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CANADIAN VENTURE SEEKS C\$1.35B FOR OFFSHORE WIND FARM

Partners **Nai Kun Wind Development Inc.** and **ABB New Ventures** are 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 venture between Vancouver developer Nai Kun and Mannheim, Germany-based ABB NV is considering issuing income trust units to fund the offshore development, says **Mike Burns**, president of Nai Kun. He notes that the venture is also mulling other limited partnership structures, which would pay investors out on a pre-tax basis from the anticipated cash flows of the project.

Altman says insurance companies and pension funds would be likely investors in the project, noting that the venture has already been in contact with **Ontario Teachers Pension**

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PSEG, EXELON WEIGH TRADING GROUP SPIN-OFF

Public Service Enterprise Group and **Exelon** officials are weighing a possible divestiture of its trading group, known as **PSEG Energy Resources and Trade**, in light of the companies' \$15 billion merger. No formal negotiations are underway regarding a possible spin-off of the group, said an official close to the matter. But financial institutions, which have sought to enter the trading arena after the collapse of **Enron**, are considered prime candidates for acquiring the unit if a decision is made to go that way, he said. **Neil Brown**, a spokesman for PSEG, and **Jennifer Medley**, a spokeswoman for Exelon, say the companies are still in the process of determining their integration strategy.

Observers believe that another possibility is that the bulk of Newark, N.J.-based PSEG's traders will ultimately be replaced by Exelon staffers, and several traders already have been

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KANSAS WIND CO. SEEKS INVESTORS FOR \$200M FUND



Scott Mataya

Wind developer **Krystal Energy** is raising equity for a planned \$200 million wind development fund. The vehicle will be used to finance construction of 170 MW in wind facilities scattered throughout the country's windiest regions, says **Troy Helming**, ceo in Lenexa, Kan.

The company hopes to build a series of plants ranging from 15-50 MW and then either sell power on the spot market or ink one- to three-year power purchase agreements with local utilities, says **Scott Mataya**, chief development and finance officer in San Francisco. This will prevent the company from getting locked into low prices, they say. The fund will look to deploy

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At Press Time

Garden State Outfit Powers Up \$1B Fund

LS Power Development has drummed up some \$1 billion in equity to invest in power generation facilities throughout the U.S. The East Brunswick, N.J., company, which has been making plays on a 3.7 GW portfolio of gas-fired generating facilities known as MachGen (PFR, 4/18), has been raising investment equity over the past year, says a source familiar with the matter. Mikhail Segal, president and co-founder of LS Power in East Brunswick and Frank Hardenbergh, v.p., did not return calls.

Traditional institutional investors, including insurance companies and pension funds, likely make up the bulk of the fund's investors, market watchers say. Fund details such as fees could not be ascertained.

Segal, who co-founded LS Power in 1990, began his career in the Soviet Union as an Energy Ministry official from 1971 to 1978. As of last year, LS Power has developed nine projects totaling over \$3 billion and 5.7 GW of generation capacity. Since 2001, LS Power Associates, the development arm of LS Power Development, has been focused primarily on building new coal-fired generation in the U.S.

Bankers Predict Pricing Challenge For Debut Transmission IPO

The planned \$300 million initial public offering of ITC Holding Corp., the parent company of International Transmission Co., is expected to be a challenge for bankers. The transmission company was created in 2003 as the acquisition vehicle for Kohlberg Kravis Roberts & Co., which acquired the operation from DTE Energy in 2003 for \$610 million. The IPO would be the first public offering of an independent transmission and therefore has no comparable issuances with which to base pricing, say bankers familiar with the deal. "The trick is figuring who the appropriate comps are," one banker says. Molly Morse, spokeswoman for KKR, declined comment.

Industry watchers have suggested lead underwriter Lehman Brothers should look at fully regulated utilities since revenues for both industries are rate based. "Many utilities are simply wires," says one transmission specialist. And others following the deal say lead banks may look at gas and electric distribution companies. "You can't point to one company," says an observer.

Credit Suisse First Boston and Morgan Stanley are acting as joint book-runners. Officials at CSFB and Lehman declined to comment, while calls to an official at Morgan Stanley went unreturned.

Investment bankers say the lack of pricing is not likely to delay the Novi, Mich.-based company's deal, which is expected to occur sometime this summer.

The IPO received Federal Energy Regulatory Committee approval on May 4. FERC has been supporting the move toward a more independent transmission system which will promote wholesale competition. This is reflected in ITC's approved rate of return on equity of 13.88%, says the banker. A typical utility may not exceed 13%, he adds. ITC operates some 2,700 miles of lines in southeast Michigan.

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**Institutional
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INTELLIGENCE FIRST

TransCanada Trolls For Gas Analysts

TransCanada is hunting for two business analysts for its Gas Transmission Northwest and North Baja pipeline systems. **Ronald Turner**, executive v.p. for gas transmission, and **Kurt Kadatz**, a spokesman for the company, did not return calls. It could not be determined whether the positions were new or existing. The analysts will develop and maintain data sources to analyze energy demand and supply in both the short and long term for the Calgary-based natural gas pipeline owner and power plant developer, says one headhunter.

The analysts, who will be based in Portland, Ore., will be charged with evaluating regulatory decisions relating to the pipeline systems. The North Baja System is the 80-mile U.S. portion of a 220-mile pipeline that primarily serves electric-generation load in the Mexican region of Baja California, while the Gas Transmission Northwest system connects markets in California, Nevada, and areas in the Pacific Northwest with the Western Canada Sedimentary Basin.

Renewable Troika Kicks Off N.Y. Advisor Firm



Garth Klimchuk

Three industry firms are launching **Northwinds Advisors** to advise renewable companies on North American mergers and acquisitions opportunities as well helping builders to bankroll fresh projects. **Garth Klimchuk**, managing director of Northwinds in New York, says matching up renewable energy builders with investors/utilities will be a

significant part of the operation's focus coming out of the gate. The Manhattan-based advisor is a venture between Chicago broker-dealer **The Gemini Securities Group**, which focuses on debt and equity private placements, private wind company **Reunion Power** and boutique investment bank **CENATAR Advisory Group**.

Primarily, Northwinds will aim to identify investors looking to benefit from production tax credits granted for developing biomass, geothermal and wind facilities. The advisor plans on helping builders score equity as well as debt and hopes to leverage off its existing relationships with backers including insurance firms, Klimchuk notes.

"We see Northwinds as filling a real need for the industry as companies or utilities are looking to use these tax credits to reduce their overall tax rate," Klimchuk comments. Although production tax credits are expected to expire at year-end, the firm is working under the generally accepted assumption that it will be renewed sometime this year, he adds.

Northwinds plans on targeting projects in the small- to medium-size range, which translates into facilities generating some 50-150 MW, built over several stages. Ideally, the company

will attempt to work with developers seeking to fund a series of projects in order to achieve economies of scale for investors.

PSEG Official Makes Merrill Move

Edward Sondey, v.p. of finance and development at **PSEG Power** in Newark, N.J., has left the firm to join **Merrill Lynch's** energy and power banking group in New York. Sondey joins Merrill as a coverage banker focusing on generation, says an official close to the matter. **Neil Brown**, a spokesman for PSEG, confirmed the executive's departure and said he expected a replacement to be named last week. Brown did not return calls at press time to confirm whether someone had stepped into the role. Earlier in the week he had declined to identify the candidate. **Laurel Coben**, co-head of the Merrill group, and **Terez Hanhan**, a spokeswoman for the firm, did not return calls for comment.

The move comes amid the planned \$15 billion merger of Chicago-based **Exelon** and Newark, N.J., **Public Service Enterprise Group** (PFR, 12/23). At PSEG Power, Sondey was responsible for the company's analytical, reporting and forecasting functions, as well as asset acquisition and development activities.

ANP Secondary Credits Slide On Weakness

The bank debt levels for **ANP Funding**, a subsidiary of **International Power (IP)**, which owns and operates six gas-fired plants, have moved from 91-93 to 85-83. The IP subsidiary posted weaker than expected earnings two weeks ago with the market expecting losses of \$4-5 million of EBITDA. It came down to minus \$16 million, a trader said. IP spokeswoman **Sarah Richards** says the company's earnings will be officially posted on Thursday.

In 1996, IP entered into \$1.376 billion of non-recourse debt to fund the construction of five gas plants in Texas and Massachusetts, according to research from distressed debt firm **Imperial Capital**. Approximately \$480 million was paid down by the time the debt was restructured in 2004. It now consists of a \$450 million A loan and a \$399 million B loan led by **Credit Suisse First Boston** and **Morgan Stanley**.

Last year International Power's North American assets incurred losses attributed to continued weakness in Texas and New England markets. One of the primary reasons was the reduction in turnover principally due to the company's Hays plant in Texas being mothballed last year. The Hays facility has since been reinstated, which is expected to slightly improve future earnings and cash flow.

ANP Funding's weak numbers affected **InterGen's Cottonwood Energy Project** and **Exelon Boston**. Small pieces of Cottonwood traded at 81 from 83 last week. Exelon was quoted down to 111-112 settling at 112-113 1/2, according to a trader.

UBS Gas Trader Bounces To Hedge Fund

A UBS executive director and natural gas trader has defected to **Alpha Energy Partners**, a Columbus, Ohio-based hedge fund. **John Broyles**, who traded East Coast gas out of UBS' New York office, resigned late last month. A call to **Don Black**, head of the East Coast gas trading desk at UBS, was not returned. Broyles was between jobs and could not be reached for comment. **Allison Chin-Leong**, a spokeswoman for the bank, confirmed Broyles' departure but declined further comment.

In March, Alpha was looking to add four or five natural gas traders and one to two risk managers to its nine-person operation (PFR, 3/18). **Barry Hines**, advisor to Alpha at **Boomerang Capital** in Rowayton, Conn., says that additional gas traders were hired along with Broyles, but declined to name them.

Broyles was previously a trader for hedge fund **Citadel Investment Group**.

Alpha founder **Lew Williams** could not be reached for comment. The hedge fund was launched last fall by Williams (PFR, 9/24), an **American Electric Power** trading veteran. The fund, which invests primarily in the North American natural gas market, has raised nearly \$200 million in separate funds targeting both domestic and offshore high-net-worth investors eyeing the power/energy space and plans to grow from an initial \$50 million to some \$500 million over the next two or three years.

Westar Wraps Syndication For Upsized Credit

Westar Energy closed syndication on a five-year senior secured credit facility, boosting the amount from \$300 million to \$350 million. Some 16 lenders signed onto the deal, says a banker familiar with the credit. The new line, backed by first-mortgage bonds related to subsidiary **Kansas Gas and Electric**, will replace an existing unsecured, three-year facility (PFR, 4/18). The original line, obtained last year, was priced at 30 basis points over LIBOR undrawn and 150 basis points drawn. New pricing could not be obtained.

Names of the participating lenders also could not be ascertained, but watchers say the deal, led by **Bank of New York** and **JPMorgan**, was syndicated largely to the company's existing lender group. **Greg Greenwood**, treasurer at the company's Topeka, Kan., offices, declined to comment.

According to Westar's public filings, **Citibank**, **Union Bank of California** and **Wachovia Capital Markets** were among the banks that participated in previous deals. Officials at BoNY declined comment as did JPMorgan spokesman **Michael Dorfsman** in New York. **Joseph Cassan**, managing director at

Citi, did not return calls, nor did various officials at UBoC. **Jim Pierpoint**, spokesman at Wachovia, could not make an official available for comment.

Carlson Analyst Jumps Ship

Christopher Floyd has left **Carlson Capital**, where he has worked as an energy and utilities analyst since 1999. Floyd left the Dallas-based hedge fund last week and has not yet resurfaced, says an assistant fielding calls for the departed analyst. It could not be determined whether his position will be filled. Neither Floyd nor **Clint Carlson**, president of the firm, responded to messages.

A group of Carlson Capital officials left in early March to form their own shop, **Verity Capital** in Fort Worth, Texas. A call to **Rory Connor**, a Verity co-founder, was not returned. Carlson manages roughly \$4.2 billion via **Black Diamond** energy funds, which it launched six years ago. The vehicle has been set up to invest in utility operations as well as other energy-related outfits.

Morgan Stanley Pair Defects To JPMorgan

An originator and a junior trader in **Morgan Stanley's** power group have gone to **JPMorgan Securities** and another departure may be imminent. **David Samuels**, an originator, and **Nadim Soylemez**, an associate junior trader, left the firm's New York City office last week, says **Simon Greenshields**, global head of the firm's gas and power group in Purchase, N.Y. A second junior power trader, whom Greenshields declined to identify, may also leave the firm soon, he notes.

JPMorgan has been making an aggressive push to lure traders and marketers from Morgan Stanley's power group over the past few months and bagged senior trader **George "Beau" Taylor** in March as global head of gas and power trading (PFR, 3/18). Samuels and Soylemez, who worked with Taylor at Morgan Stanley, will assume similar roles at JPMorgan. Samuels and Soylemez were between jobs and could not be reached for comment. JPMorgan spokesman **Michael Dorfsman** did not return calls.

Despite the defections, Greenshields says Morgan Stanley will continue to bulk up its power trading group in the U.S. and abroad (PFR, 3/25). The power and gas trading team has grown 6% so far this year despite the recent departures, up to 213 from 200 at the start of the year, he notes. The bank is in late-stage negotiations with a gas trader and a power trader. Morgan Stanley hopes to make those hires within the next month, he says, declining to identify the hires.

Corporate Strategies

SoCal Edison Shops \$400M Preferreds

Southern California Edison has issued \$400 million in non-cumulative preferred stock with a 5.349% dividend. Proceeds have been tagged for the redemption of more expensive securities as well as general corporate purposes, says **Robert Boada**, treasurer at the utility's Rosemead, Calif., offices. Indeed, earlier this month, SoCal announced its plans to redeem \$63.75 million of cumulative preferreds. The 6.05% series will be redeemed at par and was replaced by a lower-rate offering.

Boada says SoCal will be issuing another \$650 million to get its preferred equity capitalization from 5% to 9%, providing the company with a better interest coverage ratio. **Philip Smyth**, director in the global power group at **Fitch Ratings** in New York, says the move will help SoCal shrink internal expenses and boost cash flow. "These are all constructive things," he adds.

Priced at par, the preferred share offering was led by **Lehman Brothers** and **Citigroup**. Lehman and Citi also led the company's corporate credit facility, which made selecting the institutions a logical move, Boada notes. Calls to officials at both banks went unreturned.

Maine Power Refinances Pricey MTNs

Central Maine Power has refinanced approximately \$25 million in 8 1/8% medium-term notes, shaving more than 200 basis points off the rate it was paying. **Howard Coon**, director of finance at CMP's parent **Energy East** in Gloucester, Maine, says the MTNs, set to expire in 2025, were not callable until March. Otherwise, the utility would have redeemed the notes earlier given a presently favorable refi environment. "Rates have been very attractive in the past couple of years," he notes. CMP replaced its higher-coupon notes with an identical amount in 5.78% non-callable 30-year MTNs. Coon explains that the new notes do not carry a call option, as the original issue did, because CMP did not want to pay for it, particularly because interest rates are projected to inch higher over time.

Central Maine favors issuing debt via an MTN program because it gives the utility more flexibility to offer debt in relatively small chunks without bearing additional cost for each issuance since you can register in advance for a specified amount at one time, Coon explains. "MTNs tend to be pretty efficient for issuers like CMP that issue as little as \$40 million at a time," he notes.

The new issue was underwritten by **Citigroup**, which has worked with Albany, N.Y.-based **Energy East** and its subsidiaries

in the past, noting the bank is one of the 15 or 16 institutions it works with consistently. "What we try to do is use those 15 or 16 banks exclusively in terms of investment or commercial banking needs underwriting, trading and cash management," Coon says. "And Citi is one of our top banks in terms of the credit they provide."

NorthWestern Washes Pricey Loans

NorthWestern Corp. has wiped out \$25 million in senior secured debt with cash on hand in an effort to shore up its balance sheet. The Sioux Falls, S.D.-based energy holding company is planning additional redemptions this year, including \$60 million of callable 7% first-mortgage bonds, which can be redeemed at the end of the third quarter, says CFO **Brian Bird**. NorthWestern emerged from bankruptcy earlier this year.

The energy outfit eliminated \$25 million of its \$100 million senior secured term loan B, says Bird. NorthWestern has trimmed debt by \$33 million since the end of 2004, bringing total outstanding debt to about \$795 million, he says. Its debt to capitalization ratio stands at about 52:48.

The loan, which was issued by **Deutsche Bank** and **Lehman Brothers** last November, was priced at LIBOR plus 175 basis points and matures in 2011. The debt is rated BB by **Standard & Poor's** and Ba1 by **Moody's Investors Service**. NorthWestern also plans to pay down the entire outstanding amount of its first-mortgage bonds, which were issued by **Morgan Stanley** in 1993. Those bonds mature in 2023 but are callable on May 31.

Shaw Group Sells Equity For Tender Offer

The Shaw Group, an engineering and construction player in the power sector, recently sold 14 million shares, netting \$260 million to purchase outstanding long-term debt. The Baton Rouge, La.-based company wanted the offering to come right after it announced its second-quarter earnings, in which it declared a fourth consecutive quarter of profitability, says **Robert Belk**, cfo. "We were able to tell our story fully without having to tell investors, 'We'll tell you how we're doing later.'"

The shares were priced at \$19.5 when they were offered and the stock closed at \$17.82 last Tuesday.

Proceeds will be used in the tender offer to buy close to \$237 million of its 10 3/4% senior notes (B+/Ba3) due 2010—wiping out 90% of long-term debt from Shaw's balance sheet. "It's an important step toward regaining investment-grade status again," Belk says, adding Shaw lost that status in 2001 when some developers of gas-fed power

plants went bankrupt, after Shaw began work on their projects. "There was a bubble in the industry and we were left holding the bag," he says.

Credit Suisse First Boston, UBS and Merrill Lynch were joint book runners on the offering. Belk said Shaw came upon the idea for a deal that would bring it back to an investment

grade rating when running through "what if scenarios." The finance team then began scouting for banks, judging them by, first, their perceived ability to execute and, second, their past support for Shaw. "It's as much art as science," he explains.

Belk says Shaw had no plans to return to the public debt or equity markets anytime soon.

Weekly Recap

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

The Americas

- **Calpine** has asked the **New York Stock Exchange** to investigate trading of its stock, which has been pushed down 35% amid rumors of a bankruptcy. Pressure was put on the stock about three weeks ago when investment firm, **Harbert Distressed Investment Master Fund**, questioned the company's ability to sell a power project in the U.K. (*Wall Street Journal*, 5/2).
- **General Electric Co.** is in discussions with several utilities about constructing "clean coal" power plants, a GE executive said last week. **American Electric Power** and **Cinergy** have already said they're moving in partnership with GE to build such plants using a low pollution coal combustion process that is just becoming commercially viable (*Dow Jones*, 5/2).
- Chicago-based **Invenergy** won approval from state regulators in March to begin construction of a wind farm in Montana between Judith Gap and Harlowtown. It's expected to include 90 to 100 turbines. Officials expect construction to start this summer with the plant running by year-end (*Associated Press*, 5/2).
- **Imperial Oil Ltd.** has halted development of the Mackenzie gas pipeline in the Northwest Territories of Canada citing a lack of progress regarding, among other things, the finalization of benefits and setting up a timetable for the project. Development of the \$7 billion pipe will commence once substantial progress has been made regarding regulatory issues (*CBC News*, 5/2).
- Gov. **Arnold Schwarzenegger** last week filled a four-month-old vacancy on the influential **California Public Utilities Commission** by appointing **John Bohn**, a fellow Republican. Bohn, 67, is expected to be sworn in before the PUC's meeting next week, giving the state's top energy and telecommunications regulator a full slate of five commissioners for the first time this year (*San Diego Union-Tribune*, 5/3).

- Houston-based **Sithe Global** and the Navajo Nation want to build a 1,500 MW coal-fired power plant, called Desert Rock, on 600 acres of Navajo land near Farmington, Colo. (*Summit Daily News*, Colo., 5/3).

- Wisconsin Governor **Jim Doyle**, signed a bill providing new options for power plant construction financing. The new bill allows for a fixed return on equity which locks in the financial terms over the life of the plant (*Green Bay News Chronicle*, 5/3).

Asia and Australia

- **Glow Energy** is hoping to be awarded a portion of the 7,000 MW of power requested by the Thai government. Glow, partially owned by Belgian **Suez-Tractabel SA**, is aiming to win a contract to provide some 1,400 MW of that request, says CEO **Peter Termote**. This year, the government is likely to open bids for 10 new projects (*Dow Jones*, 4/29).
- **Huaneng Group** has teamed up with **China Petroleum & Chemical Corp** to build a liquefied natural gas terminal and an auxiliary power plant in Qingdao, according to the *China Daily*. Details were not reported. China Petroleum will build the terminal while Huaneng will develop the plant (*Forbes*, 5/2).
- **Central Ranges Natural Gas and Telecommunications Association** will begin construction of a natural gas pipeline in Australia that will run from between Dubbo and Tamworth. Central Ranges has inked agreements with 17 off-takers and will commence construction of the pipeline in August (*The Northern Daily Leader*, 5/3).
- **Stanwell Corp.** will file applications next week for approval to build a A\$217 million 123 MW wind farm at Barn Hill, west of Red Hill and Mundoora in Australia. **Ken Jack**, business manager for the project, said the company still needs to get a generating license and state approvals (*Yorke Peninsula Country Times*, 5/3).

• New Zealand's **Contact Energy** is warning the government it may not build a big gas-fired power station near Auckland if the \$363 million new transmission line in the central North Island is delayed. Building several small power stations near Auckland is seen as a strong alternative (*Dominion Post*, New Zealand, 5/1).

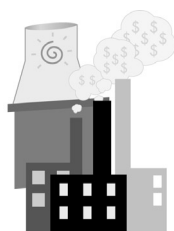
Europe and The Middle East

• **CEZ**, a Czech power company, made a preliminary offer last week for the purchase of a coal power station in Kozenice, Poland. A 10% stake in the power station with a nominal value of about \$14 million is up for grabs (*Access Czech Republic*

Business Bulletin, 5/2).

• A consortium including **Iberdrola Spain**, **General Electric**, **Siemens**, Italy's **Maire Engineering** and India's **BHEL** have expressed interest in building an 85-135 megawatt power plant in Vlora, Albania (*Forbes*, 5/3).

• Twenty firms have shown an interest in a 100 MW wind farm project that will generate power in Pakistan, said **Mohammad Noman Saigal**, the adviser to the country's chief minister for environment and alternate energy. He told reporters last week that Japan will provide a soft loan to Pakistan for the project (*Asia In Focus*, 5/3).



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
AES	Wolf Hollow	Texas	730	Gas	N/A	Transferred to KBC-led creditor group.
	Termomamonal	Colombia	90	Gas	None	Ongoing.
	Ottana	Italy	140	Gas		
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	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		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Cargill Bought Debt Portion. (PFR, 12/27) An Undisclosed Buyer Has Emerged.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Duke Energy North America	Bridgeport Energy Project	Bridgeport, Conn.	490 MW	Gas	CSFB	Considering Sale Or JV.
	Maine Independence Station	Penobscot County, Maine	520 MW	Gas		
	Bayside Power Project	St. John, New Brunswick	260 MW	Gas		
	Fort Frances Cogeneration Project	Fort Frances, Ontario	110 MW	Gas		
	Lee Energy Facility	Lee County, Ill.	640 MW	Gas		
	Vermillion Energy Facility	Vermillion County, Ind.	640 MW	Gas		
	St. Francis Energy Facility	Glennonville, Mo.	500 MW	Gas		
	Washington Energy Facility	Washington County, Ohio	620 MW	Gas		
	Fayette Energy Facility	Fayette County, Pa.	620 MW	Gas		
	Hanging Rock Energy Facility	Lawrence County, Ohio	1,240 MW	Gas		
	Oakland Power Plant	Oakland, Calif.	165 MW	Gas		
	Moss Landing Power Plant	Monterey County, Calif.	2,538 MW	Gas		
	Morro Bay Power Plant	Morro Bay, Calif.	1,002 MW	Gas		
	South Bay Power Plant	Chula Vista, Calif.	700 MW	Gas		

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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
	Griffith Energy Facility	Mohave County, Ariz.	600 MW	Gas		
	Arlington Valley Energy Facility	Maricopa County, Ariz.	570 MW	Gas		
	McMahon Cogeneration Plant	Taylor, British Columbia	117 MW	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	None	Ongoing.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due. Negotiations Are Taking Place With BroadStreet Resources.
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Pawtucket	R.I.	67	Gas		Being Shopped To North American Power Group.
	San Joaquin	Calif	48	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	Intention To Sell.
	Crockett	Calif.	240 (24%)	Gas		
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		
EPRL	Glanford	U.K.	14	Poultry Litter	Rothschild	Ongoing.
	Thetford	U.K.	39	Poultry Litter		
	Ely	U.K.	13	Poultry Litter		
	Westfield	U.K.	10	Poultry Litter		
	Elean	U.K.	38	Straw		
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		
HSBC-led creditor group	Attala	Miss.	526	Gas	HSBC	Sold To Entergy
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	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		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
InterGen	La Rosita	Mexico	1,100		Citigroup	AIG And Ontario Said To Have Won The Bidding War.
	Redbud	Okla	1,220			
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
	El Bajio	Mexico	600			
	Termocali	Columbia	235			
	Rocksavage	U.K.	748			
	Spalding	U.K.	860			



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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
SG-led bank group (NEG developed plants)	Coryton	U.K.	732			
	Rijnmond	Netherlands	820			
	Knapsack	Germany	790			
	Catadau	Spain	1,200			
	Meizhou	China	724			
	Island Power	Singapore	750			
	Quezon	Philippines	460			
	Callide C	Australia	920			
	Millmerran	Australia	880			
	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
STEAG Teco Energy	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
	Dell Power Station	Ark.	540	Gas		Reviewing Options
	McAdams Power Station	La.	599	Gas		
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
United Utilities	Landfill Generation Portolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set To Launch Sale In May.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.

CANADIAN VENTURE

(continued from page 1)

Plan regarding contributing debt and equity. At this point, no agreements have been inked, he says. The venture is giving itself plenty of lead time for the financing – it does not expect to kick off in earnest until the fall of 2006, when government approvals are closer to completion. Calls to **Claude Lamoureux**, ceo at Ontario Teachers, were not returned.

Talks with **BC Hydro** regarding a power purchase agreement for 100% of the output are underway with an eye toward inking a PPA within the next six months, says **Michael Altman**, president at Nai Kun's parent company **Uniterre Resources**, in Vancouver. Calls to **Bon Elton**, president at BC Hydro, were not returned.

Roger Rosendahl, energy project finance partner at New York law firm, **Kaye Scholer** says the biggest risk factor is the quality of the technology. Burns says the company is looking at turbines from **Vespa**, **General Electric** and **Siemens**. While off-shore wind farms have been developed in Europe, they are new to North America. A wind farm planned by **Cape Wind Associates** in Cape Cod has stirred some strong protests from Sen. **Edward Kennedy** and environmental groups (PFR, 10/25). And Altman admits that a typical response to the Haida Gwaii project in its infancy was equally strong.

Still, construction of the wind farm, which would be the first off-shore wind project in Canada, is being promoted because of the dearth of wind power in the area, says **Paul Langley**, executive director at **CIBC World Markets** in Vancouver. CIBC is in talks with the developers to advise on the structuring financing on the deal, says Burns. Given the similarities of their projects, Cape Wind and Nai Kun, earlier this month, formed a

partnership that will allow them to more easily obtain turbines and blades for both projects.

—*Raquel Pichardo*

KANSAS WIND

(continued from page 1)

smaller projects simultaneously to take advantage of volume discounts, says Mataya.

About 35 sites have been explored throughout the Texas panhandle, the Dakotas, Minnesota, Michigan, Illinois, Ohio, Kansas and Pennsylvania, says Helming. Because lenders shun financing projects without PPAs in place prior to construction, the developments will be funded entirely with equity, Mataya says. Assuming returns are favorable and investors are willing, Krystal Energy may leverage the projects in the future, he adds. Leveraging is not likely to exceed 50% because of the short term contracts, he adds. Mataya would not comment on what form the debt could take.

The renewal of the production tax credits, the high costs of crude oil and natural gas and an excess of capital in the energy sector have been spurring an interest in wind over the past year, notes Helming. He adds that since wind is free, the only way to calculate risk is to look at historical lows, which still provide an internal rate of return of 9-12%, says Helming. "Investors are comfortable with that risk," he adds.

Factors including achieving the proper economies of scale and prevailing spot market prices will factor into the feasibility of a small merchant farm, says **Steele Fairbanks**, v.p. of project finance at **AES SeaWest** in San Diego, Calif.

The company has been in negotiations with several possible investors with one undisclosed investor agreeing to participate in

Financing Record (APRIL 27 - MAY 3)

Debt

Rule 144A	Issue Date	Issuer	Business Description	Amount (\$ mil)	Coupon (%)	Type of Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's
Yes	4/27/05	Tenaga Nasional Bhd	Electric utility	350	5.25	Fxd/Straight Bd	5/5/15	99.05	5.374	114	BBB	Baa2
	4/27/05	YTL Power Finance {Cayman}	Electric services	250	Zero Coupon	Gtd Exch Bonds	5/9/08	100	3.375		NR	NR

M&A

Date Announced	Target Name	Target Industry Sector	Target Nation	Rank Value(\$Mil)
4/27/05	AGL Resources Inc-Gas Pipeline	Electric, Gas, and Water Distribution	United States	
4/27/05	Saltville Gas Storage LLC	Electric, Gas, and Water Distribution	United States	62
4/27/05	GD Ningxia Shizuishan Power	Electric, Gas, and Water Distribution	China	16.936
4/28/05	Natl Transmission Corp-Sub	Electric, Gas, and Water Distribution	Philippines	0.543
4/29/05	TGR Enerji	Electric, Gas, and Water Distribution	Turkey	
5/3/05	Euro Coke & Energy Pvt Ltd	Electric, Gas, and Water Distribution	India	
5/3/05	JSW Power Ltd	Electric, Gas, and Water Distribution	India	

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

the fund, says Mataya. Interested investors have been those who do not typically work in wind but like the publicity of being associated with green energy and wish to reap the benefits of production tax credits, he says. So far the fund has about \$40 million in commitments.

Mataya says he hopes to have the fund fully committed by the beginning of August to start construction at the beginning of 2006. Pending the renewal of the production tax credits, the company may launch another vehicle of equal value at the end of 2006.

—R.P.

PSEG

(continued from page 1)

shopping themselves to unidentified banks, the official says.

PSEG's trading group is considered to be less risk averse in its trading approach than its counterpart at Exelon, creating concerns about a potential culture clash, says an official close to the matter. PSEG engages speculative trading, or trading that is not backed by physical assets, while Exelon does not, says the official. PSEG traders may also be reluctant to relocate to Kennett Square, Penn.,

where Exelon's traders are currently based and where the merged trading group will ultimately be located, the source says.

No staffing reorganizations will take place until the merger is completed in 2006, Medley notes, adding that the merged entity will most likely consist of both PSEG and Exelon traders.

—Christine Buurma

Correction

- In PFR's May 2 issue **Scott DeGhetto's** title was misstated. **DeGhetto** will join **JPMorgan Securities** as a senior coverage banker responsible for developing and managing relationships with energy clients. **Francois Poirier** is the head of the bank's power and pipeline business for North America.
- In PFR's May 25, the fuel requirement for **Biomass Group, LLC's** planned facility was misstated. The company's 200 MW facility will require 1.6 million tons of fuel per year.

Quote Of The Week

"There was a bubble in the industry and we were left holding the bag."—**Robert Belk**, cfo at **The Shaw Group** in Baton Rouge, La., on the construction company's credit downgrade in 2001 after some developers of gas-fired power plants Shaw was working on went bankrupt (see story, page 5).

One Year Ago In Power Finance & Risk

Citigroup had recruited **Stuart Stanley**, former managing director of **AEP Energy Services** in London, to replace **David Becker** as its global head of commodity trading. [Becker re-emerged at New York Hedge Fund **Trivium Capital Management** (PFR, 10/25).]

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