

# power finance & risk

The exclusive source for power financing and trading news

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## LS Power Closes \$3B Fund

**LS Power Equity Partners** has capped its new fund at \$3 billion, more than double what it closed on with its first.

*See story, page 2*

## Fortress Hires GE Banking Quintet

**Fortress Investment Group** has hired five senior staffers from **GE Energy Financial Services**.

*See story, page 3*

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## JOHN HANCOCK, J-POWER HOOK UP FOR U.S. GENERATION

Giant insurer John Hancock has formed a joint venture with **J-Power USA Development Co.** to invest in contracted U.S. generation. The all-equity deal, which closed last Wednesday as reported in *PFR Daily*, will see the IPP and insurer contribute equal amounts to the venture, to be known as **J-Power USA Generation**. No transaction value was disclosed.

John Salyer, ceo of J-Power USA in Schaumburg, Ill., says the aim is to amass a 2-4 GW

*(continued on page 11)*



## U.K. TAPS UNDERWRITERS TO SELL STAKE IN BRITISH ENERGY

The U.K. government has appointed a trio of underwriters for a public offering of shares in power provider **British Energy Group**. **Merrill Lynch**, **Goldman Sachs** and a third unnamed firm have landed a role, according to deal trackers. Officials at the firms declined comment and calls to Department of Trade and Industry official **Hugo Robson** were not immediately returned.

The government takes 65% of British Energy cash flow after working capital and

*(continued on page 12)*

## A 1st For The 1st State?

## DEVELOPER PLOTS FINANCING FOR \$2B OFFSHORE WIND FARM

**Bluewater Wind** is seeking loans to bankroll a 600 MW wind farm off the coast of Delaware. **John Bodt**, director of finance, says the developer is holding discussions with potential lenders and investors for the \$1.5-2 billion project, but he declined to talk specifics on the expected debt-to-equity ratio.

The Hoboken, N.J., developer wants to build the first offshore farm in the U.S., beating

*(continued on page 11)*

## CREDIT SUISSE PREPS BORALEX STAPLE

Credit Suisse is working on a staple financing package for potential buyers of **Boralex Power Income Fund**. A handful of financial players are expected to submit first-round bids to auctioneer **Genuity Capital Markets** by the end of next week. The package will give strategic players a leg-up to compete against these financial buyers. Calls to Credit Suisse officials were not returned and **Marc Fredette**, principal at Genuity in Montreal, Québec, declined to comment.

Boralex indirectly owns 10 generating facilities with an aggregate 190 MW. Of this, 51%

*(continued on page 12)*

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



## At Press Time LS Power Wraps Fund At \$3B

LS Power has capped its new LS Power Equity Partners II fund at just over \$3 billion, despite its potential to be much larger, to keep it at a flexible size, according to an insider.

After multiple raisings since its September launch, the firm consulted with investors and decided to start putting the capital straight to work instead of spending additional time fundraising.

LS Power, which acquired **Duke Energy North America's** \$1.54 billion generation portfolio (PFR, 2/24/06), landed the bulk of investors who were in its first fund, which closed with \$1.2 billion. First-time investors come from the similar mix of endowments, foundations and pension plans, as well as corporations. The fund will be managed by **LS Power Equity Advisors** and have a broad mandate. Officials at LS Power declined comment.

## WestLB Bags Calyon Originator

**Martin Livingston** is expected to join WestLB in New York this week, after departing Calyon earlier this month. He will be an executive director specializing in originating project finance deals, reporting to managing directors **Tom Murray** and **Manish Taneja**, who head up the energy group. Officials at WestLB declined to comment on the hire. Livingston had a similar role during his 10 years at Calyon, where he most recently served as managing director. He also previously worked at **Deutsche Bank**.

## Mont. Babcock Rejection Underscores State-Level Power

The Montana Public Service Commission's rejection of **Babcock & Brown's** proposed takeover of **NorthWestern Energy** underlines the difficulty of buying regulated businesses. "There's a lot of competing interests in play, and it's never been a no-brainer that these deals will get done," notes **Bob Dickerman**, managing director in the energy practice at **Navigant Consulting** in Los Angeles. Added **Patrick Donoghue**, a senior managing director at **FTI Consulting** in New York, "It has been our position that regulated deals will be very difficult to complete as regulators will not allow the buyers to reap the benefits of a transaction at the expense of the ratepayers."

The development is another example of how states can undermine industry mergers. Most prominently, last year **Exelon Corp.** called off its merger with **Public Service Enterprise Group** after failing to win approval in New Jersey.

The 5-0 vote against Babcock's \$2.2 billion buyout comes 13 months after NorthWestern said it would accept the deal. "NorthWestern and BBI failed to convince us that this was good for the company, or good for the ratepayers," **Bob Raney**, a Montana public service commissioner, noted. "We couldn't see how our regulatory structure could be maintained under the corporate structure designed by BBI."

NorthWestern and BBI remain committed to the transaction and now have 30 days to appeal the commission's final order next month. NorthWestern was advised by **Credit Suisse** and BBI by **The Blackstone Group**.

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**Institutional  
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INTELLIGENCE FIRST

## Fortress Taps GE For Energy Quintet

Fortress Investment Group has hired five officials away from GE Energy Financial Services to support its push into energy investments. The recruits joined last Monday and report to **Tony Shizari**, former head of GE EFS' debt finance group who is spearheading the effort at **Drawbridge**, Fortress' hedge fund arm.

The quintet comprises **Charles Galante**, **Ryan Connelly** and **Kenneth Blackman**, who join as managing directors, as well as **Yuri Freedman**, a v.p. and **Chris McKenzie**, an associate. Shizari and his right-hand man **Steve Petricone**, who joined earlier this year (PFR, 3/30), plan to continue building the team, attracting a couple of additional staffers every few weeks for the next six to nine months, according to sources who had spoken with the firm.

At Drawbridge, they will invest across sectors—encompassing oil and gas, power and renewables—and across the capital structure in both debt and equity. Fortress, which had about \$36 billion in assets under management as of March 31, is planning to open a dedicated office in Connecticut for the group. Shizari declined to comment.

GE EFS is in the process of replacing the five staffers that departed via internal transfers and promotions, says **Ken Koprowski**, spokesman. He added **Matt O'Connor**, formerly managing director of investor relations for GE corporate treasury, had recently been appointed managing director of debt finance, reporting to GE EFS President **Alex Urquhart**.

## Danish Utility Tees Up Sale Of Spanish Assets

DONG Energy has begun pitching its Spanish renewables subsidiary **ENERGI E2 Renovables Ibéricas** to logical suitors. The Danish state-owned utility retained investment banks **NM Rothschild & Sons** and **FIH** to advise on a potential transaction last year (PFR, 10/27).

**Martin Raasch Egenhardt**, investor relations manager, confirmed DONG's intention to divest the assets, which are predominantly onshore wind farms. He said no teaser materials have yet been sent. Bankers following the deal say the likely enterprise value of a portfolio is in the EUR500-600 million (\$672-806 million) range, but DONG declined to confirm this. Those expected to take an interest include Iberian utilities **Iberdrola**, **Endesa**, **Electricidade de Portugal** and **Unión FENOSA**, as well as **Babcock & Brown Wind Partners**.

The planned divestiture comes in the run up to DONG's initial public offering on the **Copenhagen Stock Exchange** later this year, in which a 28% interest in the company will be sold, including part of the government's 73% stake. **Peter Brixen**, deputy permanent secretary for the Danish Ministry of Finance, said the

sale of non-core assets was unrelated to the listing, declining to elaborate. The IPO will be underwritten by **Citigroup**, **Danske Markets**, a division of **Danske Bank**, and **Morgan Stanley**.

DONG also has been weighing consolidation moves and recently won an auction to acquire a 16% stake in German municipal utility **MVV Energie Group**, whose largest shareholder is the City of Mannheim.

## Texas Biomass Project Hunts Loans

**Nacogdoches Power** is looking to land a loan to support construction of a 100 MW biomass-fired plant in Sacul, Texas. The joint venture between **BayCorp Holdings** and **Energy Management Inc.** sent out an RFP to a select group of lenders last week.

The exact debt-to-equity split on the \$330 million project and identity of the firms approached could not be learned. Officials at BayCorp in Portsmouth, N.H., and EMI in Boston did not return calls.

Construction of the unit, which will run on forest residues, whole tree chips, municipal tree waste and mill residue is scheduled to begin next month.

## Debt Launched To Back ArcLight Acquisition

**Lehman Brothers** and **Citigroup** have launched syndication of a \$143 million term loan supporting an **ArcLight Capital Partners** affiliate's purchase of 1,855 MW of generation from **Progress Ventures**. Pricing of LIBOR plus 200 basis points was pitched at a bank meeting in New York last week and commitments are due June 4.

Officials at the banks and **ArcLight**, which formed **Mackinaw Power Holdings** as one of its funds' subsidiaries to execute the \$480 million acquisition, either declined comment or did not return calls. The transaction is slated to close sometime this quarter.

The eight-year term loan for Mackinaw is rated BB- by **Standard & Poor's** and Ba2 by **Moody's Investors Service**. It is accompanied by an impending \$296 million senior secured bond issue at the operating level, rated BBB- and Baa3, respectively. Cash flows from the portfolio will first make principal and interest payments on the bonds, with excess cash servicing the term loan.

The purchase announced in March also is funded with a \$180 million equity contribution from Mackinaw. The portfolio comprises 485 MW Effingham County Power, a combined-cycle baseload facility, and three peakers: 320 MW Monroe Power Company Generating, 450 MW Walton County Power and 600 MW Washington County Power.

Output from all four plants is contracted through 2015 via



agreements either with **Constellation Energy** or **Georgia Power**, with an additional 57% locked up through 2024.

## Leads Kick Off Calpine's Otay Mesa Syndication

**ING Capital** and **BayernLB** launched syndication of \$377 million in debt bankrolling **Calpine Corp.**'s Otay Mesa Energy Center with a pair of bank meetings last week in New York and Frankfurt. The dual-pronged approach is predicated on the leads' and sponsor's intention to market the deal to Calpine's relationship banks, including German banks such as **NordLB**.

The construction debt will be converted to a 10-year term loan once the 596 MW combined-cycle gas plant south of San Diego is operational, expected in mid-2009. Price talk could not be learned and officials at the leads declined comment. The facility is backed by a 10-year tolling agreement with **San Diego Gas & Electric**, which will supply the gas and retain an option to buy the facility.

## Tyr Appoints Origination Head

**Tyr Energy** has named **Lincoln Bleveans** its chief development officer. Bleveans will report to **Karl Usami**, ceo of Tyr in Overland Park, Kansas, and originate acquisition and development opportunities in the North American independent power sector. He joins the **ITOCHU Corp.**-backed company from Poughkeepsie, N.Y.-based **CH Energy Group** and formerly worked at both **Dynegy** and **Illinova**, which was acquired by Dynegy in 1999 for \$4 billion.

## Bulgaria Inks Recourse Loan For New Nuke

Bulgaria's **Natsionalna Elektricheska Kompania** has inked a EUR250 million (\$336 million), five-year corporate credit facility with **BNP Paribas**, part of which will be used to finance the design, equipment procurement and initial development of the country's newest nuclear plant, **Belene**.

The mandate could put BNP in pole position to lead financing for the estimated EUR3-4 billion project—the country's second largest nuke following the closure last year of **Kozloduy**. **Belene**, located just west of **Svishtov** near the border with Romania, is expected to come online in stages between 2014 and 2015 with 1 GW of capacity.

NEK originally sent out an RFP to lenders last year for a EUR250 million bridge facility, intending to pay that down when it had funds in place to start constructing **Belene**. Instead, firms bid on a corporate loan because the timing of the nuclear financing was still in flux. BNP won because it offered the cheapest terms, said **Yulian Kiossev**, a financing official at NEK.

The state-owned national electricity provider also is looking to sell a 49% stake in the plant's operating entity **Belene Power Co.**, potentially to a long-term offtaker that can provide a corporate guarantee on the debt.

BNP plans to launch syndication of the loan next week, says **Leroy Knowles**, an origination official in London, adding that a bank meeting would be held in Sofia early next month. He declined to talk pricing on the loan and said the specifics of the syndication strategy still needed to be hammered out, but that EUR30-40 million tickets would be offered to participating lenders.

## Alliance Wraps Mirant NY-Gen Purchase

**Alliance Energy Renewables** has completed its acquisition of **Mirant NY-Gen**, a portfolio comprising 25 MW of hydroelectric capacity and 95 MW of natural gas peakers, for \$5.1 million. "We see these assets as prime for retrofit for modern upgrades," says Chairman **Sam Nappi**, referencing the company's plans to restore the dam at 12 MW **Swinging Bridge** in **Mongaup, N.Y.**, and convert the 51 MW peaker in **Hillburn** and 44 MW **Shoemaker** in **Middletown, N.Y.**, to run on biofuels.

Parent company **Alliance Energy** already owns a combined 220 MW of gas-fired generation in western New York, including a 99 MW unit in **Ogdensburg, N.Y.**, which it had marketed to select buyers late last year (PFR, 11/17), 67 MW in **Batavia** and 65 MW in **Sherrill**. Its 85 MW unit in **Massena** recently sold to the U.K.'s **Renewable Power & Light**.

## Calyon, SocGen To Lead Spanish IPP Refi

**Calyon** and **Société Générale** are set to lead the impending refinancing of debt tied to **Cartagena**, the 1.2 GW combined-cycle, gas-fired plant on the Iberian peninsula in southern Spain owned by **AES Corp.**

The Arlington, Va.-based sponsor is looking to get improved pricing and a relaxation of covenants on the original package, which was priced conservatively to take account of lenders' appetite at the time (PFR, 3/30). The new terms are likely to reflect recent market conditions, but the size of the deal and price guidance could not be learned. Calls to an AES spokeswoman were not returned and officials at the banks declined comment.

**ABN Amro**, **Société Générale**, **Crédit Agricole Indosuez** and **Instituto de Credito Oficial** led the initial deal, which consisted of EUR665 million (\$893 million) in eight-year loans priced at 140 basis points over LIBOR during construction and 130-180 during operation. That was completed on a mini-perm basis in anticipation that a site concession arrangement with **Gaz de**

France would be extended from 2021 to 2028.

SocGen also led a EUR60 million, subordinated equity bridge loan for the operating entity last year to help with cost overruns, which will be folded into the new package as part of an expanded senior tranche.

## Corporate Strategies

### Tampa Electric Readies Debt Pay Down

Tampa Electric plans to use proceeds from a \$250 million offering of 6.15% senior notes 30-year notes to pay down about \$51 million in short-term borrowings and another \$156 million of long-term debt falling due this August.

The **TECO Energy** subsidiary has committed to \$1.9 billion of capital expenditures between now and 2011, a figure **Kim Caruso**, director of corporate finance in Tampa, Fla., says is linked to rapid load growth. "Florida is a growing state and we may need additional capital spending to increase generating capacity to meet the needs of our customers in our service territory," she said.

Like all Florida utilities, Tampa Electric is required to invest in equipment that will help infrastructure withstand high winds during the hurricane season, a process known as storm hardening. It is also investing in transmission and distribution improvements, as well as fitting scrubbers on three more units of its 2 GW Big Bend plant in Tampa. Four already have had scrubbers installed.

The bonds, sold via joint bookrunning managers **Merrill Lynch**, **BNY Capital Markets** and **BNP Paribas**, were rated BBB+ by **Fitch Ratings**. The rater expects Tampa Electric to address its considerable spending needs in a manner consistent with its BBB rating, which as a positive outlook, and its 51:49 debt-to-capital ratio. The new, 30-year notes are unsecured and rank equally with the company's other senior unsecured debt. The offering launched May 22 and was slated to close last Friday.

### Texas Midstream Joins Hybrid Gang

**TEPPCO Partners** has become the second master limited partnership to go the hybrid route, with its \$300 million sale of 60-year junior subordinated notes last week. "With this offering, we received 50% equity treatment and were able to issue the securities to institutional debt investors," says **William Manias**, cfo in Houston.

The offering was about four times oversubscribed, adds Manias, noting the issue was not upsized because the targeted amount best fit TEPPCO's spending needs. Proceeds will be used to trim \$700 million on its revolver, which it will draw on for \$400 million of capital expenditures this year. Work on a \$240 million storage facility for **Motiva Products** in Port Arthur, Texas, and continuing

Phase V expansion of the Jonah Gas Gathering System in Wyoming are expected to soak up half those funds.

**Wachovia Capital Markets**, **JPMorgan Securities** and **SunTrust Capital Markets** were joint bookrunning managers, with **BNP Paribas Securities**, **Greenwich Capital Markets** and **Wells Fargo Securities** co-managers. All were selected for their experience with hybrids and with TEPPCO debt, says Manias. Wachovia co-led a \$300 million hybrids issue for **Enterprise Products Partners**—the first for an MLP—in July. The TEPPCO notes are rated BB by **Standard & Poor's** and Ba1 by **Moody's Investors Service**.

The hybrids will pay interest of 7% for 10 years, before switching to a floating rate of 2.78% above three-month LIBOR. TEPPCO can redeem them after that time without a make-whole premium, provided it replaces them with similar securities, or a combination of other securities equal to 50% equity. The offering puts overall debt at 47%, which the company considers comfortable for its investment-grade rating.

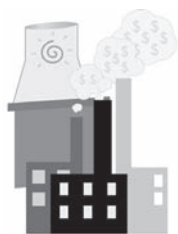
### Westar Upsizes Long Bond Sale

**Westar Energy** raised \$144 million selling 40-year first mortgage bonds last Wednesday to trim borrowings on its \$500 million revolver. The Topeka, Kan., utility estimates about \$2.1 billion of capital expenditures over the next three years, explains Finance Manager **Susan North**, noting that proceeds from the issue would help free up credit on its line.

**Citigroup Global Markets** and **Wachovia Capital Markets** were joint bookrunners on the sale, which was upsized by \$50 million due to oversubscription. **UBS Securities** served as senior co-manager and **Banc of America Securities**, **Barclays Capital** and **Deutsche Bank Securities** were co-managers. The bonds were wrapped by **Financial Guaranty Insurance Company** and rated AAA by **Moody's Investors Service**, **Standard and Poor's** and **Fitch Ratings**.

North says the 6.1% coupon Westar got on its 40-year notes wasn't much higher than what the market was offering on 30-year notes, and the longer tenor better matched the expected lifespan of its 600 MW Emporia peaker now under construction. Also a priority for Westar is an \$80-100 million, 345 kV transmission line approved earlier this month; \$750 million in environmental upgrades for its 2.2 GW Jeffrey Energy Center in St. Mary's and 500 MW in wind capacity it wants to have in place by the end of next year.

Short-term debt repaid with similar bond offerings will likely fund these projects, says North, adding Westar will tap a \$100 million shelf registration from March to issue equity as needed. The utility is aiming to keep its debt-to-equity ratio as close to 50:50 as possible in preparation for its 2008 rate case. Long-term debt outstanding at the company is \$1.6 billion.



## 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 Katy Burne, senior reporter, at (212) 224-3165 or e-mail [kburne@iinews.com](mailto:kburne@iinews.com).

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
AES Corp.	Delano Mendota	Central Valley, Calif. Central Valley, Calif.	57 25	Biomass Biomass	Bodington & Co.	Teasers dispatched early Jan. (PFR, 1/29).
AIG Highstar Capital (Northern Star Generating)	13 plants	U.S. portfolio, concentrated in Florida and Pennsylvania	1,600	Gas, coal and waste coal	Lehman Brothers	UBS Infrastructure Asset Management unit to acquire AIG's 50% stake for an undisclosed sum.
ArcLight Capital Partners	Crete Energy Venture Lincoln Generating	Crete, Ill. Manhattan, Ill.	203 (50%) 656 (90%)	Gas Gas	N/A N/A	Sale options being explored (PFR, 4/23).
Astoria Energy	Astoria plant	Queens, N.Y.	500 MW; 1 GW permitted	Gas	N/A	Owners fielding offers. Suez Energy acquiring a 30% stake (PFR 9/29).
Atlantic Power Corp.	Various	Major U.S. markets	588	Gas, Coal, Hydro, Oil	N/A	Aquila's former merchant fleet bought by ArcLight Capital Partners affiliate Teton Power.
BayCorp Holdings	Benton Falls	Benton, Maine	4.3	Hydro	Concentric Energy Advisors	N/A
Boralex Power Income Fund	Kingsey Falls Senneterre Dolbeau Beauport Buckingham Forestville Rimouski Saint-Lambert Hudson South Glens	Québec Québec Québec Québec Québec Québec Québec Québec New York New York	31 34.6 28 4.5 9.9 12.7 3.6 6 45.8 13.9	Gas Cogen Biomass Biomass Hydro Hydro Hydro Hydro Hydro Hydro Hydro	Genuity Capital Markets	First round bids due June 4. Credit Suisse is preparing a staple financing.
Calpine	Acadia Energy Center Fremont Energy Center	Eunice, La. Sandusky County, Ohio	1,016 (50%) 512	Gas Gas	Miller Buckfire	July 30 auction. Co-owner Cleco Corp. is stalking horse Plant 70% complete
City of Vernon	Malburg Generating Station Palo Verde Power Hoover Upgrading Related transmission	Southern Calif. Southern Calif. Southern Calif. Southern Calif.	134 11 22	Gas Nuclear Hydro	Lehman Brothers	Two-stage auction. Assets being offered debt-free, with promise of 15-year PPA with seller.
Conduit Capital	Various	Latin America Caribbean	939 net ownership	Diverse	BNP Paribas	Final bids due late May (PFR 4/16).
Con Ed Development	CEEMI CEEMI expansion Newington Energy Ada Cogeneration Lakewood Ocean Peaking Power Rock Springs Genor Ever Power Wind	Springfield, Mass. Springfield, Mass. Newington, N.H. Ada, Mich. Lakewood, N.J. Lakewood, N.J. Rising Sun, Md. Puerto Barrios, Guatemala NEPOOL, NY, PJM	185 96 525 (99.5%) 29 (48%) 246 (80%) 339 670 (50%) 42 (49.5%) 500 planned	Gas, Oil, Hydro Gas, Oil Gas Gas Gas Gas Gas Oil Wind	Morgan Stanley	Teasers were dispatched mid April. Information memoranda due shortly.
Desert Power	Desert Power plant	Rowley, Utah	65 installed 100 planned	Gas	Miller Buckfire	Set for July 27 auction (PFR, 4/05).
Dynegy	Bluegrass Heard County Lyondell	Oldham County, Ky. Heard County, Ga. Channelview, Texas	573 539 600	Gas Gas Gas	JPMorgan Chase	Final bids were due May 10. Seller hopes to fetch between \$200-500 million in asset sales this year (PFR 2/5).
DTE Energy	Georgetown 4 Crete Energy Venture East China River Rouge	Indianapolis, Ind. Crete, Ill. East China, Mich. Detroit, Mich.	80 304 (50%) 320 240	Gas Gas Gas Gas	N/A	Indianapolis Power & Light to acquire Sales process initiated, final bids due Q2 Seller exploring options, including outright sale On books at scrap value, decommissioned.
Electricite de France Internationalunit Controladora del Golfo	Saltillo Anahuac (RB2) Lomas de Real (RB3) Valle Hermoso (RB4) Electricidad Aguila de Altamira Gasoducto del Rio	Ramos Arizpe, Coahuila Valle Hermoso, Tamaulipas Valle Hermoso, Tamaulipas Valle Hermoso, Tamaulipas Altamira 54 km pipeline	248 495 495 500 495 (51%) 330,000M Btu/D	Gas Gas Gas Gas Gas	JPMorgan Chase	First round bids were due early April (PFR, 4/16).

# Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
Entergy Corp.	50% stake in Top Deer Wind Ventures	Worth County, Iowa	40	Wind	New Harbor	Seller wants about \$500 million for the assets. Bidders shortlisted to about 10 financial players, (PFR, 2/8).
	RS Cogen	Carsen County, Texas	40			
	Roy S. Nelson	Lake Charles, La.	212	Gas		
	Warren Power	Westlake, La.	60	Gas/Oil		
	Harrison	Vicksburg, Miss.	225	Gas		
	Independence	Marshall, Texas	335	Gas		
	Robert Ritchie	Newark, Ark.	121	Coal		
	Offtake Contract	Helena, Ark.	544	Gas/Oil		
		Sam Rayburn Power Agency	50-80			
General Electric	Baglan Bay	Port Talbot, Wales	510	Gas	Lexicon Partners	Books dispatched early May.
GE Energy	Green County plant	Jenka, Okla.	795	Gas	N/A	Bids due May 2.
Financial Services	Birchwood	Fredericksburg, Va.	242	Coal	N/A	Tyr said to be interested in acquiring (PFR, 2/12/07).
	Lake Benton I	Minnesota	107	Wind	N/A	AES said to be a frontrunner to acquire.
	Storm Lake II	Iowa	80	Wind		
Globeleq	Emerging market portfolio	Asia, Africa, Americas	2,082	Mixed	Lehman Brothers	Firm bids were due early May. Ashmore Energy and IP said to have partnered up on indicative bid (PFR, 2/9).
Goldman Sachs	Horizon	Houston, Texas		Wind	N/A	Energias de Portugal to acquire for estimated \$2.93B, of which \$2.5B will be debt led by Barclays (PFR, 3/27).
(Cogentrix Energy)	Wind Energy					
	Indiantown	Martin County, Fla.	355	Coal	Goldman Sachs	Teasers sent May 10, (PFR 5/14). Indicative offers due next month.
	Logan	Logan Township, N.J.	218	Coal		
	Cottage Grove	Cottage Grove, Minn.	245 (35%)	Gas/Oil		
	Whitewater	Whitewater, Wis.	236.5 (35%)	Gas/Oil		
	Scrubgrass	Venango County, Pa.	85 (50%)	Coal/Waste		
	Selkirk	Selkirk, N.Y.	345 (47.2%)	Gas		
	Northampton	Northampton County, Pa.	112 (80%)	Coal/Waste		
	Quachita	Sterlington, La.	804 (80%)	Gas		
	Carneys Point	Carneys Point, N.J.	262 (60%)	Coal		
	Richmond	Richmond, Va.	209 (80%)	Coal		
	Rocky Mount	Rocky Mount, N.C.	118 (80%)	Coal		
	Morgantown	Morgantown, Va.	60 (15%)	Coal/Waste		
	Plains End I, II	Golden, Colo.	182 (80%)	Gas		
	Rathdrum	Rathdrum, Idaho	275	Gas		
	Masspower	Springfield, Mass.	258	Gas		
Greenwich Energy Investments					Miller Buckfire	BG North America beat Arcapita to the asset in a deal worth circa \$150 million (PFR, 3/28).
LS Power	Shady Hills	Shady Hills, Fla.	477	Gas/Oil	N/A	GE Energy Financial Services to acquire. Barclays offered a staple financing (PFR, 4/20).
MDU Resources	Brush Power (1&3)	Brush, Colo.	213	Gas	Goldman Sachs	Natural Gas Partners and industry executive Paul Prager to acquire for \$636 million. Barclays Capital and Goldman Sachs to lead acquisition financing.
IPP unit, Centennial Energy Resources	Hardin Generating	Hardin, Mont.	116	Coal		
	Hartwell Generating	Hartwell, Ga.	310	Gas		
	Mountain View	San Geronio	66.6	Wind		
	Power Partners	Pass, Calif.				
	San Joaquin Cogen	Lathrop, Calif.	48	Gas		
Mirant Corp.	Diverse U.S. assets	PJM, NEPOOL, Calif.	10,650	Various	JPMorgan	Company weighing sale or merger, (PFR 4/5).
Mirant	Curacao Utilities (25%)	Curacao	133	Asphalt	JPMorgan	Marubeni to acquire for \$1.082 billion, including \$350 million in debt, and power purchase obligations of about \$153 million.
	Grand Bahama	Grand Bahama Island	151	Oil		
	Power Co. (55%)					
	Jamaica Public Service Co. (80%)	Jamaica	621	Oil/Hydro		
	PowerGen (39%)	Trinidad & Tobago	1.2 GW	Gas		
Multifuels (Sowood Capital Management)	Freebird	Lamar County, Ala.	9 bcf	Gas storage	N/A	Timeline unclear.
Progress Ventures	Walton	Walton, Ga.	450	Gas	JPMorgan	Seller will fetch \$480 million in sale of generation to ArcLight Capital Partners and contract portfolio to Constellation Energy Commodities Group. Lehman Brothers and Citigroup launched acquisition financing May 21.
	Monroe Power	Monroe, Ga.	350	Gas		
	Washington County	Washington County, Ga.	600	Gas		
	Effingham County	Effingham County, Ga.	500	Gas		
PSEG Global	Electroandes	Andean region, Peru	180	Hydro	JPMorgan	Seller has received reverse enquiries and is determining wider interest.
			437 miles	Transmission		
Reliant Energy	IndianRiver	Titusville, Fla.	587	Oil/Gas	JPMorgan	Indicative bids were taken April 10. JP Morgan is doing a staple financing, said to be in the \$1 billion range (PFR, 2/26).
	Osceola Generating Station	Holopaw, Fla.	470	Gas (peaker)		
	Bighorn Generating Station	Las Vegas, Nev.	598	Gas		
	Choctaw Generating Station	French Camp, Miss.	804	Gas (mothballed)		
	Channelview	Lyondell, Texas	830	Gas	Houlihan LoKey	Bids due early next month.
TransAlta	Western Canada, Ontario	Diverse U.S. I	404	Gas, Coal	BMO Capital Markets	Teasers already out.
Tyche Power Partners	Brooklyn Navy Yard	Brooklyn, N.Y.	286	Gas Cogen	N/A	Owners reportedly soliciting interest in 50% stake (PFR, 4/18). Balance held by B-41 Associates.
Zephyr Investments	Various	Europe	391	Wind	Lexicon Partners	Englefield Capital selling one-third. The balance is held by RWE's npower and Arcapita.



# Project Finance Deal Book

*Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report updates or provide additional information on the status of financings, please call Katy Burne, Managing Editor, at (212) 224-3165 or e-mail kburne@iineews.com.*

## Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Calpine	Otay Mesa	San Diego, Calif.	ING, BayernLB	Credit facility	\$377M	12 yr	Syndication launched 5/23. San Diego Gas & Electric offtake.
LS Power	Sandy Creek (4GW) Refi	Riesel, Texas	TBA	TBA			Looking for banks to lead debt.
J-Power USA Development Co.	Orange Grove (86.5 MW)	San Diego Co., Calif.	TBA	TBA			Negotiating offtake and equity. Looking for leads. San Diego Gas & Electric offtake. Two gas peaker plants.
Babcock & Brown MACH Gen	2008 Turbine Supply Generation Portfolio (800 MW Coal)	Various, North America	TBA	TBA	\$850M	TBA	Selecting lead banks. Refinancing of \$850M second lien, or more. Structure TBA.
Osaka Gas, Tenaska, Diamond Generating AES	Tenaska Gateway (845 MW Gas) Refi	Rusk County, Texas	BNP Paribas, Calyon	Bond offering	\$350M		Expected by the end of the month.
AES Gener	Petcoke Portfolio (460MW) Refi	Tamuin, Mexico	TBA	TBA	\$415M	15 yr	Looking for lead banks.
	Ventanas (242 MW, Coal)	Ventanas, Chile	Calyon, Fortis	Term loan	\$25M		Syndicating. Allocations expected 5/25.
Acciona Solar Power	Nevada Solar One (64MW Solar)	Boulder City, Nev.	Banco Santander, BBVA, La Caixa	Term loan	\$140M		Syndication expected in June.
White Creek Wind	White Creek (205 MW Wind)	Klickitat Co., Wash.	HSB Nordbank	Construction financing	\$352M	TBA	HSH signed up Dexia and BayernLB, looking to hook others. Local offtake.
Shell WindEnergy, Dominion	Mt.Storm (264 MW, Wind)	Grant Co., W.Va.	TBA	Construction financing	\$288M	TBA	Choosing Leads. Hedge with merchant tail expected.
Lea Power	Hobbs (550 MW, Gas)	Hobbs, N.M.	Calyon, Lehman Bros.	Construction LC	\$310M	TBA	Syndication launched 4/12.
				Ancillary LCs	\$122M	TBA	Commitments due 5/16. Xcel offtake.
Inverenergy	St. Clair Power Station (570 MW Gas)	Sarnia, Ontario, Canada	RBC Capital Markets (Advisor)	Construction term loan	\$383M	21 yr	Ontario Power Authority offtake.
				LC facility	\$96M		Self-syndication launched 4/24.
InterGen	La Rosita (1.1GW Coal) Refi	Mexicali, Mexico	BNP Paribas, Calyon, Export Development Canada	Term loan	\$400M	15 yr	CFE (Mexico), Shell offtake.
	Generation portfolio refi	Various	Merrill Lynch, Lehman Bros.	Senior LC	\$47M	15 yr	Syndication launched, delayed.
EdF Energie Nouvelles	La Ventosa (80-100 MW Wind)	Juchitan, Oaxaca, Mexico	TBA	Bond offering	\$3B	TBA	Timeline unclear.
Calpine, Mitsui & Co.	Greenfield (1GW Gas)	Courtright, Ont., Canada	Bank of Tokyo Mitsubishi, BMO Financial	Loan	C\$650M (\$590M)	18 yr	Choosing lead banks. Delayed.
Terrawinds Resources	TerraWinds (201 MW wind)	Rivier-Du-Loup, Quebec, Canada	HSB Nordbank	Senior secured construction	C\$300M (\$259M)	TBA	Ontario Power Authority offtake.
Perennial Power	Hermiston Generation Plant (474 MW Gas)	Hermiston, Ore.	TBA	and term debt facility	\$130M	10 yr	Selecting sub-underwriters.
Lodi Gas Storage	Acquisition Refi		TBA	TBA	\$145M	TBA	Hydro-Quebec offtake. Awaiting syndication.
Noble Environmental Power	Altona, Ellenberg, Clinton and Bliss (339 MW Wind)	Altona, Ellenberg, Clinton and Bliss, N.Y.	HSB Nordbank, Dexia	Secured loans	\$445M	TBA	Lead banks expected 2Q2007.
Bethel Energy	(100 MW Solar)	Imperial County, Calif.	Credit Locale	Non-recourse loan		TBA	Status unclear.
Katabatic Power	(25.5 MW Wind)	Mount Hays, B.C.	TBA	Debt and equity, TBA	\$368M	TBA	Supported by 10 yr hedges.
Winery Power	Plum Island (30 MW Wind)	Long Island, N.Y. (Offshore)	TBA	TBA	TBA	TBA	Syndication expected 2Q2007.
Borelais Infrastructure	Bruce Power (4.6 GW)	Tiverton, Ont.	TBA	TBA	\$368M	TBA	Looking for lead banks.
Organizacion Soriana, Vientos Del Istmo	(216 MW Wind)	Oaxaca, Mexico	TBA	TBA	C\$1B (\$846M)	TBA	Looking for lead banks.

## Live Deals: Europe/Middle East

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Botswana Power Corp.	Morpule (1.2GW Coal) Expansion	Palapye, Botswana	TBA	TBA			Looking for lead banks.
InterGen	Rijnmond Energie Center (820MW, Cogen)	Rotterdam, Netherlands	TBA	TBA			Looking for banks to refinance EUR240M (\$326M) in project debt and fund 400MW expansion.
AES	Cartagena (1.2GW, Gas) Refi	Cartagena, Spain	Calyon, SocGen	TBA			Looking for banks to refinance EUR665M (\$887M).
ACS Group	La Boga Portfolio (Wind)	6 sites, Spain	Natixis, La Caixa	Term loan	EUR 350M (\$462M)		Syndication slated to wrap in May
				Tax facility	EUR 58M		
Babcock & Brown, Eurowatt	Wind Portfolio (120MW)	Various, France	La Caixa, Natixis	Term loan	EU183M (\$234M)	15-16 yr	Syndication timeline unclear.
Spanish Egyptian Gas Company	Damietta (LNG) Refi	Damietta, Egypt	TBA	Non-recourse loan			Choosing lead banks with advisor RBS.
Marubeni	Messaieed (2GW Gas)	Doha, Qatar	Calyon, Managing Agents	TBA	\$1.3B		May syndication expected.
Suez Energy International	Marafiq (2.5GW IWPP)	Jubail, Saudi Arabia	BNP Paribas, Samba Financial, Gulf International Bank	Financing package, makeup	TBA	19 yr	Marafiq Power & Water Utility offtake. Allocations expected shortly.
Ras Laffan Power Co. (AES)	Ras Laffan A (750 MW IWPP)	Doha, Qatar	TBA	TBA	\$572M		Looking for lead banks.
C-Power	Thornton Bank (300 MW Wind)	Belgian Coast	Dexia	TBA	EUR100M (\$131M)	TBA	Status unclear.
AES Oasis, Mitsui & Co.	Almanakher (370MW Gas)	Almanakher, Jordan	Sumitomi Mitsui, Overseas Private Investment Corp., JBIC	Senior facility	\$255M		Near close. National Electric Power Co. offtake.
				Equity tranche	\$75M		



## 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.*

### North America

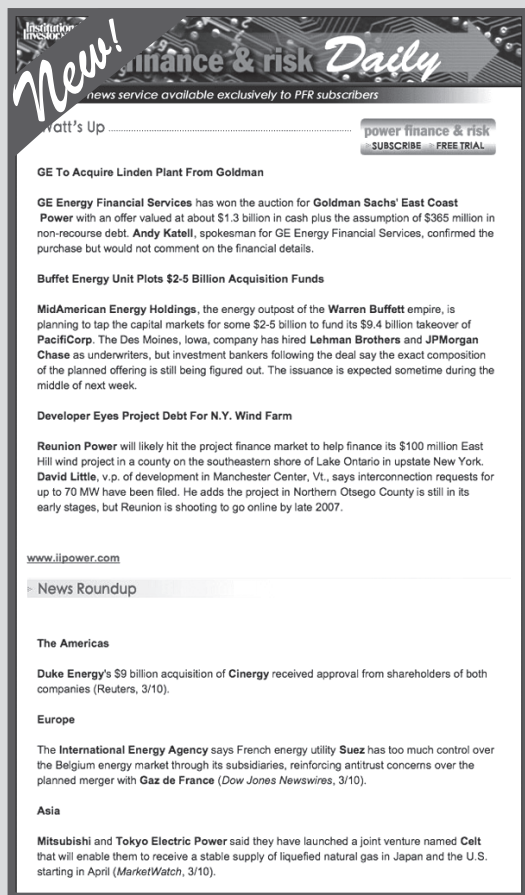
- **GE Energy Financial Services** intends to double its investment in renewables by 2010 and has begun disclosing greenhouse gas emissions from its power plants (*Financial Times*, 5/23). It also announced an investment in Roscoe, a 209 MW wind farm being built by **Airtricity** in West Texas (*Forbes*, 5/23).
- **Reliant Energy** announced a comprehensive refinancing program, launching a tender offer and consent solicitation for its 9.25% and 9.5% senior secured notes, totaling \$1.1 billion (*Reuters*, 5/23).
- **Chevron** said it will sell 96.9 million shares it owns in **Dynegy** for an estimated \$940 million, representing its entire stake in the IPP (*Dow Jones*, 5/22).
- The **California Energy Commission** accepted an application from **San Gabriel Power Generation** for its proposed San Gabriel Generating Station (*Energy Central*, 5/23).
- The **Tennessee Valley Authority** has restarted the Browns Ferry Nuclear Plant after 22 years, completing a five-year, \$1.8 billion renovation (*Associated Press*, 5/23).
- Utah has joined California, four other states and British Columbia in a pledge to reduce greenhouse gas emissions. Each is expected to set benchmarks to reduce emissions by August (*Associated Press*, 5/23).
- A report from a unit of the **California Public Utilities Commission** suggested that **San Diego Gas & Electric's** \$1.3 billion Sunrise Powerlink transmission line is not essential (*Reuters*, 5/22).
- Canadian utility **TransAlta Corp.** has engaged **BMO Capital Markets** to explore strategic alternatives for its **TransAlta Power** affiliate in order to maximize its value to unitholders. (*Bloomberg*, 5/22).
- The **Long Island Power Authority** is seeking proposals for 25 MW of power from wind turbines (*Bloomberg*, 5/22).
- State regulators said **Cape Wind** developer **Jim Gordon's** plan for a 250 MW oil-fired plant in Chelsea, Mass., appears unlikely to be able to get state approval (*The Boston Globe*, 5/21).
- **Williams** agreed to sell nearly all its power trading business to **Bear Stearns** for \$512 million. The company, whose portfolio includes about 9.5 GW of power contracts, plans to sell its remaining power assets this year to focus on its natural gas business (*Reuters*, 5/21).
- **Consolidated Edison** is planning \$7.8 billion in upgrades to its electricity system between 2008 and 2011, including \$39.3

million in superconducting electrical cable installations in Manhattan. The investments will likely lead to steep rate increases (*Wall Street Journal*, 5/21).

- **DTE Energy** has agreed to sell its **DTE Gas & Oil** unit to **Atlas America's Atlas Energy** for \$1.2 billion in cash (*Pittsburgh Business Times*, 5/21).
- **Constellation Energy Group's E. Follin Smith** is stepping down as CFO, to be replaced by **John Collins**, its chief risk officer (*Associated Press*, 5/18).
- **PPL Corp.** agreed to sell its 86.4% stake in El Salvador's **Distribuidora de Electricidad Del Sur** electricity delivery business to **Ashmore Energy International** in a \$180 million stock deal (*Associated Press*, 5/18).
- The **Louisiana Bond Commission** approved the sale of up to \$1 billion in tax-free bonds, partially funding the Lake Charles Cogeneration gasification plant, to be built by a subsidiary of **Leucadia National**. Underwriters on the offering will be **Wachovia Bank, National Association** and **Morgan Keegan** (*Reuters*, 5/18).
- **Southern California Edison** asked the **California Public Utilities Commission** for permission to conduct what it says is the first feasibility study into combining several clean-coal technologies on a commercial scale (*Reuters*, 5/18).
- **BMO Financial Group** hiked its estimate of pre-tax losses from natural gas trading to C\$680 million (\$619 million) from C\$350-450 million, dismissed two commodities traders, and is investigating possible fraud in the trading and valuation of its portfolio (*Financial Times*, 5/17).

### Europe

- **BP** canceled plans for its carbon-capture power plant in Peterhead, Scotland, citing delays on a U.K. government competition to support such projects (*Wall Street Journal*, 5/24).
- German utility **E.ON** is planning to launch a joint venture with Russian energy company **STS** in an attempt to get into Russia's electricity market (*Associated Press*, 5/24).
- The U.K. government unveiled its new **Energy White Paper**, in which it gave the go-ahead for the world's first mandatory carbon trading scheme aimed at large commercial and public sector organizations, as well as legislation to triple renewable output and allow the storage of natural gas under the seabed. It has also begun a 20-week consultation to kick start new nuclear building (*Reuters*, 5/23).



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## JOHN HANCOCK

(continued from page 1)

portfolio by 2010—with a starting base of J-Power's existing 1.2 GW fleet—and potentially look to an initial public offering as an exit strategy. J-Power USA Generation will get involved in competitive auctions and pursue privately negotiated transactions and development opportunities. Its first greenfield project is Orange Grove, a pair of 86.5 MW gas peakers that will be contracted to San Diego Gas & Electric for 25 years, expected to be in the joint venture (PFR, 5/18).

Salyer says the deal came about because his company was looking for a way to accelerate growth. "We approached them," he explained, adding, "As part of our overall strategy to make sure we are consistently in the market, we felt it would be a good idea to have a partner that will have a good source of capital for our growth, as a well a parent partnership of equals and size." Added John Anderson, head of power and project finance at John Hancock in Boston, "One of the things that is interesting about this venture is it brings together two like-minded investors that have a preference for lower risk, long-lived assets."

John Hancock's Canadian parent Manulife Financial Corp. already has \$7 billion of power investments in the U.S., which are not part of the new venture. Tokyo-listed J-Power Group, a unit of Electric Power Development Co., owns a net 19 GW of

generation, 17 GW of which is in Japan and also not part of the new deal.

—Katy Burne.

## DEVELOPER PLOTS

(continued from page 1)

to the post other projects such as Massachusetts' Cape Wind in Nantucket Sound and FPL Energy and the Long Island Power Authority's park off Jones Beach (PFR, 12/15). Both those projects have seen delays in approval amid fierce opposition from local residents.

After getting the green light from four state agencies this week, Bluewater still must undergo environmental studies and obtain final permits. The financing structure will become clearer once an offtake agreement is in place, notes Bodt, adding that this is expected within two months. As part of the approval, state officials ordered Delmarva Power to negotiate with Bluewater and back up the farm with gas-fired peaking capacity. NRG Energy and Conectiv Energy are bidding to build the plant to be located in Sussex County.

Local support enjoyed by Bluewater could put it ahead of the other two, but all three still face great uncertainty. With offshore projects, lenders like to see PPAs guaranteeing 2-4 cents per kilowatt hour more than in onshore farms, explains Jérôme Guillet, director of energy projects at Dexia Crédit Local in Paris, which co-financed the 120 MW Q7 facility off the Dutch

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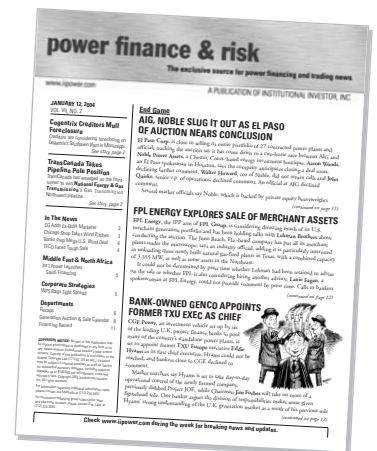
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coast near Ijmuiden and C-Power's 300 MW project in the North Sea on the Thornton Bank (PFR, 2/07).

Bluewater plans to use **Vestas Wind Systems'** 3 MW turbines. Installation is targeted to begin in 2011, with partial operation beginning later that year. Bluewater is a subsidiary of **Arcadia Wind Holdings**, which developed the 135 MW Judith Gap Energy Center in Montana before selling it to **Invenergy**. —*Ben Miller*

## CREDIT SUISSE

(continued from page 1)

is hydro—with two prized units in New York—32% is biomass and 17% is gas-fired. (For the full list of assets, see the auction calendar on page 6). The power purchase agreements have a capacity-weighted average term to expiry of 25 years and minimum price increases of 3%. The assets also are conservatively leveraged with net debt of 1.3x EBITDA as of the end of last year.

The fund has a C\$590 million (\$546 million) market capitalization and a buyer is expected to pay a 20-25% premium. The auction is expected to be concluded in about six weeks. Those expected to show an interest include infrastructure funds affiliated with **Babcock & Brown** and **Macquarie Bank**, pension funds such as **Ontario Teachers' Pension Plan**, Canadian utilities **TransCanada** and **Emera** and green energy ventures such as **Covanta Energy** and **LSPower's Polaria**. Calls to these firms were not returned. Fund manager **Boralex Inc.**, which owns 23%, also said it will look at the deal. —*K.B.*

## U.K. TAPS

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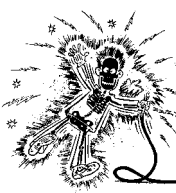
collateral needs as a result of a restructuring, under which the government assumed the decommissioning liability of eight nuclear plants. Under that arrangement, it retains the option to convert all or a portion of that interest to equity, explains **Bill Coley**, ceo of British Energy in Livingston, Scotland. He declined to comment on the government's actions, saying, "We have no influence and we are not party to the decisions they are making."

**Gordon Brown**, Chancellor of the Exchequer, announced the government's intention to sell part of its stake in British Energy and related assets last March, but did not provide a timeframe. For a while it appeared the government might change its mind, but sources say it has now looking to restart the process because the implied valuation of the cash sweep greatly exceeds the funds it needs to fulfill its decommissioning obligations, so now is a good time to raise the cash.

At this stage it is unclear why the government would sell on the open market, if a private placement might net it a premium. Hedge funds and private equity firms have shown interest in the company's assets before—specifically coveting its 2 GW coal-

fired Eggborough plant in Yorkshire—despite well-documented operational issues relating to its nuclear facilities Hinkley Point B and Hunterston B, which had to be temporarily shut down for boiler repairs. Bondholders owning 70% of the debt in Eggborough, who are advised by boutique investment bank **Greenhill & Co.**, recently expressed a desire to sell their call option to buy the plant in 2010, but British Energy has taken them to court saying it has first rights to any deal. —*K.B.*

## Alternating Current



### Something We Just Gobbled Together?

Get your constipation-risk wraps ready, folks. Philadelphia-based **Fibrowatt** is rolling out the nation's first poultry litter-fired power plant, due to come online next month. A pungent mix of bird droppings, wood chips, seed hulls, feathers and spilled feed will add 55 MW of capacity to Minnesota's grid.

The \$200 million **Fibrominn** (fiber what?) plant in Benson, Minn., comes hot on the claws of three similar ventures in the U.K. A pipeline of turkey-turd plants is now planned across at least four poultry-growing states.

But don't get too excited about farm feces helping the Gopher State reach its 25% renewable portfolio standards well ahead of 2025. Hog and cow manure are said to be too wet for use in biomass generation.

## Calendar

- The **American Wind Energy Association** presents *Windpower 2007* at the Los Angeles Convention Center June 3-6. Go to [www.awea.org](http://www.awea.org) to register.

## Quote Of The Week

"One of the things that is interesting about this venture is it brings together two like-minded investors that have a preference for lower risk, long-lived assets." —**John Anderson**, head of power and project finance at **John Hancock** in Boston, on his company's new joint venture with **J-Power USA Development Co.** (see story, page 1).

## One Year Ago In Power Finance & Risk

**Banco Santander**, **BBVA**, **Royal Bank of Scotland** and **BMO Financial** were set to be named as leads for a C\$746 million (\$675 million) project loan funding **Repsol** and **Irving Oil's** Canaport LNG import facility in Saint John, New Brunswick. [The four launched syndication in January (PFR, 1/26).]