

# power finance & risk

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## Cardinal Gas Wrapped

**WestLB** and **ING** wrapped a \$125 million construction term loan for the **Cardinal Gas Storage** project.

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## Headwinds

### FIRST WIND SEEN PUSHING BACK IPO

The **First Wind** initial public offering, seen as a benchmark for renewable company IPOs, will likely be pushed to later this year, sources say. The IPO had been expected by the end of this quarter, but unfinished financing for an expansion project is becoming a stumbling block.

The company has not wrapped a \$240 million construction financing for the 102 MW **Milford II** expansion from a consortium of banks, including **Credit Suisse**. Those funds will be used, in part, to repay a \$79.9 million turbine loan on the books of **HSB Nordbank**, according to an S-1/A filing with the U.S. **Securities and Exchange Commission** May 14. That financing had been expected to wrap by the end of this month, but it was unclear whether that will happen (PFR, 5/3).

*(continued on page 11)*

### HUDSON GEOTHERMAL DEAL CLOSES, MARKS MILESTONE

**Hannon Armstrong** and **Catalyst Renewables** have wrapped the largest geothermal debt deals in years—a \$300 million loan for **Hudson Ranch I** in **Salton Sea**, Calif.

The 49 MW project is the first stand-alone, high temperature flash technology plant in 20 years in **Imperial County**, Calif., generally considered among the two most ideal U.S. sites for commercially sized geothermal because of climate and open land. **Hudson Ranch** developers will pay the **Imperial Irrigation District** considerably more than the typical per acre-foot agriculture rate of \$19—between \$350-450—to replace precious water in the southern California desert over 10 years and to expedite construction, says district spokesman **Kevin Kelley**.

**Eric Spomer**, president of **Catalyst** in **Dallas** acknowledged some “scary” moments along

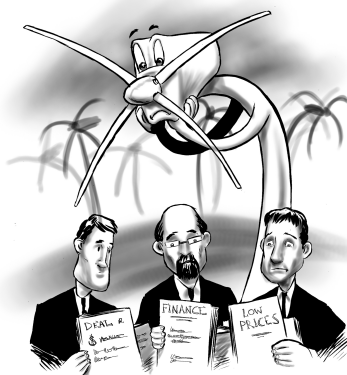
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### FINANCIERS PROJECT ROUGH YEAR FOR WIND

Wind project lenders are anticipating a bleak third-and fourth-quarter as low power prices continue to thwart developers' ability to garner PPAs and the reluctance of credit committees to sponsor up-and-coming wind companies slows deal flow. A New York-based syndicator predicts just eight bank-financed wind deals in 2010.

With low natural gas prices weighing down power prices, developers are struggling to get signed power purchase agreements, says **Daniel Brown**, a Cleveland-based associate in **KeyBanc Capital Market's** energy group. “Developers are saying, ‘Maybe we'll just wait.’ People are hoping that natural

*(continued on page 11)*



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## At Press Time

## Cardinal Gas Storage Deal Oversubscribed

WestLB and ING closed on a \$125 million construction term loan for the **Cardinal Gas Storage** facility in Louisiana that was oversubscribed by about 150%, says a banker familiar with the deal.

Lenders didn't anticipate such enthusiasm for the 7.5 billion cubic feet storage facility in Franklin County, La. "For a gas storage deal, that was pretty good," the banker says. Pricing on the loan is 350 basis points over LIBOR, with a three-year construction loan and a five-year term loan. **RZB, Banco Espirito Santo, Caixanova and United Overseas Bank** are among the banks that took tickets. The ticket amounts could not be learned.

Perryville will connect to **CenterPoint Energy's** Perryville Hub, as well as pipelines including the Southeast Supply Header (PFR, 4/14). Cardinal is backed by **Energy Capital Partners** and **Martin Resources Management**.

**Dan Hannon**, cfo of Cardinal in Houston, and bankers couldn't be reached for comment.

## Cash Grant Extension Comes Into Market Focus

Bankers and developers contend that extending the Section 1603 Treasury cash grant program embedded in the 2009 stimulus bill is critical for project financing. But it's unclear how the program will be extended as it will likely not come in the form of a stand-alone bill, attorneys say. A more likely scenario is that an extension or an amended program—possibly a refund—will be inserted into broader legislation before the close of the year.

Inclusion in a U.S. Senate energy bill is possible, says **Keith Martin**, a partner at **Chadbourne & Parke**. Other options include an omnibus tax extenders bill and a measure on the expiring estate tax. "It's going to take most of the year to play out," predicts Martin, who is based in Washington, D.C. "Usually you have just one chance a year to put it through. And there's a poisoned atmosphere in the Senate and things tend to stall." When it considers a grant extension, the Senate may address a proposal by Sen. **Chuck Schumer** (D-N.Y.) to limit the grant recipients to just U.S. companies.

Wind developers are able to select one of three subsidy options: the cash grant, the production tax credit or the investment tax credit. The grant option is scheduled to sunset at year's end for renewables projects that haven't begun construction, while the PTC option is available for wind farms put in service by 2012. The ITC for wind projects expires in 2012 and for solar in 2016. "Presumably (the grant) would be replaced by the PTC, so it wouldn't be a total wash," says **Bruno Mejean**, **NordLB's** former head of structured finance origination in the Americas who recently joined **SunEdison**. "But it would significantly slow things down."

Cessation of the cash grant would also alter how deals are structured. In 2009, debt raised for wind deals dwarfed tax equity, \$3.2 billion to \$1.8 billion, but before the stimulus bill, a larger percentage came from tax equity, Martin notes. "With the cash grant, developers could keep the grant and borrow the rest."

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## Lenders Question Cost, Financing Of Vietnam Coal

New York financiers anticipate that a coal plant **AES Corp.** intends to build in Vietnam will cost at least \$2.4 billion and will likely need the aid of a government-backed lender such as the **Export-Import Bank of the United States** to secure financing. Building a coal plant in Vietnam is an unlikely investment, especially in this economic climate, says one project financier in New York. "Vietnam is a very high-risk country," he notes. "It's listed at sub-investment grade. Greece is rated higher."

Arlington, Va.-based **AES** last month announced that it had signed a PPA with **Electricity Vietnam**, the state-owned power company, for the 1,200 MW coal plant. Lenders say a coal plant of that scope and magnitude in a developing nation generally costs \$2,000-per-KW. The company expects to have the so-called Mong Duong II plant operational in 2014, three years after reaching financial close. **AES** has a 90% interest in the project, and anticipates investing \$400 million next year. Representatives of **AES** declined to discuss the project and financing.

## Gamesa's New Team Plots Aggressive Course

Some wind industry observers have speculated that a quiet period for **Gamesa Energy USA** signaled a scaling down, but its new chief development officer, **Jiddu Tapia**, says recent administrative hires are plotting an aggressive pipeline of wind projects in coming months.

The North American operation last fall hired **Dirk Matthys** as its new ceo, and recently tapped new heads of turbine sales and marketing, as well as **Tapia**, the former v.p. of development at **Eurus Energy America**. "It's no secret that Gamesa (Energy USA) was for sale, but with them bringing me in—and with my having success in the United States and Canada—it's ... really a confirmation that Gamesa is here to stay for awhile," **Tapia** says.

Projects in Gamesa's pipeline include 182 MW across four Pennsylvania wind farms, according to a state official, as well as the 80 MW Whitehall farm in Wisconsin that has an offtake agreement with **NorthWestern Energy**, the 100 MW Roanoke project in Woodford County, Ill., and the 200 MW Minonk project in Woodford and Livingston Counties, Ill. (PFR, 4/1).

**Tapia**, who works out of the company's North American headquarters in Philadelphia, declined to specify projects Gamesa's new team is planning and the scope of their annual objectives, allowing only that he expects one or two to move forward by year end. The projects are expected to be financed entirely on balance sheet. In its first quarter filing, **Gamesa Corp.** attributed a €6 million (\$7.4 million) dip in earnings over the same period in

2009 in part to lower construction and sales activity in the United States, low gas prices and uncertain federal renewables standards. The filing also states that the company is highly confident that less than 1,000 MW will be installed this year.

Regarding the decline in earnings and industry scuttlebutt that the Spanish turbine manufacturer is downsizing, Gamesa spokesman **Michael Peck** says, "We're not falling behind. We would contest that statement very strongly. We have a very aggressive and talented leadership team. We have faith in our projects."

**Peck** points to growth at the company's Ebensburg, Pa., plant east of Pittsburgh: Two production lines are running, up from one last year. Gamesa reportedly downsized a plant in the Philadelphia suburbs early last year.

## Details Emerge On Calpine Acquisition Loan

Pricing on the \$1.4 billion credit facility backing Calpine's \$1.65 billion purchase of **Conectiv Energy** assets is based on ratings and will come in at either 350 or 375 basis points over LIBOR.

**Credit Suisse**, **Citigroup** and **Deutsche Bank** launched syndication of the deal last Monday, which includes a \$1.3 billion, 7-year term loan, and \$100 million revolver (PFR, 5/14). At a **Standard & Poor's** rating of "four Bs," pricing will be LIBOR plus 350 basis points; a "three B" rating will draw pricing of LIBOR plus 375, S&P says. The deal carries a 1.5% LIBOR floor and an original issue discount of 98.

Final commitments are due May 28 and the deal is expected to close June 3. The Houston IPP's purchase of 4.5 GWs of assets from the **Pepco Holdings'** unit will close pending regulatory approval.

## Juwi Wind Appoints CEO

**Michael Rucker** has been appointed ceo of **Juwi Wind**. He was until late last month v.p. of business development at **Clipper Windpower**. He is based in Cleveland, Ohio, until the company relocates to Boulder, Colo., later in the year, and reports to **Fred Jung** and **Matthias Willenbacher**, owners in Wörrstadt, Germany.

**Rucker** will work on the completion of outstanding projects including 50 MWs of wind to be developed in Hardin County, Ohio, as well as develop a pipeline of projects in PJM and MISO. The company is looking to develop projects in strong power markets with good interconnections, **Rucker** tells *PFR* via cell phone, while driving around last Monday looking for office space in Boulder.

The two biggest challenges facing the wind industry are power price recovery and the disappearance of the cash grant and

production and investment tax credits. “Short term it’s [getting utilities to sign] PPAs and low power prices,” Rucker says.

juwi plans to recruit more personnel to build out its wind team, but he declined to provide a time frame on the hiring process.

## RBC Taps Napolitano As U.S. Power Chief

RBC Capital Markets has tapped **Frank Napolitano** as its new head of U.S. power and utilities investment banking team in New York. Napolitano—who started last Monday—reports to **Blair Fleming**, head of U.S. investment banking in New York.

“When you look at power and utilities, it’s such a logical place for us to shift more of our focus to. This is an area that we’ve been under-employed on,” says Fleming. “This is a key hire for us and we think that Frank is the right guy for our growth strategy.” RBC expects to increase its M&A advisory, project finance and capital raising capabilities for utilities and developers of all sources of generation.

The team currently has a managing director, **Michael Casey**, in its Houston office. RBC will move people internally to fill out the power team as well as look to hire externally. Fleming and Napolitano declined to comment on the anticipated number of new hires.

Napolitano was previously president of **Lakeside Energy**, the investment unit of **American Securities Capital Partners** and was a managing director at **Lehman Brothers** (PFR, 10/23).

## NTE Hires Four To Expand Project Roster

NTE Energy has hired a power marketer and three project developers to expand its business of developing gas plants with a renewable component in the southeastern U.S.

The company partnered with **Energy Investors Funds** in April to develop three 300 MW natural gas fired plants and an associated 15 MW photovoltaic solar as part of a new joint venture (PFR, 4/5). **Mark Daley** is executive v.p. of power marketing, joining from **Calpine Energy**. He will be responsible for marketing the power from those plants. “Mark has a lot of experience negotiating long-term PPAs,” says **Seth Shortlidge**, president of the joint venture **NTE Hybrid Renewable Energy** and president and ceo of NTE Energy in St. Augustine, Fla.

**Tim Eves** is executive v.p. of project development, joining from ethanol concern **Vercipia**. Daley and Eves report to Shortlidge. **Michael Rice** and **Cameron Dix** were also hired to build out the project development team. They report to Eves. All of the new hires started last Monday in the St. Augustine office.

## N.Y. Boutique Adds Managing Director

**NorthWinds Advisors** has added **Brad Albright** to its New York office as the boutique investment bank’s fifth managing director. “One of the things we want to do and historically have done is apply a senior banker to every client,” **Garth Klimchuk**, managing partner says in Harrison, N.Y., noting NorthWinds needed more senior staff to meet its demand.

Albright, who started earlier this year, is working on the sale of one of **EOS Ventures’** projects in Vermont. The boutique bank is raising capital and doing advisory work for a handful of solar developers, including **Dynamic Energy Resources**, Albright says. He most recently worked for **Hudson Capital Advisors** and previously at **JPMorgan**.

NorthWinds recently hired **Jonathan Fitzgerald** as its West Coast managing director to open a branch in Seattle, Wash., (PFR, 4/6).

## Pattern Energy Raises Nearly \$1B In Equity For Wind

Pattern Energy has raised \$800 million in equity to fund a 2 GW development pipeline of wind projects in North America within the next five years. **Riverstone Holdings** was the primary contributor, with additional investment from company management and employees.

Riverstone purchased the assets in **Babcock & Brown’s** development portfolio and then established Pattern after the acquisition. The firm expects to develop 300–400 MW per year over the next four-to-five years. The equity will pay for development costs for those projects, company overhead and equity investments in the projects.

Pattern is also tapping banks for \$300–400 million in debt for its first few projects. It puts an average of 35% debt, less the investment tax credit, on its projects, says **Mike Garland**, ceo of Pattern in San Francisco.

The company is in the midst of developing the 150 MW Spring Valley wind farm 30 miles east of Ely, Nev. That project has a 20-year PPA with **NV Energy** and it is expected to be operational by the end of next year. Next up for development is the 40 MW Tres Vaqueros project in northern California.

Pattern is also developing five transmission projects in California and three-to-four more elsewhere. The company is looking at several acquisitions but will not rush into anything. “We never count on [acquisitions] until they’re done,” Garland says, declining to name specific projects. “This business is complicated enough. We’re looking for things that fit into our strategy.”

## Project Finance Law Quintet Jumps To Hunton & Williams

Hunton & Williams has recruited a five-partner team specializing in project finance law at **Paul Hastings, Janofsky & Walker** to oversee its energy finance team in its New York and Washington, D.C., offices. New hires **John Hawkins** and **Jeff Schroeder** will lead the 35-member team, with **Raj Pande** chairing the firm's Japan practice. They will be joined by Paul Hastings colleagues **Ellis Butler** and **Larry Skinner**.

Hunton lured the team because it anticipates growth in power project finance, even with uncertain carbon regulations in the United States and the potential sunset of a cash grant that stimulated the renewables industry, explains **Tom Rice**, a Hunton partner specializing in capital finance and real estate.

"[Even] if it's not through grants ... and with the difficulty in permitting coal-fired power plants, there will still be a need to do financing (for renewables)," adds Schroeder, who will work out of Hunton's Washington office. Schroeder anticipates that half of the team's work will be in renewables as well as focus on nuclear.

Schroeder, who hopes to complete the physical move to Hunton this week, expects to bring the roster of team clients to their new firm. Clients include **Intergen**, **ArcLight**, **Detroit Edison** and **UniStar**. Schroeder declined to specify projects the team is shepherding, allowing only that he represents an investor purchasing and converting a California plant to biomass, and that Pande is nearing financial closure on a wind deal.

## GE To Buy Harbinger Calif. Plant

GE Energy Financial Services has agreed to buy a 120 MW gas-fired cogeneration plant in King City, Calif., from **Harbinger Capital Partners** for \$68 million or about \$566 per kW. The transaction is expected to close in the next several weeks. UBS advised Harbinger while GE EFS did not use an advisor.

Harbinger unit **Kelson Canada** has reignited the sale of its plants, King City and the 270 MW Island Cogen in Vancouver, after shelving the sale in 2008 (PFR, 4/29). A GE EFS spokeswoman declined to comment on whether GE EFS is looking at the Canadian facility.

GE EFS will pay more for this plant than other recent gas plant transactions since its market location and power purchase agreement likely added to the plant's value, says a deal watcher. Recent transactions ranged between \$332/kW—what **Constellation Energy** paid **Navasota Energy Partners** for the duo of combined cycle plants in Texas (PFR, 4/16)—to the \$400/kW that **Energy Capital Partners** paid for the three **BG Group** assets. GE has also provided a \$47 million loan to King City for the last seven years.

GE will maintain an agreement that leases the King City plant

to **Calpine Corp.** until 2028; **Pacific Gas & Electric Co.** has an offtake agreement with the facility until 2019. Harbinger bought the plant in King City, Calif., as part of a portfolio from **Calpine Power Income Fund** about three years ago (PFR, 3/26/08).

A call to an official at UBS was not returned. Calls to Harbinger officials were not returned before press time.

## Enel Wind Unit Bids Due In Early June

Bids for **TradeWind Energy** are due at the beginning of next month. **Enel North America** put the wind unit on the block late last month (PFR, 4/30). The Italian utility plans to seal the deal by summer. **Morgan Stanley** is running the sale. Bankers there declined comment.

The number and types of bidders could not be learned. **TradeWind** has a 1.2 GW pipeline in the Midwest that includes the 200 MW Caney River project in Howard, Kan., two 300 MW projects in Missouri and projects in Oklahoma and Illinois.

## Wind Co. Eyes Growth Via Partner, Acquisition

**Wind Energy America** is aiming to partner with a co-developer in the coming months to boost its project development capabilities. The wind developer has entered into memorandums of understanding with U.S. developers interested in teaming on projects, says **Colin Jackson**, cfo in Park City, Utah. He declined to say how many MOUs have been signed, what stage they are in or who the companies are.

The Lane Eden Prairie, Minn.-based company has been looking to bring a well-capitalized team on board to build its development pipeline (PFR, 3/17). It was in talks with a European developer about establishing a joint venture on the 250 MW Weston project in Upton County, Wyo., but those discussions have fallen through, Jackson says.

In addition to landing a partner, WEA will know within a month whether its bid to buy a construction-ready project will be accepted, Jackson says, noting the seller just needs to approve the purchase price. The company expects that shovels could be in the ground a few months after the acquisition, he says, declining to give project specifics like size or location. How the project would be financed has not been arranged, he says.

The company has a 375 MW development pipeline in Wyoming, Minnesota and Pennsylvania, which includes minority interests in projects with **Enel**, **Edison Mission Energy** and **GE Capital**. It is also in early stages of development on the 100 MW Viking wind project in Martin County, Minn., according to its Website.



## Alstom Makes First Solar Investment

Alstom Power has invested \$55 million in **BrightSource Energy**, marking the French nuclear manufacturer's maiden move into the solar market. Alstom sees high growth potential in solar, specifically the solar thermal market, says **Tim Brown**, an Alstom Power spokesman in Washington, D.C. It could not be learned whether Alstom or BrightSource used an advisor.

"[The investment] is a combination of what we do right now and how a partnership can round out our portfolio," Brown says, noting that the turbine and nuclear reactor manufacturer wants to learn about the field. Alstom Power will not have input on BrightSource's daily operations. He declined to say how the pair would consider growing the partnership in the future.

**California State Teachers Retirement System** also made an equity investment in the solar thermal developer. A

BrightSource spokesman in Oakland, Calif., declined to specify how much CalSTRS invested, but noted it was the second largest investor in this round of financing. Existing investors **VantagePoint Venture Partners**, **Morgan Stanley** and **Draper Fisher Jurvetson** also participated in the fundraising that totaled \$150 million.

BrightSource is also planning to expand internationally outside its existing operations in Australia and Israel, says a spokesman. The company will look for developers to work with in countries with good sun resources and good renewable energy policies in Europe, Northern Africa, Middle East and parts of Asia.

BrightSource has offtake agreements with **Pacific Gas & Electric** and **Southern California Edison** for projects totaling 2.6 GW, which will need billions of dollars to bring online (PFR, 2/13/09). Construction on BrightSource's 400MW Ivanpah project in Ivanpah, Calif., is expected to start this fall.

A call to a CalSTRS spokesman in Sacramento was not returned.

## Corporate Strategies

### FPL Group Capital Selling Debentures To Pay Off Debt

FPL Group Capital is selling \$250 million in 2.55% debentures to help repay maturing issues and \$695 million in outstanding commercial paper. The debentures will mature in November 2013. Parent company **FPL Group** has issued unconditional and irrevocable guarantees for the debt, priced at 115 basis points over U.S. Treasuries.

FPL Group Capital offered the debentures at 99.934% of face value to yield 2.57%. **Banc of America Securities**, **Barclays Capital**, **Citigroup Global Markets** and **JPMorgan Securities** were the underwriters on the issue.

This will not be the last debt sale for FPL Group Capital, as the company faces \$527 million in debt due this year, \$2.19 billion in 2011, \$577 million in 2012 and \$683 million in 2013, says **Ellen Lapson**, managing director of **Fitch Ratings** in New York. "Usually treasurers spread out their maturities a little more," she says, pointing to the \$2.19 billion maturing in 2011. "But FPL Group has strong market access to a lot of capital."

Lapson and a Fitch colleague assigned an A- credit rating to the debentures over weak power and capacity prices, growing competition in renewables, as well as a March judicial decision in Florida that hurt base rate prospects. **Moody's Investors Services** rated the debentures at a stable Baa1, matching **Standard & Poor's** stable BBB+.

At the close of April, Fitch downgraded FPL Group and FPL Group Capital's issuer default ratings from A to A-, reflecting the March judicial decision and an uncertain political climate affecting

the Florida **Public Service Commission**. FPL Group and its subsidiaries may be more vulnerable to policy shifts, given that non-utilities account for 42% of their business, up from 16% in 2005, according to the company's recent 10-K report. New renewables projects and nuclear plants acquired account for much of FPL Group's growth. "A lot of utility holding companies have been going in the opposite direction in the past few years," Lapson notes.

Efforts to reach FPL Group Capital in Juno Beach, Fla., and bank officials were unsuccessful.

### National Wind Lines Up Credit Facility

**National Wind** has entered into a senior secured credit facility with **Deutsche Bank** to fund general corporate purposes and its expansion into new regions of the country. The wind developer previously had a small facility with a Minnesota bank, but this is the company's "first major one" that spans several years, says **Leon Steinberg**, president in Minneapolis, declining to give either the amount of facility or name the local bank.

The community wind developer had been in talks with Deutsche Bank about various financings—at the project and corporate levels—and the facility grew out of those discussions, says Steinberg, noting that DB likes the community approach. "They think having the community involved means the project has a higher level of being completed," he says.

National Wind is developing 13 projects in Minnesota, Iowa, North Dakota, South Dakota, Montana, Colorado, Texas and Ohio and scouting projects in new areas, says Steinberg,

declining to elaborate. "Do we expect they will be doing project finance work with us? Yes, but their commitment will also depend on the quality and logistics of the projects," he notes.

**Robert Martorano**, managing director of the asset finance and leasing group at Deutsche Bank in New York, referred questions to a spokesman who did not return a call before press time.

## Calpine Sells Notes To Goldman

**Calpine Corp.** is selling \$400 million in 144A notes in a private placement to a **Goldman Sachs** fund. Proceeds from the sale of the nine-year senior secured notes are expected to be used to repay a portion of Calpine term loan that has \$4.6 billion outstanding, says **Christine Parker**, manager of investor relations at Calpine in Houston.

Calpine plans to refinance about a \$1 billion a year until the term loan matures in 2014, says an analyst. Parker declined to comment on when Calpine plans to issue bonds and says that the company will be opportunistic about retiring the term loan.

A Goldman Sachs spokesman in New York declined to comment.

The notes carry an 8% coupon and are priced at 466 basis points over LIBOR. Goldman Sachs was the bookrunner. The issue was not rated and is expected to close May 25. The notes are backed by subsidiaries that are listed as guarantors on

Calpine's current credit facility.

The Houston, Texas-based IPP issued a \$1.2 billion 144A, eight-year notes in October to stagger term loan maturities (PFR, 10/19).

## Entergy Unit Upholds Debt Obligations With Notes

**Entergy Texas** sold \$200 million in mortgage bonds last Tuesday to take down the last of the debt it assumed when it split from sister unit **Entergy Gulf States Louisiana**. The proceeds will refinance the Beaumont, Texas-based utility's \$159 million portion of two bond issuances that mature in 2011 and 2035, and carry 4.875% and 6.18% coupons, respectively.

Entergy Texas, which parent Entergy separated from EGSL in 2007, took on 46% of the long-term debt and agreed to pay it down by the end of 2010. The five-year bond issue also carried a lower coupon rate, at 3.6%, and is expected to close May 25. The bonds priced 150 basis points over U.S. Treasuries and were rated Baa2 by **Moody's Investors Service** and BBB+ by **Standard & Poor's**. The issuance was slightly oversubscribed, says **Mike Burns**, spokesman at parent Entergy in New Orleans, La., declining to give the amount.

Calls to officials at bookrunners **BNP Paribas**, **Credit Suisse** and **RBS Securities** were not returned.

# Institutional Investor NEWS

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# REPRINTS MEAN BUSINESS!



## 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

- **Xcel Energy** is buying the power generated by a 250 MW farm being developed in Weld County by **BP Wind Energy**. The 125-turbine farm is estimated to cost \$500 million (*The Denver Post*, 5/20).
- **Granite Reliable Wind**, a proposed 99 MW farm in Coos County, N.H., will provide power to Vermont utilities **Central Vermont Public Service Corp.** and **Green Mountain Power**. The **Vermont Public Service Board** approved the contracts this week (*The Union Leader*, 5/20).
- The **Grays Harbor PUD** backed out of what would be the largest wind farm in western Washington, a 60-80 MW facility near Naselle, citing financing and leasing concerns (*The Associated Press*, 5/20).
- The Oregon **Department of Environmental Quality** rejected **Portland General Electric's** proposal to shutter the state's only coal plant by 2020 because the agency wants more options about timing and replacement generation (*The Oregonian*, 5/19).
- Transmission lines intended for coal power could instead transmit about 1,900 MW in potential wind projects, including the 300 MW Dakota Wind Energy farm planned for Day, Marshall and Roberts counties. The lines had been slated to carry coal power from the scrapped Big Stone II plant (*The Associated Press*, 5/18).
- **Old Dominion Electric Cooperative** is buying 32.5 MW from **E.ON Climate & Renewables'** Stony Creek Wind Project, near Somerset, Pa., and 1 MW from a Delaware landfill gas generation plant operated by **Ameresco** (*Richmond Times-Dispatch*, 5/18).
- Changes in federal tax law have given wind developers new structures for financings within the production tax credit model. Developers with leasing subsidiaries can now claim investment tax credits to tap incremental financings (*Renewable Energy World*, 5/17).
- **Central Maine Power** has gotten approval from the Maine **Public Utilities Commission** to start a \$1.4 billion grid upgrade that includes a 345,000 volt transmission line. The line, which will traverse Orrington, Me., to Newington, N.H., will double the capacity (*Bloomberg BusinessWeek*, 5/17).
- **SunLink**, a California solar mounting company, signed a 50 MW supply deal with **Southern California Edison** (*Reuters*, 5/14).

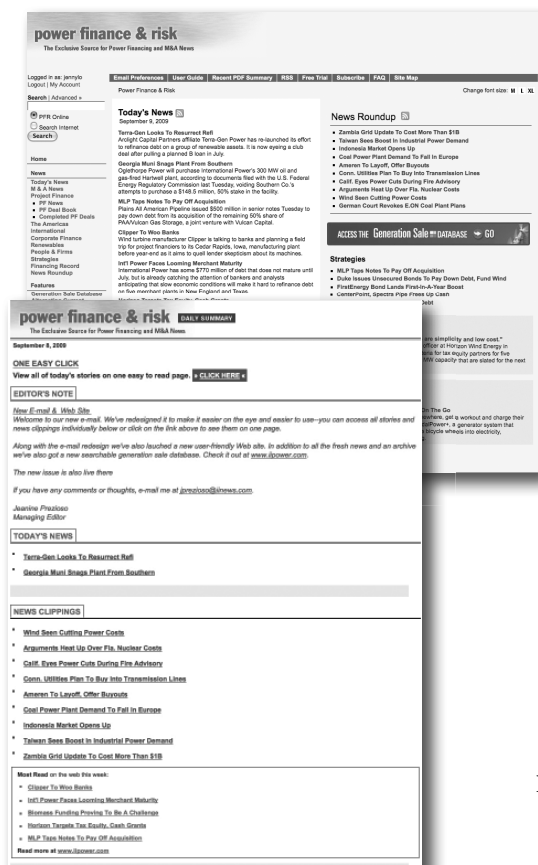
### Europe

- **National Grid** is offering £3.95 billion (\$4.59 billion) in a new share program to boost its capital spending, chiefly in the United Kingdom. Projects include reinforcing onshore transmission networks and connecting new energy sources to the network (*The Financial Times*, 5/20).
- **Google** is aiming to invest in onshore wind and solar projects in Europe in addition to partnering with a utility in the U.K. on installing smart meters. Google invested \$38.8 million in a North Dakota wind farm earlier this month (*Reuters*, 5/19).
- **Scottish and Southern Energy** is delaying plans to build an 870 MW natural gas fired plant in South Wales because of decreased demand. The opening of the first 435 MW unit will be pushed to 2015 (*Reuters*, 5/19).
- The weakened euro, demand concerns and a potential reduction in subsidies are contributing to a solar slump. Later this year, Germany—the largest solar market—will cut subsidies for solar panel makers (*Dow Jones Newswires*, 5/18).
- Russia will build Turkey's first nuclear power plant, a \$20 billion facility. Russia may ultimately sell 49% ownership in the plant, though the country intends to keep a controlling stake (*The Financial Times*, 5/14).
- More renewables companies, including **Engyco**, are abandoning or postponing plans to launch IPOs on the London and Madrid stock exchanges amid the European debt crisis (*Guardian*, 5/14).

### Asia/Pacific

- **First Solar** expects feed-in tariffs for its planned 2 GW photovoltaic project in Mongolia to be approved by the Chinese government later this summer. A rate decision was expected to be set by the end of 2009 (*Bloomberg BusinessWeek*, 5/19).
- **American Superconductor Corp.** inked a \$445 million order for its turbine electrical systems from China's **Sinovel Wind Group Co.** Sinovel will use the Wisconsin-made parts to build 1.5 MW turbines (*The Boston Globe*, 5/18).
- Western wind manufacturers—including **General Electric**, **Vestas Wind Systems** and **Siemens**—lost a substantial market share of China to local companies like **Sinovel Wind** and **Xinjiang Goldwind Science**. Western sales fell from 71% of the Chinese market in 2005 to 14% last year (*Bloomberg*, 5/14).

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## 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](mailto:jprezioso@iineews.com).*

### Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES	Mong Duong II (1,200 MW coal)	Vietnam	TBA	TBA	TBA	TBA	Bankers anticipate the project to cost at least \$2.4B (see story, page 4).
Catalyst Renewables, Hannon Armstrong	50 MW Hudson Ranch I (geo)	Salton Sea, Calif.	WestLB, ING, SocGen	Mini-Perm	\$297M	7-yr	Financial close reached on \$401 million deal (see story, page 1).
Cavallo Energy	Cross Hudson Transmission	Ridgefield, N.J.-to-New York	TBA	TBA	\$400-\$450 M	TBA	Bidding process to secure shippers started May 17 (PFR, 5/17).
Edison Mission Group	Laredo Ridge Wind Energy Project	Petersburg, Neb.	TBA	TBA	TBA	TBA	Club deal with pricing at 250 bps over LIBOR (PFR, 5/17).
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 (PFR, 5/17).
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 ranges from \$300-800 million depending on whether NYPA buys project (PFR, 5/17).
Panda Energy	Two 15-20 MW photovoltaic projects	TBA	TBA	TBA	TBA	TBA	Con Edison Development will assist with financing (PFR, 5/3).

For a complete listing of the Project Finance Deal Book, please go to [iipower.com](http://iipower.com).

## FINANCIERS PROJECT

(continued from page 1)

gas prices will go up.” Low gas prices are among the reasons **Mainstream Renewable Power** and **juwi Wind** couldn’t ink PPAs with Midwest utilities, a developer says, though most proposed wind farms haven’t been derailed—they are just taking longer to get built. Representatives of Mainstream and juwi couldn’t be reached for comment.

Few wind deals chasing too many interested banks has forced lenders to offer perks, such as longer tenors to catch the interest of the scarce developers with PPAs in hand. “You have so many banks at your door that if one bank drops, you have another ready to come in,” a New York syndicator says. The few deals that are being done, including **Edison Mission Group’s** Laredo wind farm in Nebraska, are still club deals. “No one is going to underwrite \$300 million” by themselves, a banker says.

The boilerplate wind deal is partial to sterling developers: a 100 MW farm with a good offtaker warrants 15-year, fully amortizing loans, with initial pricing at 250-325 bps. But the largest, most reputable developers are increasingly tapping stimulus incentives and using their balance sheets to fund projects themselves.

—*Brian Eckhouse*

## FIRST WIND

(continued from page 1)

Lenders are waiting to see if the Milford project can iron out some clauses in its PPA with the **Southern California Public Power Authority**. If the loan is not wrapped by the end of the month, the company will have to cut spending—something it needs to build its pipeline of projects and support its IPO. Its need for capital to pay off the loan and grow its development pipeline may not present well to the public market, market watchers say. In its bid for capital, it added **Société Générale** as the latest—and 10th—underwriter.

First Wind has a solid roster of projects with dedicated offtakers, one banker says, but notes that the company’s expectations that an IPO would support its development pipeline could be a tough sell. “It’s a development company, there’s high risk and there’s high return,” says one banker, noting that some investors will still be attracted in this climate. Recent stock market volatility is contributing to the company’s uncertainty about the market’s receptiveness.

The deep pockets of investors **D.E. Shaw & Co.** and **Madison Dearborn** will keep the company stable, but it needs another funding source to grow. First Wind initially filed its S-1 in summer 2008 and is seeking around \$400 million (PFR,



5/16/08). The IPO was shelved due to the financial crisis.

Steve Schauer, senior v.p. of finance and treasurer at First Wind in Boston, and John Lamontagne, spokesman, declined to comment. Officials at Credit Suisse did not return a call or email and a banker at HSH declined to comment.

Bankers at the underwriters either declined comment or did not return calls. Richard Sandler, partner and co-head of the capital markets team at law firm Davis Polk & Wardwell, which is advising First Wind on the IPO, did not return a call.

—Holly Fletcher

## HUDSON GEOTHERMAL

(continued from page 1)

the way, including when the tax credit market vanished amid an imploding financial market, delaying closing by more than two years. Three of the original six banks considering a club deal backed out, lenders say. “We had no way of knowing then if (Hudson) could be financed,” Spomer says. “But we always believed this was an exceptional project because of the resources, and the help from California and Imperial County.”

Pricing on the seven-year loan is about 325 basis points over LIBOR. ING, WestLB, Société Générale and Union Bank are leads on the loan, with CIBC, Investec of South Africa, Siemens and MetLife participating. The \$400 million project was oversubscribed by 150%, due in part to better pricing and a shorter tenor offered by developers in the aftermath of the credit crisis, says a lender familiar with the deal.

GeoGlobal Energy of Chevy Chase, Md., is contributing \$90 million of the \$100 million in equity. GGE is backed by Mighty River Power, a state-owned New Zealand utility. Hannon and Catalyst also contributed equity. Hannon handled the arranging of the debt and equity. Hudson Ranch has a 30-year PPA with Salt River Project, a utility serving the Phoenix area.

As part of the deal, GGE will become a 20% investor in EnergySource, a renewables development company founded by Catalyst and Hannon, that will oversee Hudson Ranch and seek future expansion in Imperial County. “We prefer projects on the larger, hotter scale,” says A. Michael Van Vleck, GGE’s president. “There’s a greater rationale in larger geothermal.”

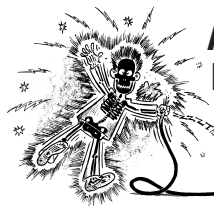
Jeff Eckel, president and ceo of Hannon in Annapolis, Md., and bankers involved in the deal could not be reached for comment.

—B.E.

## Calendar

- **American Wind Energy Association** will host the 2010 Windpower Conference & Exhibition today through Thursday at the Dallas Convention Center in Dallas, Tex. To register, visit <http://2010.windpowerexpo.org/registration.cfm> or call 202.383.2512.
- **GreenPower Conferences** will host Carbon Markets USA June

## Alternating Current

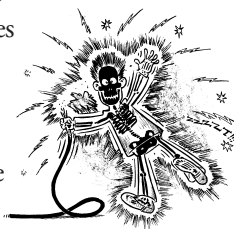


### A New Age Texas Rodeo: Renewables On Display

The U.S. Army has taken a shine to renewables and is hosting a rodeo (their word, not ours) in Fort Bliss, Texas, for the renewables industry next month.

The inaugural Renewable Energy Rodeo and Symposium, to be held June 8-9, reflects the U.S. Army’s push toward using cleaner energy. But don’t let the whole “rodeo” imagery throw you for a loop. This is a serious-minded effort by the Army’s Tank Automotive Research, Development and Engineering Center to promote renewable energies that could be used at war, says Fort Bliss spokeswoman Jean Offutt. For the \$100 registration fee, you can check out Joule Unlimited’s Helioculture platform that uses sunlight and carbon dioxide waste to generate fungible diesel and Energy Technologies’ solar-paneled tents and foldable blankets.

Trucks will be featured, too (this is Texas, after all). But because this is Fort Bliss and not San Antonio, there won’t be monster trucks crashing into the arena infield from the rafters. The alternatives are probably better investments, anyway: electric hybrid freightliners and a large, battlefield-worthy truck capable of running on most alternative fuel sources. That sounds more like it.



10-11 in Washington, D.C. To register, visit [www.greenpowerconferences.co.uk](http://www.greenpowerconferences.co.uk) or call 011.44.207.099.0600.

## Quote Of The Week

*“We had no way of knowing then if (Hudson) could be financed. But we always believed this was an exceptional project because of the resources, and the help from California and Imperial County.”*—Eric Spomer, president, **Catalyst Energy** in Dallas, on closing financing for the 49 MW, \$400 million Hudson Ranch geothermal project (see story, page 1).

## One Year Ago In Power Finance & Risk

Gas Natural was auditioning banks for the advisory role on its 4 GW combined cycle assets in Mexico, including facilities from its takeover of Union Fenosa and purchases of an EDF portfolio. [Suez Energy International, Marubeni, Interger and infrastructure funds run by Credit Suisse and Goldman Sachs were reportedly looking at the assets (PFR, 9/25).]