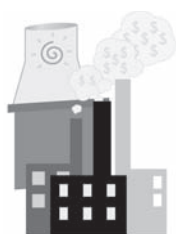
Debt

Issued	Issuer	Business Description	Amount(\$M)	Coupon (%)	Security	Maturity	Offer Price	YTM(%)	S&P
4/25/06	Taipower	Electric utility	18.8	1.85	Fxd/Straight Bd	5/3/11	100	1.85	AAA
4/25/06	Taipower	Electric utility	15.7	1.97	Fxd/Straight Bd	5/3/16	100	1.97	AAA
4/25/06	Taipower	Electric utility	34.5	1.97	Fxd/Straight Bd	5/3/16	100	1.97	AAA
4/25/06	Taipower	Electric utility	3.1	1.95	Fxd/Straight Bd	5/3/16	100	1.95	AAA
4/25/06	Taipower	Electric utility	18.8	1.95	Fxd/Straight Bd	5/3/16	100	1.95	AAA
4/25/06	Taipower	Electric utility	31.3	1.95	Fxd/Straight Bd	5/3/16	100	1.95	AAA
4/25/06	Taipower	Electric utility	31.3	1.95	Fxd/Straight Bd	5/3/16	100	1.95	AAA
4/25/06	Taipower	Electric utility	62.7	1.95	Fxd/Straight Bd	5/3/16	100	1.95	AAA
4/25/06	Taipower	Electric utility	3.1	1.85	Fxd/Straight Bd	5/3/11	100	1.85	AAA
4/25/06	Taipower	Electric utility	15.7	1.85	Fxd/Straight Bd	5/3/11	100	1.85	AAA
4/25/06	Taipower	Electric utility	31.3	1.85	Fxd/Straight Bd	5/3/11	100	1.85	AAA
4/25/06	Taipower	Electric utility	62.7	1.85	Fxd/Straight Bd	5/22/11	100	1.85	AAA
4/25/06	Taipower	Electric utility	15.7	1.85	Fxd/Straight Bd	5/3/11	100	1.85	AAA
4/25/06	Taipower	Electric utility	15.7	1.97	Fxd/Straight Bd	5/3/16	100	1.97	AAA

M&A

Announced	Effective	Target Name	Target Advisors	Target Industry Sector	Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Nation	Value(\$M)
4/25/06	4/25/06	Alliant Energy Desdemona		Electric, Gas, and Water Distribution	United States	OGS Pipeline LLC		United States	
4/25/06		NorthWestern Corp	Credit Suisse Group; Blackstone Capital Partners LP	Electric, Gas, and Water Distribution	United States	Babcock & Brown Infrastructure		Australia	2,031.05
4/25/06	4/25/06	Oakhill Pipeline LP		Electric, Gas, and Water Distribution	United States	OGS Pipeline LLC		United States	
4/26/06		Australian-Infrastructure Asts	UBS Investment Bank; Goldman Sachs JBWere Pty Ltd	Electric, Gas, and Water Distribution	Australia	Alinta Ltd	Macquarie Bank	Australia	4,852.98
4/26/06		Energie AG Oberoesterreich		Electric, Gas, and Water Distribution	Austria	Undisclosed Acquiror		Unknown	585.196
4/26/06		Gaz de Bordeaux		Electric, Gas, and Water Distribution	France	Groupe Caisse des Depots &		France	
4/27/06		Ranhill Power Distn-Substation	Affin Merchant Bank BHD	Electric, Gas, and Water Distribution	Malaysia	Tenaga Nasional Bhd		Malaysia	7.949
4/29/06		Progress Energy Florida		Electric, Gas, and Water Distribution	United States	Southern Co Inc		United States	

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



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	Second-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 (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	Coleto Creek Power Station	ERCOT	632	Coal	Goldman Sachs	Int'l Power Agreed To Purchase For \$1.14B
Carlyle Riverstone/ Sempra	Topaz Power Group	ERCOT	2.9 GW	Gas&Oil	Greenhil & Co.	
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 Chocón	Argentina	1,320	Hydro	J.P. Morgan	Offer Memo End Of Jan.
	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).
	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Delta Power						
El Paso Europe	EMA Power	Hungary	70	Coal		Final Bids Due. Negotiations Are Taking Place With
El Paso North America (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		

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.
Goldman Sachs	Linden Generating Station	Linden, N.J.	775 MW	Gas	Goldman	GE Agreed To Purchase Asset.
	East Coast Power	Linden, N.J.	940 MW	Gas		
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.
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.



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PFR'S FIFTH ANNUAL POWER PROJECT FINANCE AWARDS

THE NOMINATIONS



PFR is unfurling the nominations for its annual awards acknowledging innovation and the best in power and energy non-recourse financing. The story over the last 12 months was the ubiquity of financial firms stepping up to acquire generation facilities, the bulk of which were funded in the B-loan market. Goldman Sachs and Morgan Stanley continued to step up and provide PPAs that appeared to help bolster the appeal of the many of the deals hitting the Street. Winners will be unveiled in our May 22 issue. To have your say e-mail Managing Editor Mark DeCambre at mdecambre@iinews.com.

Best Americas

La Paloma Generating Company

Sponsor: **Complete Energy**

Asset: 1,022 MW gas-fired, combined-cycle plant

Leads: **WestLB, Morgan Stanley**



The California plant was owned by a number of hedge funds and was the first to take out that type of industry. Complete Energy's \$525 million acquisition financing was the first deal to be offloaded by such

investors. Bankers cited several novel elements to the deal, including the PPA provided by Morgan Stanley before the financials closed and the issuance of debt securities by CIT and TCW Group, which allowed Complete to acquire the asset with no money down.

Santino Basile, co-head of West LB's financial sponsors and power and utility group in New York, says the deal ended up with about 120 investors and was flexed down on both liens of the transactions. Ultimately, the term loans were 6.5X oversubscribed.

Wolf Hollow

Sponsor: **Sequent Power Partners, Stark Investments**

Asset: 720 MW, gas-fired plant near Dallas

Leads: **WestLB, Goldman Sachs**

Following the structure established with the La Paloma deal, Wolf Hollow stood out due to the asset's back story, which saw the developer, AES Corp., handing the keys over to the original debt arranger, KBC Bank.

WestLB's Basile says the \$400 million deal was a little tougher than La Paloma because of the various moving parts

that involved maneuvering around litigation issues surrounding the engineering and procurement contract. Wolf Hollow also carried merchant risk which was ameliorated by a hedge put in place by Goldman. The credit facility was almost two times oversubscribed, with over 30 institutions committing to the deal.

Neptune Regional Transmission System

Sponsor: **Neptune Regional Transmission System**

Asset: 600 MW, transmission cable that will connect New Jersey and Long Island

Leads: **Société Générale**

The challenge Neptune's transmission project presented to Société Générale was structuring the debt over the life of the asset, which could be expected to have a 50-year life span. The \$550 million private placement of 22-year notes ultimately allowed the sponsor to lock in long-term



"The financing of the project was a great milestone and we hopefully will see other infrastructure projects like that happen in the future."

—**Christopher Hocker**, Neptune

rates, but also to structure in a deferred takedown during the construction period. Letters of credit were also provided by the

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bank, with **Allied Irish Bank** and **DZ Bank** providing additional LCs (PFR, 7/18). Ultimately, institutional investors bought the majority of the debt.

Christopher Hocker, v.p. of planning for Neptune in Fairfield, Conn., says he believes there was such a strong interest in the deal because of the credit-worthy offtaker, **Long Island Power Authority**, which had signed a 20-year contract. "The financing of the project was a great milestone and we hopefully will see other infrastructure projects like that happen in the future," Hocker says. Construction began last year, with completion scheduled for around July of 2007.

Boston Generating

Sponsor: **K-Road Ventures**

Asset: 3GW of Exelon Boston Generating facilities

Leads: **Credit Suisse First Boston**

CSFB's refinancing of the Boston Generating debt was one of the first debt and equity restructuring deals the marketplace had seen, foreshadowing the restructurings that were to come later. The deal was hard to get done due to the number of involved parties, since the debt was owned by over 40 hedge funds. The almost \$800 million b-loan encountered bumps along the way, including working out tax consequences of restructuring the debt and getting **Federal Energy Regulatory Commission** approval. The refinancing included a \$350 million first lien loan, a \$300 million second lien loan and a \$130 million new credit facility.

As the defaulted paper for assets around the country finds its way back into the hands of the investors, debt and equity restructurings like the Boston Generating deal have been seen more, including the recent **Entegra Group** deal led by **Citigroup**.

Calpine Steamboat Holdings

Sponsor: **Calpine**

Assets: 250 MW cogeneration facility in Freeport, Texas and a 375 MW combined-cycle plant near Mankato Minnesota

Leads: **Calyon, CoBank**



Brian Harenza, v.p. of finance at Calpine in San Jose, says the biggest obstacle in completing this \$503 million deal was, obviously, convincing lenders to commit to a deal being sponsored by a CCC rated company, especially since Calpine and its various affiliates handled all aspects of the deal,

from the EPC contract on down.

The financing for the two projects was finally wrapped up, even after hesitation on the behalf of lenders due to talk in the market place. Underpinning the construction of the Mankato and Freeport projects are long-term purchase agreements supplied by **Dow Chemical**, which inked a 25-year agreement at the 250 MW Freeport facility and **Xcel Energy**, which has a 20-year PPA in place at the 365 MW Mankato Power project (PFR, 4/4/05). The deal was structured in such a way as to be bankruptcy remote with the construction/term loan amounting to \$466.5 million, with \$36.5 million in letter of credit facilities kicked in.

Sabine Pass LNG

Sponsor: **Sabine Pass LNG**, subsidiary of **Cheniere Energy**

Asset: LNG receiving terminal and pipeline

Leads: **HSBC Securities, Société Générale**

Unique because it was the first liquefied natural gas deal project financed in the U.S., the Sabine Pass LNG's \$822 million, 10-year loan was in demand and upsized from \$741 million.



The upsized loan allowed the sponsors to alter the debt-to-equity ratio to 80:20 from the almost 70:30 split. This deal was also Cheniere Energy's inaugural debt offering.

Michael Whalen, managing director at HSBC in New York, says the deal was unique because it came at a time when there was a dearth of greenfield project financing. "The transaction came at an interesting time in the marketplace because there had been very little, up until that point, in greenfield project debt activity."

Cheniere has begun construction on the facility, which will be ongoing until 2009. It is supported by 20-year lease agreements with **Chevron Corp.** and **Total**.

Last Shot

PFR will post nominations for Best Renewables awards in the power sector on May 15. Send any last minute submissions to **Mark DeCambre**, managing editor, at mdecambre@iineews.com.

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

- **Consolidated Edison** reports **Mirant** and affiliates are seeking to void the 1999 acquisition of generating assets from two of Con Edison's utilities for \$476 million. According to Con Edison's quarterly report, filed with the **Securities and Exchange Commission**, Mirant and the affiliates claim the sale price exceeded the fair value of the assets and are seeking recovery (*Dow Jones Newswires*, 5/4).

- **TransCanada Corp.** reported a 17.6% rise in first quarter profit due partly to a strong performance from its power business. The Calgary-based company said net income was C\$273 million, or 56 Canadian cents per share for the period ended March 31, up from C\$232 million, or 48 Canadian cents per share, during the same period last year (*Reuters*, 4/28).

- **KeySpan Energy** Chief Executive **Robert Catell** is set to reap a \$45 million pay out when Britain's **National Grid Group** buys the company early next year (*Boston Globe*, 5/1).

- **U.S. Energy Systems**, which provides services to develop and operate small power plants, has hired **Credit Suisse Securities** to arrange \$130 million debt financing for the acquisition of natural gas assets in the United Kingdom. The company expects the financing will include a senior secured loan facility and a subordinated loan facility. The transaction is expected to go to market this month (*Associated Press*, 5/1).

- **Biomass Investment Group** plans to build an environmentally friendly power plant in Central Florida. **Progress Energy** has signed a long-term capacity contract at the plant, which will generate 130 MW. Financial terms were not disclosed (*Tampa Bay Business Journal*, 5/2).

- **Duke Energy** posted first-quarter net income of \$358 million, or 37 cents per diluted share, down from \$866 million, or 88 cents per diluted share, during the same period last year. Duke attributed the decrease to the restructuring of its ownership in **Duke Energy Field Services** (*Charlotte Business Journal*, 5/2).

- **Community Energy**, a Wayne, Pa.-based wind company, has agreed to be acquired by Spain's **Iberdrola** for \$30 million. The company said it was selling out due to wind's emergence as a competitive energy alternative which has made it difficult for small companies to obtain construction materials (*The Philadelphia Inquirer*, 5/3).

- Canada's **Parker Brothers Contracting** has joined forces with

Germany's **Kaefer Group** to form **Parker Kaefer**. The entity will focus on the construction of liquefied natural gas receiving terminals in Canada's emerging LNG business (*The Chronicle Herald*, 5/3).

- Louisiana Governor **Kathleen Blanco** may veto plans for construction of a liquefied natural gas port. She has until Sunday to weigh in on the federal license for Main Pass Energy Hub, an LNG terminal sought by **Freeport McMoRan Energy** (*The Times-Picayune*, 5/3).

Europe

- Czech Republic's power utility **CEZ** has agreed to buy a coal-fired power plant from the Bulgarian government for €206 million. CEZ also agreed to invest €40 million over four years in other projects in Bulgaria's energy sector (*Associated Press*, 5/4).

- **International Business Machines** has signed a multi-year agreement with **British Energy** to advise the generator on extending the lives of its nuclear plants, as well as improving operational and financial performance (*Dow Jones Newswires*, 5/4).

- European Union regulators threatened to sue Spain for shielding its biggest utility, **Endesa**, from a takeover bid by **E.ON** of Germany, as part of a broader crackdown on resistance to cross-border mergers (*International Herald Tribune*, 5/4).

- Italy's **Enel** has renewed a €50 billion financing with banks that had been arranged to back future strategy plans, including acquisitions, as the power company eyed a move for French utility **Suez** or its assets (*Dow Jones Newswires*, 4/28).

- Spain's **Santander Central Hispano** is in no rush to sell its 28% stake in the Spanish energy company **Compania Espanola de Petroleos**, or any of its other industrial holdings, according to **Jose Antonio Alvarez**, cfo at the Madrid-based bank. Speculation about the bank's plans surged after a court ruling partially resolved a dispute between Santander and France's **Total** (*Dow Jones Newswires*, 4/28).

- The European Union warned **OAO Gazprom** that the purchase of a Western energy company would be subject to EU antitrust laws and that its monopoly position as the exclusive exporter of natural gas to the EU from Russia is one that would be considered in any antitrust reviews (*Wall Street Journal*, 5/3).

Weekly Recap (cont'd)

Australia

● Australia's **Woodside Petroleum** has signed a binding agreement to extend the supply of liquefied natural gas from its North West joint venture to Japan's **Toho Gas Co.** Toho Gas will purchase up to 760,000 tons of LNG a year over 10 years from 2009, tripling its current commitment to the project (*Reuters*, 5/1).

Asia

● India and Iran are renegotiating a multi-billion dollar liquefied natural gas deal. Last year, the **National Iranian Gas Export Company** said it would export LNG to India for 25 years from the end of 2009, but the terms and price are being reworked. The deal is subject to ratification by the Iranian government (*Reuters*, 5/2).

● Vietnam's **Electricity of Vietnam** plans to sell 900 billion dong (\$56.4 million) worth of bonds in May or June to raise money for three power plant projects. The five-year bonds will carry an annual coupon of 9.5% during its first year. The bonds will be underwritten jointly by **Australia and New Zealand Banking Group** and the **Saigon Securities Inc.** (*Reuters*, 5/3).

EX-COVANTA CHIEF

(continued from page 1)

Sowood Capital, which was launched by **Harvard Management Company's Jeff Larson**, asked Makin several months ago to launch an IPP platform in which it could invest. Sowood recently closed a \$1.24 billion commodities-focused fund, **Sowood Commodities Fund Partners VI LP**. "We don't have a blank check," he says, noting that Waypoint must get approval for its potential deals.

Florham Park, N.J.-based Waypoint's investment approach will span the generation spectrum in order to compete with the wave of new entrants that have raised cash to invest in energy and power. "If it was easy, anyone could do it. There is a lot of high quality capital out there but there's still room for new entrants," Makin notes.

The firm's strategy will entail chasing down assets that have not formally been offered for sale and will also include targeting facilities that require management experience and structuring ability to unearth returns. "We have to find undervalued deals that have a little more hair," he says. It is amenable to teaming up with other competitors to develop or purchase assets and the firm is also expected to evaluate select transmission assets.

Debt financing will also be deployed. "It's really a question of

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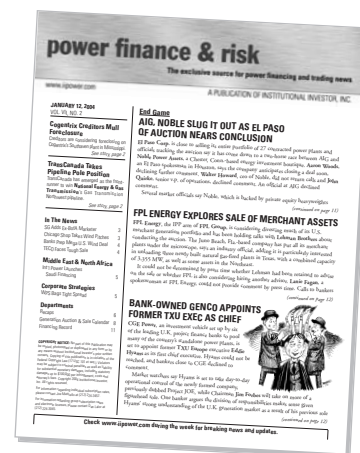
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what do you do to maximize your potential and secure decent returns. We are definitely going to leverage our investments in the project finance or portfolio finance market on most everything we do," Makin comments, noting that leverage levels would be determined on a case-by-case basis.

Makin joined **Ogden Energy Corp.** as ceo in 1999, when the entity had investments in both energy and entertainment. The executive put the distressed company through a restructuring, selling off much of its non-energy businesses in order to address some \$320 million in debt on the company's books tied to investments in arenas for the **National Hockey League's Mighty Ducks** and **Ottawa Senators**. The shop was renamed Covanta and Makin left in 2003 as the new entity emerged, at which point, he launched a private company to advise private equity shops.

—Mark DeCambre

GOLDMAN TO

(continued from page 1)

opportunities, for the time being our preferred plan is to water our own garden," he notes.

The portfolio upkeep will include restructuring PPAs as they expire as well as enhancing capacity at the plants it owns through its **Cogentrix Energy** operation, where Kellerman is also co-president. One undisclosed Cogentrix facility is expected to see a doubling of its capacity after the company recently won a request from an entity seeking to garner additional electric capacity, he notes, declining to elaborate.

The white shoe firm also is hoping to optimize financing at both the project and holding company level, says Kellerman, who is best known as one of the forefathers of generation contract monetization.

Goldman recently unloaded a plant in Linden, N.J., to **GE Energy Financial Services** for what is believed to be about \$1.3 billion (PFR, 3/13), and it advised on the sale of 632 MW Coletto Creek for \$1.14 billion to **International Power** (PFR, 4/24).

—Peter Roth

GOLDMAN, BAYERLB

(continued from page 1)

call for comment.

The financing is expected to consist of a 15-year loan and will help finance two facilities: the Blue Canyon II project in Southwestern Oklahoma, in Caddo and Comanche Counties that generates about 150 MW, and the Maple Ridge facility in Lewis County, New York, which Horizon co-owns with **PPM Energy**, will be able to generate about 300 MW when the site is completely built up.

Public Service Company of Oklahoma, a subsidiary of **American Electric Power**, is the sole offtaker of the Blue Canyon farm. At least a portion of the New York farm's capacity will be contracted by Goldman commodities trading subsidiary **J. Aron & Co.** in a seven-year PPA, while the remainder will be sold on a merchant basis.

—Mari Slater

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** at +44-0-20-7779-8914.

• **Midwest Renewable Energy Association** is hosting its 17th annual Renewable Energy and Sustainable Living Fair June 23-25. 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

"While there are external opportunities, for the time being our preferred plan is to water our own garden."—**Larry Kellerman**, managing director at **Goldman Sachs**, on the firm's plan on concentrating its portfolio of assets, as opposed to going after other generation assets (see story, page 1).

One Year Ago In Power Finance & Risk

Nai Kun Wind Development and **ABB New Ventures** were canvassing the market for debt and equity backers to support construction of a C\$1.35 billion (\$1.08 billion), 700 MW wind farm off the northeast coast of Haida Gwaii, 450 miles north of Vancouver. [The joint venture has still to obtain financing as the offtake agreement is still being negotiated with **BC Hydro**. Nai Kun is hoping for a contract for as much as 320 MW of its total capacity.]

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