

power finance & risk

The exclusive source for power financing and M&A news

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Bids For Boston Generating Due

Bids for the **U.S. Power Generating Co.**'s gas plant portfolio in Boston are due Wednesday.

See story, page 2

At Press Time

ArcLight Buys KGen Plant	2
Financing Nears on Goshen II	2

In The News

Mejean Departs NordLB	3
Offshore Wind Remains Sluggish	3
Financial Close Approaches For Laredo	3
Wayzata Looks To Sell Plant	3
Push For Cross Hudson Resumes	4
Hudson Transmission Waits On NYPA	4
Ruby Financing Completed	4
Black Hills Sells A Stake In Wyo. Plant	4
Deal Imminent For Hudson I Geo	5
Scotia Hires New Harbor Team	5
EverPower Seeks \$500M For Wind	5

Corporate Strategies

So. Illinois Power Initiates Private Placement	5
Xcel Sells Notes For Equity	5
SDG&E Issue To Pay For Projects	6

Departments

Project Finance Deal Chart	6
News In Brief	7

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CALPINE LAUNCHES B LOAN FOR CONECTIV ACQUISITION

Calpine is coming to market today with a \$1.4 billion financing package including a B loan—one of the largest of its kind in more than a year—to finance the purchase of 4.5 GW of **Conectiv Energy** assets.

Credit Suisse, **Citigroup** and **Deutsche Bank** are leading the financing and holding a meeting today. The deal comprises a \$1.3 billion, seven-year term loan to finance the acquisition and a \$100 million revolver. The tenor on the revolver was unclear. Pricing is expected to be around 400-450 basis points over LIBOR. "We haven't seen a term loan B [in the power market] in awhile," says one banker. The size of the loan is the largest in the power sector since before **Lehman Brothers** collapsed in 2008, says another banker.

Calpine was involved in the last B loan in the sector when it went to market with a

(continued on page 8)

COAL-TO-BIOMASS CONVERSIONS TIPPED TO PICK UP

Acquisitions of coal plants for the purpose of converting them to biomass are likely to gather steam as more renewable portfolio standards come into play. Older coal plants under 100 MW are the most attractive for retrofitting. The key would be whether there is a fuel source located nearby, says **Mark Low**, v.p. of service projects at **Babcock & Wilcox Power Generation Group** in Barberton, Ohio.

Babcock & Wilcox is working to evaluate the feasibility of conversions for independent power producers and utilities, Low says, noting that interest has increased as states have passed renewable portfolio standards. He declined to name the companies.

"It's a niche attracting serious interest," says an industry official who advises clients on biomass conversions. **GDF Suez** is looking to acquire coal plants to convert to biomass

(continued on page 8)

RES OFFLOADING PROJECTS

RES Americas is in the process of taking final bids to sell its 252 MW Cedar Point wind project in Colorado, and next on the block could be its stake in the \$2 billion **Hydro Quebec** portfolio. The company halted its search for debt and equity and instead will begin selling development projects, says a person familiar with the company's thinking. Officials at **RES** declined to comment on whether it was looking to sell its stake in that portfolio.

Cedar Point has a 20-year PPA with **Public Service Company of Colorado**, an **Xcel Energy** company. Bidders are said to include a mix of financial sponsors, IPPs and energy companies. **RES** will sell to whoever can provide "levered equity returns in the low teens," the source says. Construction on the project is expected to begin next month.

RES Canada, a subsidiary, owns 30% of the MWs in the 954 MW portfolio of wind

(continued on page 8)

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

At Press Time

BostonGen Bids Due Wednesday

First round bids for U.S. Power Generating Co.'s natural gas plants in Boston are due Wednesday. Initial interest in **Boston Generating** was high, but the number of actual bids could be lower given that the assets will emerge from a bankruptcy process, deal watchers say. Whether the sale is a pre-pack or a 363 sale of bankruptcies will largely depend on the amount and type of bids and what buy-side advisors counsel clients to do, says a deal watcher. **JPMorgan** is running the process.

Financing arrangements have not been made yet and whether U.S. PowerGen will consider selling the assets individually is not clear. "It's not a cash liquidity issue—it's the inability to make covenants—so you can't even assume there would be a debtor-in-possession [facility]," says one deal watcher.

Assets for sale include the 801 MW Fore River and the 560 MW Mystic 7, both gas- and oil-fired, and the 1602 MW combined, natural gas-fired, Mystic 8 and 9, in the greater Boston area.

A U.S. PowerGen official declined comment and calls to JPMorgan officials were not returned.

ArcLight To Pocket Ga. KGen Plant

KGen Power is selling its 640 MW Sandersville simple cycle natural gas plant to **ArcLight Energy Partners Fund III** for \$130 million cash. The transaction needs approval from the U.S. Federal Energy Regulatory Commission.

The Sandersville plant has an offtake agreement for half its power starting in May 2011. KGen decided to start divesting its generation assets earlier this year after shelving a process in 2008 (PFR, 2/23). KGen has four remaining plants in Arkansas, Georgia and Mississippi.

Credit Suisse advised KGen; whether ArcLight used an advisor could not be learned. Calls to **Steven McDowell**, v.p. of M&A at KGen in Houston, officials at ArcLight in Boston and CS in New York were not returned before press time.

BP Approaching Financial Close On Goshen II

BP Alternative Energy and **Ridgeline Energy** are close to garnering financing for their 90 MW Goshen II wind farm east of Idaho Falls, Idaho. **Mitsubishi UFJ Financial Group**, **Caja Madrid**, **Commerzbank**, **Helaba** and **Mizuho** are leading the roughly \$260 million in financing. Pricing is expected to start between 250 and 275 basis points over LIBOR, with a 15-year tenor. Bankers could not be reached for comment.

Last month BP and Ridgeline signed a 20-year PPA with **Southern California Edison** that is expandable up to 130 MW, pending approval by the **California Public Utilities Commission**, according to a Ridgeline news release.

BP initially had targeted the consortium that financed a deal developed by BP and **Dominion**, but the developers' push for sub-300 basis points may have prompted Fowler lenders **BBVA**, **Société Générale**, **Banco Santander** and **Banco Sabadell** to pass on Goshen II (PFR, 3/4).

Steve Voorhees, CEO of Ridgeline in Seattle, did not return a phone call and **John Graham**, president of BP Wind Energy in Houston, couldn't be reached.

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Investor NEWS
INTELLIGENCE FIRST

Mejean To Join SunEdison

Bruno Mejean, NordLB's longtime head of structured finance origination in the Americas, will join SunEdison today as the solar company's managing director for project finance outside



Bruno Mejean

North America. Mejean will continue to be based in New York. His last day with the bank was Friday.

"Solar is moving real fast," he says. "Solar has great potential."

Mejean declined to say whether he was looking for a new opportunity after more than a decade at NordLB, allowing only that SunEdison—a core client of NordLB's—approached him about the position. "I'd rather be a user of financing right now than a supplier," he says. SunEdison is among the bidders on a **New York Power Authority** RFP for 100 MW of solar (PFR, 5/7).

Mejean's colleagues say news of his switch surprised them, but the move to the developer side isn't a departure for him. At **Raytheon**, he worked as direct of project finance and investments, overseeing several non-North American markets, according to a SunEdison news release.

Until NordLB taps a successor, its head of structured finance origination, **Andy Robinson**, will oversee the U.S. team.

Offshore Far Off

Cape Wind Fails To Excite Lenders

Federal approval of **Cape Wind Associates'** offshore wind farm isn't spurring much follow-on activity. Banks now perceive offshore wind as politically viable—the U.S. **Department of the Interior** had never approved an offshore wind farm before Cape Wind—but financiers are leery of pushing forward with other projects. "Nobody's budgeting offshore wind for next year or the year after," says a longtime project financier. "And if you're in my business, you're only thinking about next year."

"Offshore wind is the type of (technology) that will be financed in the next infrastructure bill—maybe in 2014—with something like high-speed rail. It's far off," says another lender in New York.

Government backing and a 15-year PPA with **National Grid** for the project's power hasn't convinced the market that it will move forward. "It's great that they got their permits, but when will it be operational?" asks one lender, referring to several lawsuits attempting to derail the Massachusetts farm from being built off the coast of Nantucket.

The National Grid PPA, starting in 2013, represents half of

the would-be farm's 420 MW output, and will cost ratepayers 20.7¢ per KWh, according to Cape Wind president **Jim Gordon**, which Massachusetts energy officials reportedly say translates to about \$1.59 more a month in electrical costs for the average homeowner. "It was a good, necessary step by the federal government to allow Cape Wind. But the project could still die," says a New York banker.

Barclays Capital is the sole financial adviser of the \$2 billion-plus project. Bankers declined comment.

EMG Circling Financing For Laredo

The financing for **Edison Mission Group's** 80 MW Laredo wind farm near Petersburg, Neb., is taking shape, a deal watcher says. A club deal with pricing about 250 basis points over LIBOR is expected within the next few weeks, the source says.

It is unclear which banks are participating in the deal and what the tenor will be. **Ron Litzinger**, CEO of EMG, in Irvine, Calif., couldn't be reached for comment.

In February, EMG signed a 20-year PPA with the **Nebraska Public Power District**, EMG affiliate **Laredo Ridge Wind** and **Midwest Wind Energy**. Laredo Ridge Wind will own the facility, according to an EMG news release. EMG bested 21 other bidders for the project.

EMG hopes the farm will be operational by year's end.

A spokeswoman declined to comment on the deal but says she expects construction to begin in a few weeks.

Minn. PE Shop Seeks Utility Buyer For Biomass

Wayzata Investment Partners is in discussions to sell its 16.5 MW cogeneration coal and waste wood-fired plant in Thompson Falls, Mont., to a utility. The Thompson River plant has been in the process of refurbishment to a fully wood-fired plant, but it's not clear whether the facility is online yet, says a deal watcher, who declined to elaborate on other potential buyers. Boutique investment bank **New Harbor** is running the auction.

Blake Carlson, partner at private equity shop Wayzata, in Wayzata, Minn., declined comment. Calls to New Harbor officials were not returned.

Wayzata bought the plant in late 2007 from its original developers, **Barry Bates** and **Michael Underwood**, who started the project to use waste wood from **Thompson River Lumber**.

The facility can sell 90% of the power into the grid and 10% to the lumber mill, according to a permit issued in April by the **Montana Department of Environmental Quality**. Carlson declined to comment.

Cross Hudson Line Re-Ignites

Cavallo Energy is re-firing its proposed Cross Hudson Transmission line with a reduced price tag of \$525 million. It fell from \$600 million in the 18 months the project sat dormant, says **Philip Gennarelli**, president in Houston. A bidding process will begin Monday to secure shippers for the line. Gennarelli expects to select shippers by early August ahead of tapping banks for project financing, led by **Credit Suisse**.

With credit markets thawing, Cavallo has renewed efforts to build the 700 MW line from near a **PSEG Power** station in Ridgefield, N.J., to a **Consolidated Edison** substation on West 49th Street in midtown Manhattan.

The cost to connect the eight-mile, 345 kV line from a **PJM** interconnection in Ridgefield to Manhattan was lower than anticipated, Gennarelli explains. He also expects the project to need less equity than the 30-40% predicted (PFR, 12/19/2008). Cavallo had hoped to secure equity by April 2009, but investors pulled out of the project upon the near-collapse of the financial markets in late 2008, Gennarelli says. Bankers at Credit Suisse suggested delaying the project until credit markets had improved.

Cross Hudson could come online in the summer of 2013 if construction begins next year.

NYPA Considers Equity Stake In Hudson Transmission

The New York Power Authority has reentered discussions and is considering taking an equity stake in **Hudson Transmission Partners'** \$500 million transmission line instead of an outright purchase of the project, says a deal watcher. NYPA had said in January it was interested in buying the entire project, but had since gone quiet (PFR, 1/29).

The size and scope of financing the transmission line largely depends on how much equity the state-owned generation and transmission agency takes. "There seems to be renewed interest from the city side," says a project finance banker in New York, who set a financing floor of \$300 million.

Just one month ago, bankers worried that the city's apparent indecisiveness could further derail the eight-mile, 345 kV transmission line stretching from Ridgefield, N.J., to midtown Manhattan—or cause it to go "belly-up," as one lender put it. This project is a result of a 2006 NYPA RFP to bring a 500 MW transmission line to its New York City customers. Hudson is modeled on the Neptune Regional Transmission System, a 65-mile line between Sayreville, N.J., and Long Island's Nassau County.

Spokesmen for NYPA and **Starwood Energy**, which is backing Hudson with **Energy Investors Funds**, say they expect construction to begin later this year, but declined to elaborate on

ownership hurdles. Representatives of **Royal Bank of Scotland** and **Société Générale**, which share a mandate to lead financing, and EIF could not be reached for comment. **Richard Kessel**, ceo of NYPA, was not made available for an interview.

Ruby Debt Deal Closes

El Paso has reached financial close on its \$3 billion Ruby Express Pipeline, including syndicated debt of \$1.5 billion that was nearly doubly over-subscribed. Ticket sizes were scaled down rather than increasing the size of the loan.

Pricing on the loan is close to 300 basis points over LIBOR, and which jumps to slightly more than 375 bps over the course of a seven-year mini-perm, says a banker familiar with the deal. **Global Equity Infrastructure Partners** will take 50% equity in the project by investing up to \$700 million.

As recently as a month ago, bankers had expected the deal to be slightly cheaper—250 basis points over LIBOR, or 375 bps over the course of the seven-year mini-perm. It was unclear why the pricing was increased.

Banco Santander, **Bank of Montreal**, **Calyon**, **Scotia Capital**, **Société Générale**, **Royal Bank of Scotland**, and **UniCredit** are among the banks that took \$187.5 million tickets (PFR, 2/12). Bank officials either declined to comment or did not return calls. An El Paso spokesman could not be reached for comment.

Construction is pegged to start next month, a banker says.

Black Hills Sub To Sell Coal Plant Stake

Black Hills Power is selling a stake in its newly operational 100 MW coal-fired plant near Gillette, Wyo., to the local power district for \$62 million. The **Consolidated Wyoming Municipalities Electric Power System Joint Powers Board** will buy the stake and lease it to member city Gillette, according to documents filed May 7 with the U.S. **Federal Energy Regulatory Commission**.

The Joint Powers Board represents three city municipalities in Wyoming and will be responsible for 23% of the capex related to the plant. The buyer will pay a \$3.1 million deposit to Black Hills Power at the signing of the agreement. The city of Gillette will then control its leased portion of the facility.

Black Hills Power, a unit of **Black Hills Corp.**, had a seven-year power purchase agreement with Gillette, which included a buyout option that will terminate when the sale is finalized. The \$247 million Wygen III coal-fired plant went into operation April 1.

The parties expect regulatory approval by June 4. The expected closing date of the transaction or whether either party is using an advisor could not be immediately learned.

Montana-Dakota Utilities Co., a subsidiary of **MDU Resources**, owns a quarter stake of the facility and is not involved

in the sale but must approve the transaction. Calls to officials Black Hills Corp. in Rapid City, S.D., and Gillette's Utilities Administration were not returned before press time.

Salton Sea Geo Deal Imminent

Financial close on the nearly \$400 million Hudson Ranch I geothermal project in Salton Sea, Calif., is imminent, lenders say.

Pricing on a seven-year, \$300 million loan is expected about 325 basis points over LIBOR, says a banker familiar with the deal. Eight banks—including WestLB, ING and Société Générale—are committed to the loan, which was oversubscribed at almost \$500 million, says a deal watcher, who notes that early lead Helaba backed out of Hudson Ranch.

The 50 MW project is sponsored by Catalyst Renewables and Hannon Armstrong (PFR, 3/31). Bankers at WestLB, ING, and Société Générale did not return calls seeking comment. Eric Spomer, president of Catalyst in Dallas, and Jeff Eckel, president and ceo of Hannon in Annapolis, Md., could not be reached for comment.

Scotia Swoops On New Harbor Duo

Seth Keller and Boyd Nelson have left their positions as directors at boutique investment bank New Harbor to be the co-heads of U.S. power and utilities investment banking at Scotia Capital in New York. Jim Trimble remains U.S. power & utilities industry head and co-chair of the bank's global power business.

"Scotia Capital has identified power and utilities as a key area of growth," Trimble says. "Seth and Boyd have been hired to expand our product capabilities, and provide investment banking and advisory services to our clients with interests in the sector."

Keller was leading the sale of two biomass and two coal-fired plants for North American Power Group (PFR, 4/9). Calls to Jay Beatty, managing director at New Harbor in New York, were not returned before press time.

EverPower Targets Wind Trio Financing

EverPower will tap the debt markets in the coming months to finance three wind projects with a \$650 million price tag. EverPower and parent Terra Firma will put in roughly \$150 million in equity and seek \$500 million in debt, says Jim Spencer, ceo in New York. He declined to say whether EverPower is in talks with banks.

The developer plans to put shovels in the ground in Ohio, Pennsylvania and Washington in time to meet the construction deadlines for the U.S. Department of Treasury cash grant, Spencer says.

The first financing the company wants to ink is for the 130

MW Buckeye project in Ohio. EverPower is currently in discussions with potential offtakers on the project and is aiming to wrap financing this summer, he says.

The financing roster also includes the 115 MW Coyote Crest project in Lewis County, Wash., and an 80 MW expansion to the 62.5 MW Highland farm in Cambria County, Pa., which has a 22-year PPA with FirstEnergy.

EverPower is also looking for acquisitions to complement its early stage development pipeline. "We have a large greenfield pipeline and we're looking for projects that need capital," Spencer says, declining to say whether the company is in talks with potential buyers.

Corporate Strategies

III. Co-op Launches Private Placement

Southern Illinois Power Cooperative has launched a \$100 million private placement to fund development of its 1,600 MW Prairie State coal-fired plant in southern Illinois.

KeyBanc Capital Markets and Bank of Tokyo Mitsubishi-UFJ are leading the effort and are in discussions with insurance companies to take pieces of the deal. The issue launched this week and it is unclear when it will close. Pricing could not be learned. Bankers either did not return calls or declined comment.

Stephanie Oxford, finance manager at Southern in Marion, Ill., did not return a call for comment.

Xcel Issues Notes For Sub Equity

Xcel Energy sold \$550 million of notes last Monday reimburse subsidiaries for equity investments and pay down commercial paper. The proceeds will go to a general pool and are not allotted for specific utility subsidiaries, says Cindy Hoffman, senior investor relations analyst in Minneapolis, Minn.

Xcel had about \$498 million in commercial paper as of April 26.

A portion of the funds will likely filter to Public Service Company of Colorado to reimburse it for equity invested for its acquisition of two natural gas-fired plants from Calpine, Hoffman says. She adds that Xcel is still planning to issue about \$400 million in notes in the fourth quarter to fund the purchase.

The 10-year notes carried a 4.7% coupon. They priced 120 basis points over U.S. Treasuries. The bonds are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's.

Barclays Capital, Morgan Stanley and UBS Securities were joint bookrunners. The co-managers were Scotia Capital and US Bancorp. The banks selected for the transaction are relationship banks, says Hoffman. Officials at the banks either did not return calls or declined to comment.

SDG&E Issues Notes For Capital Projects

San Diego Gas & Electric is issuing \$250 million in first mortgage bonds to help pay off short-term debt and fund projects. Part of the proceeds will be used to replace 1.4 million spinning-dial electric meters with digital “smart” meters, upgrade 850,000 gas meters with digital modules and upgrade substations. The bonds have a 30-year maturity.

Some of the proceeds from the bonds could also be earmarked for SDG&E’s 120-mile Sunrise Powerlink line connecting renewable power in the Imperial Valley to San Diego, if the U.S. Department of Forestry approves the project, says Lee Schavrien, SDG&E’s senior v.p. for finance, regulatory and legislative affairs, in San Diego.

The Semptra Energy subsidiary is borrowing this month to help preserve more equity than debt, per a California requirement mandating that utilities, on average, have an even debt-to-equity ratio. In SDG&E’s March 31 filing with the U.S.

Securities and Exchange Commission, the utility had about \$2.2 billion in long-term debt and \$2.8 billion in equity. The company did not specify the size of its short-term debt.

The bonds, priced at 95 basis points over 30-year U.S. Treasuries, carry a 5.35% coupon and are the second round of notes issued by SDG&E in the past year. In May 2009, SDG&E issued \$300 million in first mortgage bonds, carrying a 6% coupon with a 30-year maturity. SDG&E may issue more notes by the end of the year to fund other ongoing projects. The utility could have issued a larger package of notes now, but executives had little appetite to pay interest on funds that wouldn’t be used immediately, Schavrien explains.

Citigroup Global Capital Markets, Deutsche Bank, UBS and Loop Capital of Chicago are the lead bookrunners. CastleOak Securities of New York and SL Hare Capital of Los Angeles helped arrange the bonds. Loop, CastleOak and SL Hare are diversity firms. Prior banking relationships figured into the companies selected, says an SDG&E spokeswoman. Bank officials did not return phone calls seeking comment.

Project Finance Deal Book

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

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Catalyst Renewables, Hannon Armstrong	50 MW Hudson Ranch I (geo)	Salton Sea, Calif.	WestLB, ING, SocGen	TBA	\$300M	7-yr	Financial close on nearly \$400 million deal imminent (see story, page 5).
Cavallo Energy	Cross Hudson Transmission	Ridgefield, N.J.-to-New York	TBA	TBA	\$400-\$450 M	TBA	Bidding process to secure shippers starts Monday (see story, page 4).
Edison Mission Group	Laredo Ridge Wind Energy Project	Petersburg, Neb.	TBA	TBA	TBA	TBA	Club deal with pricing at 250 bps over LIBOR (see story, page 3).
El Paso	Ruby Pipeline (675-mile Natural Gas Pipeline)	Wyoming to Oregon	Credit Suisse, Calyon, BMO, Scotia, SocGen, Banco Santander, RBS	TBA	\$1.5B	7-yr	Financial close reached (see story, page 4).
First Wind	Milford II (100 MW Wind)	Milford, Utah	TBA	TBA	\$220M	TBA	Expected to close this month (PFR, 5/3).
Horizon Wind Energy	Meadow Lake II	White County, Ind.	TBA	TBA	TBA	TBA	JPMorgan Capital selling tax equity stake (PFR, 5/4).
Hudson Transmission Partners	Hudson Transmission	Ridgefield, N.J.-New York	RBS, SocGen	TBA	TBA	TBA	Loan size depends on NYPA equity stake (see story, page 4).
Panda Energy	Two 15-20 MW photovoltaic projects	TBA	TBA	TBA	TBA	TBA	Con Edison Development will assist with financing (PFR, 5/3).
Pure Energy	Bayonne Energy Center	Bayonne, N.J.	Calyon, WestLB	Mini-Perm	\$300-400M	TBA	Deal will launch in May (PFR, 4/19).
Quintana Capital Group, Chase Power Development	Las Brisas Energy Center (1,320 MW petroleum coke-fired)	Texas	TBA	TBA	TBA	TBA	Looking for more than \$1 billion to finance the \$3.2B project (PFR, 4/21).
Starwood Energy Group	Sault Ste. Marie (40 MW solar)	Sault Ste. Marie, Ontario	NordLB	TBA	TBA	TBA	Starwood is hunting debt to develop 40 MW of photovoltaic projects in Ontario (PFR, 4/19).
Tenaska	Trailblazer Energy Center (600 MW coal-fired)	Nolan County, Texas	TBA	TBA	TBA	TBA	Tenaska will seek financing after there is more clarity on climate change legislation (PFR, 4/20).

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

News In Brief

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

Americas

- Mexico's **Federal Electricity Commission** is considering building 10 nuclear plants by 2028 as one of four plans to increase generation. The agency is also considering a plan involving mostly coal projects and one mixing wind and nuclear generation (*Reuters*, 5/12).
- The American Power Act proposes to create a task force to evaluate how existing federal and state, and proposed laws will affect the conversion of coal plants to lower-emitting facilities or retirement. Critics of the proposal say it could lead to exemptions (*ClimateWire*, 5/13).
- **Black Hills Energy** is planning a \$450 million, 375 MW gas-fired plant near Pueblo, Colo. The utility has applied for an 8-12% rate increase to fund the project (*The Pueblo Chieftain*, 5/13).
- **San Diego Gas & Electric** has signed a 20-year power purchase agreement with a unit of LS Power that is building a 130 MW photovoltaic project near Calexico, Calif. The Centinela Solar Energy project is slated to be online in 2014 (*Marketwire*, 5/13).
- A little more than a week after New Jersey began accepting solar rebate applications, the state's **Board of Public Utilities** closed the incentive program after being deluged with requests (*The Newark Star-Ledger*, 5/12).
- Utility stocks fared better than the rest of the S&P 500 during the financial crisis, and should be poised for some growth as the economy recovers, but the sector is down 3.9% this year. Power companies, including **Duke Energy**, are uncertain about industrial-power demand in the third- and fourth-quarters (*The Wall Street Journal*, 5/12).
- Renewables experts and environmentalists allege that **Jim Groth**, a former U.S. **Army National Guard** chief warrant officer who is Nevada's new energy director, is ill-suited for the position because he does not understand new renewables projects, particularly solar (*The Las Vegas Sun*, 5/11).
- **Alteris Renewables** of Wilton, Conn., acquired **ISI Solar**, a solar electric system maker based in New City, N.Y. ISI serves the northern New Jersey and southern New York region (*The Wall Street Journal*, 5/11).
- The U.S. **Department of Energy** has awarded \$62 million to companies, including **Abengoa Solar** and **eSolar** that are looking to build concentrated solar power projects (*Sustainablebusiness.com*, 5/10).

- **Tokyo Electric Power Company** bought an 18% stake in **NRG Energy's** two proposed nuclear reactors southwest of Houston for \$280 million. The deal is contingent on the project receiving a U.S. **Department of Energy** loan guarantee (*Forbes*, 5/10).
- **Exelon Power** will retire two fossil-fuel fired plants earlier than expected. The planned retirement of Cromby in 2011 and Eddystone in 2012 was originally postponed by **PJM Interconnection** (*Energy Central*, 5/10).
- **Dominion Resources** retreated from earlier plans to use **GE Hitachi Nuclear Energy** as a vendor on its planned North Anna, Va., nuclear plant, selecting **Mitsubishi Heavy Industries** instead (*The Wall Street Journal*, 5/7).

Europe/Africa

- Spanish company **Actividades de Construcción y Servicios** is poised to win a contract for a solar-thermal project up to 100 MW in Egypt (*BusinessWeek*, 5/13).
- Power executives are concerned that a Northern European boom in offshore wind amid uncertain installation could produce a bubble. Northern Europe is pushing offshore wind development in its efforts to meet a European Union goal of 20% of energy from renewable sources by 2020 (*Reuters*, 5/11).
- The U.K. **Crown Estate** has approved **Scottish and Southern Energy** and **RWE npower Renewables'** 500 MW offshore wind project off the Suffolk coast. The Crown Estate owns the seabed out 12 nautical miles and can license renewable power projects up to 200 nautical miles out (*Dow Jones Newswires*, 5/11).
- Spanish renewables firm **Renovialia** delayed its \$205.3 million initial public offering on the Madrid exchange due to the European debt crisis. **T-Solar**, another Spanish company, previously delayed an IPO as well (*Reuters*, 5/7).

Asia/Pacific

- U.S. **Renewables Group** is planning to raise a CNY2 billion (\$293 million) fund for solar and waste-to-energy projects in China. The private equity shop expects to have a fundraising timeline by year end (*Reuters*, 5/11).
- **China Longyuan Power Group** intends to spend \$13 billion on 16,000 MW of wind turbines in China and overseas by 2015. The company last December raised \$2.2 billion in the world's third-largest IPO by an alternative energy company (*Bloomberg*, 5/9).

CALPINE LAUNCHES

(continued from page 1)

\$275 million refinancing for two Calpine operated plants owned by CIT last year (PFR, 6/5). But market watchers say this is the first new B loan of its size, not a refinancing, to hit the market across all sectors as investor appetite for high yield debt has resurfaced. "The market certainly can handle \$1 billion without question," says one institutional investor. "[Collateralized loan obligations] will take the paper if the rating is good." Even if CLOs pass on the deal, which has not yet been rated, plenty of loan funds are looking to buy high yield debt, the institutional investor adds.

The transaction will close pending regulatory approval. Bankers at CS declined to comment. Bankers at Citi and DB did not return calls for comment.

—Jeanine Prezioso

RES OFFLOADING

(continued from page 1)

projects being developed in Quebec with Hydro Quebec as the offtaker. EDF Energies Nouvelles' North American affiliate enXco is part of the consortium developing that slate of projects. The consortium is seeking financing, which is expected to close in the fall (PFR, 1/15).

—J.P.

COAL-TO-BIOMASS

(continued from page 1)

(PFR, 4/19). Coal and biomass plants have compatible boiler systems so they are easy to switch.

DTE Energy Services is in the final stage of having a 25-year PPA with Pacific Gas & Electric Co. approved by the California Public Utilities Commission, which will allow them to upgrade an acquired coal plant to biomass. The transaction between the DTE Energy subsidiary and NextEra Energy Resources is one of a handful of deals in a small but growing industry, bankers say. Catalyst Renewables and Hudson Clean Energy Partners are both in the process of buying New York coal facilities to upgrade to biomass (PFR, 5/10 & 5/3).

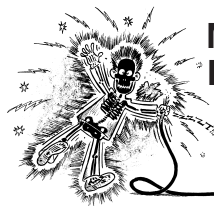
Calls to an official at DTE Energy Services in Ann Arbor, Mich., and NextEra Energy Resources in Juno Beach, Fla., were not returned.

—Holly Fletcher

Calendar

- SNL Energy will host the 7th Renewable Energy Finance Forum – Wall Street June 29-30 at the Waldorf-Astoria in New York City. To register, visit www.reffwallstreet.com or call 212.224.3570.

Alternating Current



Note To Underwater Sea Life: Make Room For Tidal Power

We doubt you, readers, are falling over yourselves to scuba dive in the chilly waters off the coast Northern Ireland. But if you did, you could explore the next wave of tidal power.

Minesto, a spin-off of Swedish aviation and naval technology company Saab Group, is developing an underwater kite-like generator called the Deep Green that is tethered to the ocean floor. The contraption looks like a large jellyfish with massive

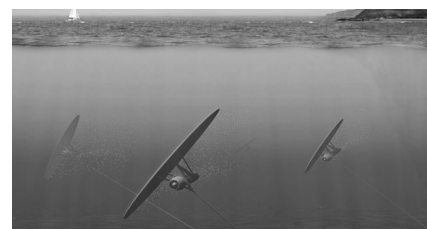
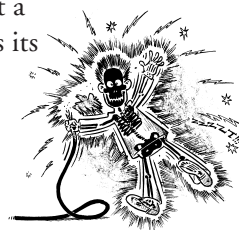


Photo Courtesy: Minesto

tentacles—without the sting. Test sites will go up next year.

The Göteborg, Sweden-based kitemaker has lined up EUR2 million (\$2.5 million) in funding to get its prototype in the waters, with hopes of the kite going commercial in four years. Each "kite" can generate 500 kW. The kite, with a 40 foot wingspan, swoops and floats at a speed 10 times faster than the ocean as its 330 foot cable steers it in chorus with tidal currents.

Despite the logistical questions of tethering a steel kite to the ocean floor, the Minesto kite eliminates worries that go along with visible offshore hardware. It operates sans gearbox and its underwater locale won't instigate opposition from people who don't want turbines to muddle the view. We won't mention Cape Wind. Oh, we just did.



Quote Of The Week

"Solar is moving real fast. Solar has great potential."—Bruno Mejean, SunEdison's new managing director for project finance outside North America, explaining why he left NordLB to take on a new role (see story, page 3).

One Year Ago In Power Finance & Risk

El Paso had been auditioning advisors for a \$3 billion financing of its Ruby Pipeline although some bankers were skeptical whether the deal would make it through the market. [The company led its own deal and closed a \$3 billion financing package, including syndicated debt of \$1.5 billion (see story, page 4).]