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Lehman Selling SkyPower Stake

Lehman Brothers is set to issue teasers on wind developer **SkyPower** with a view to selling up to half the company. See story page 2

At Press Time

Airticity Execs Mint New Venture 2

In The News

RBS Kicks Off Int'l Power Financing 3
Duke Readies \$500M Wind Deal 3
Asian Buyers Retain Boutique 3
WestLB Plots Dokie Wind Launch 3
MMC Eyes Projects Post-Proxy Fight 4
Deutsche Names Commodities, Natural Resources Chiefs 4
Bank, PF Advisor Form New Venture 5
Kleen Retail Syndication Winds Up 5
Morgan Nears Wrap On Topaz 5

AWEA Confab

PTC Issue Draws More Concern 6
Wind Lenders Get Conservative 7

Corporate Strategies

Tenn. Utility Goes Tax-Exempt 8
El Paso Clears Decks To Fund Plant 8

Departments

Generation Auction & Sale Calendar 9
News In Brief 11

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HOUSTON IPP PUTS 1.7 GW ON THE BLOCK

Houston IPP **Cobisa Corp.** has put a 1,750 MW combined-cycle gas turbine development project in the Dallas-Fort Worth area up for sale. As first reported by *PFR* May 30, the company has retained **Pace Global Energy Services** to run the auction.

A group of strategic energy players will be approached to bid, according to one deal tracker, who notes the process is expected to reach a conclusion this summer. "We're trying to find the best party or parties to get this done," says **Greg Platt**, v.p. at Cobisa, noting the company is planning on retaining a minority stake. "We're open to talking to everyone," he

(continued on page 12)

ALLEGHENY TAPS BNP, CITI FOR WIRE FINANCING

Allegheny Energy subsidiary **Trans-Allegheny Interstate Line Company** has mandated **BNP Paribas** and **Citigroup** to arrange financing for its \$820 million, 180-mile portion of a 500 kV transmission line that will stretch from southwestern Pennsylvania into northern Virginia. Construction is set to begin in the fourth quarter and wrap by the middle of 2011.

Bankers say transmission paper is normally well sought after, though details of the financing could not be learned and officials at the leads declined to comment. "If you have the transmission rights you can put a lot of leverage on it," says one. "It offers people some

(continued on page 12)

AEI EYES LEADS FOR LATAM COAL PLANT

AEI, formerly **Ashmore Energy International**, is in talks with banks to arrange financing for subsidiary **Jaguar Energy's** \$600 million, 275 MW coal-fired project under development in Escuintla, Guatemala. **John Fulton**, cfo in Houston, confirmed the company is arranging a debt package for the plant, but declined to elaborate further.

Construction is set to begin later this year 80 miles south of Guatemala City, ahead of the unit reaching commercial operation in 2012. The project has a 15-year PPA for 200 MW with **Distribuidora de Electricidad de Occidente** and **Distribuidora de Electricidad de**

(continued on page 12)

AWEA Confab

WIND DEVELOPERS: BUILD, DON'T BUY



Michael O'Sullivan

Industry bigwigs at the *American Wind Energy Association's* annual conference in Houston last week made clear their preference for developing wind portfolios from scratch as opposed to acquiring while valuations are so high. "You're talking hundreds of millions for an alleged pipeline," said **Michael O'Sullivan**, senior v.p. of development at **FPL Energy**. "We don't believe it is the most efficient way. We think it's a far better paradigm for our shareholders to do this organically."

(continued on page 6)

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

At Press Time

Lehman Shops Interests In SkyPower

Lehman Brothers is set to solicit interest in up to 50% of wind developer SkyPower. "The game plan is for Lehman to bring in a partner and together to take the company to the next level," according to an official at the bank, which owns a majority stake. Teasers are set to be dispatched in about a week by Lehman, which is lead financial advisor. Marathon Capital is advising SkyPower.

The Toronto-based developer issued a statement May 30 saying it is looking to augment its capital base and accelerate the development of its wind and solar platform. It has a portfolio of nearly 150 renewable energy projects, representing an 11 GW pipeline across 10 provinces in Canada and elsewhere, according to a Lehman spokesman. About 220 MW of projects—10 wind and nine solar—are under PPA and it owns 527 MW of turbines. Groundbreaking has begun on two facilities, one expected to be the largest solar photovoltaic energy park in North America, adds the spokesman. But to date nothing is thought to be up and running.

SkyPower has struggled to get projects permitted, according to one market watcher, who believes Lehman may be trying to exit its initial investment, reportedly in the range of \$110-150 million. Aaron Peters, a public and regulatory affairs official at Skypower, did not respond to questions by press time.

The company failed to win the recent Manitoba Hydro and Hydro Québec RFPs, the watcher says, and its 21-year PPA with Hydro Québec for the 201 MW Terrawinds complex has reportedly expired. Terrawinds was a project under SkyPower Wind Energy Fund, a Canadian income trust of which SkyPower was the general partner. SkyPower has since opted to buy out all the public unitholders in that fund and plans to use the turbines in a modified project in Rivière-du-Loup in Quebec and other standard offer program projects, says the Lehman official.

Airtricity Founders Hunt Equity For New Co.

Eddie O'Connor, founder of recently sold wind developer Airtricity Holdings, has unveiled the name for his new renewable energy venture and says he is looking to raise EUR200 million (\$311 million) in fresh equity to ramp up. The company—whose formation was first reported by PFR (PFR, 1/25)—is called Mainstream Renewable Power and will be seeking investments from high-net worth contacts in Ireland, says O'Connor, ceo in Dublin. "We won't be needing the money, but it'll allow us to be more aggressive," he says, noting if the money is in place by early fall it will help turbine supply negotiations.

After raising initial equity, Mainstream plans to set up dedicated funds under a series of joint ventures with pension companies to raise growth capital. An initial public offering is also envisaged in about five years. O'Connor has already contributed EUR30 million of his own money and the board about EUR10 million, which includes Fintan Whelan, Airtricity's corporate finance manager, now cfo of Mainstream.

Their aim is to invest in wind for the first three years, before branching out into solar thermal and wave power, targeting 50 MW of installed capacity by next year and 200 MW by 2010. Europe, the U.S., South America and Australia are focal regions, adds O'Connor.

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INTELLIGENCE FIRST

RBS Launches IP, Tenaska Financing

Tickets of around \$100 million are on offer for senior managing agent roles in the **Royal Bank of Scotland**-led financing for **International Power America's** \$856.4 million purchase of four plants from **Tenaska Power Fund**. As reported in *PFR Daily*, the deal launched last Wednesday with upfront fees reportedly in the range of 150 basis points ahead of retail syndication following in mid-July.

The \$508 million in financing includes a \$400 million term loan and a \$108 million working capital revolver. Pricing is said to be 325 bps over LIBOR. The tenor could not be learned. Debt service relies partly on capacity payments from the PJM Interconnection, which are fixed for three years at \$174.29 per megawatt-day before dropping to \$110 per megawatt-day in June 2011 due to an increase of generation in the pool.

Three of the units in the deal are included in a portfolio known as **APT Generation** and are co-owned by **Warburg Pincus**. They were bought from **Dominion** last March and include 625 MW Armstrong Energy in Shelocta, Pa., 313 MW Pleasants Energy in St. Mary's, W.Va., serving PJM, and 616 MW Troy Energy in Luckey, Ohio, serving MISO. The fourth plant, 303 MW Calumet Energy Power Station in Chicago, Ill., was bought in 2005 by TPF and undisclosed co-investors for \$38 million. Calls to officials at RBS were not returned, nor were calls to IP and TPE.

Duke Plots \$500-600M Wind Portfolio Deal

Duke Energy is preparing to tap project finance lenders next year for \$500-600 million in debt supporting around 400 MW it has been developing after acquiring wind company **Tierra Energy** last May.

Bill Keeney, v.p. of wind energy, told *PFR* last week, that Duke was aiming to warehouse projects on its balance sheet until it was ready to seek project financing. "In 2009, we'll have enough scale, probably in the neighborhood of up to 500 MW," he said, noting that "the usual suspects" in wind banking and Duke's relationship banks will be asked to submit proposals.

Some 90 MW of projects are set to come online in August, comprising 60 MW Ochotillo in west Texas and 30 MW Happy Jack near Cheyenne, Wyo. Another 90 MW will reach commercial operation by the end of this year, including the 60 MW 1B phase of Notrees in Ector and Winkler Counties, Texas, which will be followed by 100-200 MW next year.

The financing will most likely need a construction component, says Keeney, adding that it is too early to determine exactly what shape the deal will take. No turbine supply loans

will be needed but the company already has a lock on its equipment via **Suzlon**, **General Electric** and **Vestas**.

Boutique Advisor Working With Asian Buyers

Concentric Energy Advisors has been retained as the buy-side advisor for a pair of undisclosed Asian strategic players, each of which is seeking to make multi-billion dollar investments in the U.S. within the next year. As reported in *PFR Daily* last Tuesday, the clients are looking at everything from integrated utilities to merchant power, says **John Reed**, chairman and ceo at Concentric in Marlborough, Mass. He declined to talk specifics.

Separately, Concentric is looking to hire about seven new staff members for its Washington, D.C., office, which officially opened last Monday. Positions range from administrative to a senior testifying expert for electric issues. The expansion comes in the wake of the firm's acquisition of Bethesda, Md.-based consultancy **Zinder Companies**, including its electric and gas utility advisory unit, **H. Zinder & Associates**, last month. "One of our major groupings is regulatory affairs—it's the one that has had the fastest rate of growth," says Reed. **Steve Gaske**, former president of Zinder, is senior v.p. at the new D.C. office, along with recent hires **Kenneth Yagelski**, assistant v.p., and **Michael Lucy**, executive advisor (*PFR*, 3/7).

WestLB Preps July Launch Of Dokie Wind

WestLB will launch syndication July 1 of a roughly \$142 million construction loan for **EarthFirst Canada's** 144 MW Dokie I wind farm in northern British Columbia. A bank meeting will likely be firmed up in the interim, says a deal tracker.

The lead will look for commitments of up to \$40 million, while offering an upfront fee of one basis point per million (*PFR*, 2/15). Pricing starts at LIBOR plus 125 basis points and steps up 12.5 bps every four years over the loan's 17-year tenor. Rounding out the \$212 million financing is \$55 million in 20-year bonds to be priced in a Dutch-style auction and about \$15 million in working capital.

Dokie I is adjacent to the W.A.C. Bennett Dam in the Rocky Mountain foothills, allowing it immediate connection to the grid. It has a 20-year PPA with **BC Hydro** and is set to come online next year before Vancouver hosts the 2010 Winter Olympic Games. The farm will consist of 48 V90 **Vestas Wind Systems** turbines and is the first phase of a 300 MW project that the developer will bid into a later BC Hydro call for generation. Officials at the bank declined to comment and calls to EarthFirst were not returned.

MMC Acquisitive As Proxy Fight Concludes

MMC Energy is looking to acquire a power development project following the near resolution of the proxy battle initiated by its founders. "The California market remains of interest," says **Denis Gagnon**, cfo at the New York IPP, noting that mainly gas-fired peakers in liquid markets such as PJM and NEPOOL are attractive. MMC is also being advised by **Merriman Curhan Ford & Co.** on reverse enquiries into its California assets, but Gagnon says no process is under way.

Energy Holdings Limited, which owns about 4% of MMC's shares, or 9% including the holdings of its CEO **Karl Miller**, recently filed a statement to replace all seven of MMC's board members, claiming they were too passive (PFR, 4/18). But stockholders have re-elected the seven directors by more than 10 million votes to 1,250,845 for the dissident slate, ending the contest. Final results will be announced after a review and certification by an independent inspector.

MMC raised \$50 million last July. The majority of that will go toward its California projects. The company is repowering its 44 MW Chula Vista facility and its 44 MW Escondido plant, both in San Diego County. "[The proxy fight] diverted management time away from these projects," says Gagnon. "We're continuing to evaluate financing options," he adds. Permits are expected to be secured in the fourth quarter, with the upgrades set to come online next summer.

Deutsche Bags Canadian Commodities Chief...

Deutsche Bank has tapped **Derek Davies**, formerly managing director and head of European power, gas and emission marketing at **UBS**, as managing director and head of Canadian commodities. "He gives us deal-making ability and with his skills he will be someone we can build the Canadian commodities business around," says **Tim Sullivan**, managing director and head of commodities sales and origination in North America, based in Houston. Davies, who began last Monday after gardening leave, will be based in Calgary and report to Sullivan.

"Our business in Canada is related to the producers in both natural gas and oil, and Derek knows the producer communities because he has done deals with the producers," says Sullivan. "A guy who knows how to do deals and knows the people in the producer communities and can help them with their hedging needs is the right hire." Davies takes over an origination role in the three-person Calgary office that opened when **Grant Oh** left the bank for reasons that could not be learned. But, Sullivan emphasizes, Davies' role will be larger than just origination as Deutsche looks to expand its business. "While Derek was at

UBS, we had an opportunity to work on a transaction while I was at **AIG Financial Products**, so I know about his market savvy and deal-making skills," he says, declining to reveal the specifics of that deal.

...Names Co-Heads of Global Natural Resources

Deutsche Bank has also named **Alan Brown** and **Mike Hill** co-heads of its global natural resources group. Brown was previously head of that group's division, handling Europe, the Middle East and Asia, while Hill joins from the financial sponsors group, where he gained experience with natural resources.

According to an internal memo obtained by *PFR*, the two replace **Michael Johnson**, who has moved into the newly created role of deputy head of global banking in the Americas. Additionally, **Tom Barber**, head of investment banking in Canada, will take on the role of chairman of global natural resources for the bank to focus on relationships with "Platinum and Tier 1 clients."

"Together they will work to continue to advance our global [natural resources group] franchise and consolidate our leadership position," reads the memo, sent May 29 by **Jorge Calderon**, co-head of global industry coverage in London, **Jim DeNaut**, head of global banking in the Americas in New York, and **David Fass**, head of global banking for EMEA also in London. Brown and Hill will report to Calderon and their regional heads, while Johnson will report to DeNaut to "focus on building on the momentum achieved so far in the relationship between Global Banking and Global Markets to maximize cross-selling opportunities within [the corporate and investment bank]." Officials and a spokesman at the bank declined to comment.

European Fund Manager Eyes New Fund

Platina Finance is looking to launch a fifth renewable energy fund following the anticipated year-end close of its fourth fund, *European Renewables Energy Fund I*. "If it's successful, there will probably be another one," says **Leo Wood**, spokesman in London. He says Platina is concentrating on fundraising for EREF, but is on track for a follow-on fund. The London-based fund manager is targeting EUR250 million (\$386.6 million) for EREF, which will invest in businesses that own renewable generation assets, including wind, solar and biomass. A target size for the new fund has not yet been determined.

EREF had an intermediate close in January of EUR75 million after launching in October. Platina's existing investors and two new unidentified investors have contributed to the fundraising.

The fund is looking to invest EUR1-3 million in development-phase projects and up to EUR50 million in projects at the construction and operational stages in order to reach 500-700 MW in total of generation.

Plantina's first fund, *Mistral Energy I*, invests in wind project development in the U.K. and France. That fund closed a non-recourse project financing for a 2 MW greenfield solar project in Ocaña, south of Madrid in Spain, through its **Anemoi Renewables** investment subsidiary (PFR, 3/20).

EBRD To Invest In Estonian Wind

The **European Bank for Reconstruction and Development** is planning to invest in the first stage of joint venture company **OÜ Raisner**, which is developing the 150 MW Lügänuše wind farm about 120 km east of Tallinn in Estonia. **Iberdrola Energías Renovables II**, a unit of **Iberdrola**, has a 80% stake in the venture and developer **OU Adepte** has 20%.

Raigo Solg, a consultant at **OU Adepte** in Tallinn, says the total project cost is unknown but that on the basis of roughly EUR1 million (\$1.55 million) per MW the facility could cost EUR150 million. He said initially the remaining project costs will be funded with sponsor equity. Any plans for debt financing downstream could not be determined and a call to **Grzegorz Zielinski**, operations leader at EBRD in Warsaw, was not returned. An Iberdrola spokesman was not available for comment.

Development of Lügänuše is expected to be complete by the end of this year and construction to begin early next year. Once complete, the farm will be the largest in Estonia.

Mideast Bank, PF Advisor Team Up

Global Banking Corp. and project finance advisory outfit **Taylor-DeJongh** have launched **Global Energy Financial Services Co.** to advise GBCORP on its investments in energy infrastructure, as well as oil and gas. The venture will originate transactions as well as provide support on valuations, structuring and negotiations, post-investment management and exit strategies.

"We're talking to a range of regional banks and engaging in discussions with private equity funds to find deal flow," says **Timothy Holden**, director at Taylor-DeJongh and interim ceo of GEFSCO in Manama, Bahrain, on the newly-minted company. It is looking to do deals up to and around \$1 billion, but no smaller than \$25 million, mainly in conventional power, says Holden. Deals in upstream exploration and production, natural gas processing, refining, petrochemicals and oilfield services also will be sought. "Renewables will be done on a selective basis," he adds, pointing to the technical risks associated with the sector.

GBCORP typically focuses on infrastructure and real-estate investment as well as advisory services in corporate finance and

capital markets, but Holden says the joint venture came about after it realized Taylor-DeJongh had stronger experience in energy.

Goldman Seals Kleen Retail

All commitments are in for the **Goldman Sachs**-led retail syndication of \$1.015 billion in financing for **Kleen Energy Systems'** 620 MW baseload plant in Middletown, Conn. **CoBank**, **Commonwealth Bank of Australia**, **DZ Bank**, **Erste Bank**, **MetLife**, **SE Banken**, **Sumitomo Mitsui Banking Corp.** and **Toronto-Dominion Bank** have joined with undisclosed commitments.

Serving as joint lead arrangers are **BNP Paribas**, **Dexia Crédit Local**, **HSH Nordbank**, **ING Capital**, **Natixis**, **Scotia Capital**, **Union Bank of California** and **WestLB** with commitments said to be \$150-200 million each with the expectation of being scaled back to \$75 million (PFR, 5/23). Goldman is administration agent, while Natixis is syndication agent and BNP, ING and UBoC are documentation agents. Calls to Goldman were not returned, and officials at the joint leads either declined to comment or did not return calls.

Tickets of \$50 million and \$25 million were offered with fees of 75 basis points on the larger ticket and 35 bps on the smaller. The package consists of:

- a \$450 million term loan A, priced at LIBOR plus 175 bps with an eight-year tenor after construction ends in 2010,
- a \$315 million B loan with a 14-year tenor post construction, priced at 250 bps, and
- an unfunded \$250 million revolver and LC priced at 175 bps.

Topaz Nears Wrap

State Bank of India is the latest to join the **Morgan Stanley**-led retail syndication of \$740 million in financing for **Carlyle/Riverstone's** 1.4 GW Texas repowering, as the lead looks to sell down the final \$75 million to a pair of undisclosed European project finance banks. The Indian bank recently committed \$15 million, according to one deal watcher, who notes the deal should wrap by the end of this week.

The lead pushed back the original May 23 commitment deadline to accommodate deal volume in the market. Around that time, Sweden's **SE Banken** signed up with a \$50 million ticket (PFR, 5/30). MS launched the deal in late April before the deal reached financial close May 7. In the wholesale round **Natixis**, **ING Capital** and **Dexia Crédit Local** signed up as co-underwriters and **WestLB** and **Calyon** as sub-underwriters. **GE Energy Financial Services** and **Union Bank of California** have buy-and-hold stakes.

Retail tickets proposed were \$25 million, \$35 million and \$50 million with upfront fees of 62.5 basis points, 87.5 bps and 125 bps, respectively. Officials at the banks either declined to comment or did not return calls, and calls to Riverstone were not returned.

American Wind Energy Association's WINDPOWER 2008 Conference

Nearly 13,000 developers, financiers, manufacturers and service providers to the wind industry attended the American Wind Energy Association's WINDPOWER 2008 event in Houston last week, up from 7,000 last year. Managing Editor Katy Burne filed the following reports.

WIND DEVELOPERS

(continued from page 1)



Peter Duprey

Peter Duprey, CEO of Acciona Energy North America, agreed and said any acquisitions by his company would probably be only single assets. "We've not done a portfolio acquisition. We feel right now values are rising dramatically and it's probably more economic to understand a few smaller-scale projects than go out and acquire a huge

portfolio where you don't know what you are buying," he told *PFR* on the sidelines of the conference.

So convinced are financial sponsors of the potential rewards from renewable energy that a new breed of so-called growth capital funds are springing up, ready to take construction risk, said Ray Wood, co-head of alternative energy at Credit Suisse. "There are a new group of private equity investors following the successes of Horizon Wind Energy and Airtricity and they are actively looking to take that kind of risk," he said at a Financing

Options and Structures session.

Unlike infrastructure funds, which cater to big pension money and are therefore looking to own assets over the long haul, financial sponsorship will eventually lead a developer down a path towards a sale to a strategic, but is a sound way to finance growth. An alternative, Wood said, is to bridge the ultimate sale of the company by selling individual projects. That can demonstrate value early on that could be applied to a project pipeline downstream. With pressure to scale up quickly to deal with competition and the risk of federal production tax credits expiring, being in the wind business is not for the faint of heart, panelists said. "It's forcing people who seriously want to play to have the balance sheet and the commitment," said Hunter Armistead, head of renewable energy for North America at Babcock & Brown. "In the last three to five years, all of us here have entered into long-term [turbine supply] agreements. As a result, we are eliminating 'Home Depot' wind developers," said O'Sullivan, adding, "The phenomenon of rate-base wind being built by utilities will squeeze the smaller guys out because they need PPAs." —K.B.

Execs Make Traditional Call: Resolve PTC Question!



Gabriel Alonso

Utility executives urged policymakers to provide much-needed clarity as to whether production tax credits will be renewed—a call always made each time credits near expiration. Gabriel Alonso, COO of Horizon Wind Energy, said the country needs a uniform policy like the one that exists in some member states in Europe, such as Spain and Denmark.

"To build a long-term view we need to have a clear energy policy. And we need

transmission to support the new resource." Horizon parent Energias de Portugal plans to build 700 MW a year on average in the U.S., at a cost of about \$1.5 billion annually.

Randy Swisher, executive director of AWEA, agreed the federal government needs to give the market a strong price signal to prevent stagnation. "We need to break through the on-again, off-again legislation to find a stable, long-term policy," he said. But Swisher, who plans to retire at the end of this year, added that he is, "Confident the PTC will be extended. It has passed the House

for the fourth time and we are expecting Senate action."

For his part, Alexander Karsner, assistant secretary at the U.S. Department of Energy, was careful not to raise the industry's hopes, but said Capitol Hill is broadly behind the extension. "Not only would we like to see it extended, we'd like to see it improved. The chronic erratic implementation is not ultimately good for the industry," he said.

Some Overestimate Farm Output

Models appear to be overestimating the power output expected from large-scale farms, leaving industry meteorologists and engineers scratching their heads. There are also biases that developers are falling foul of when assessing wind resource. "We feel [wind] availability is the single biggest culprit," said Eric White, director of engineering at renewable energy consultancy AWS Truewind. Data show that wind availability differs 8-10% from what was expected pre-construction, he told *PFR*, noting the mismatch is worrying for developers relying on cash flows at the back end of a project's life after the tax equity has achieved its desired returns. "The challenge for developers is the revenue stream if you have to stretch out the repayments," he said.

Part of the problem is also turbine performance. With

manufacturers trying to get so many turbines out the door, corners are being cut, said White. **Vic Abate**, v.p. for renewables at **GE Energy**, conceded quality control is a key issue among suppliers but stressed that since the industry is yet young the equipment will need time to evolve.

Another factor is the so-called wake effect. According to **UpWind**, an E.U.-funded project composed of 40 partners who aim to perfect turbine design and disseminate their findings, this is when there is a dip in output because wind speeds decrease and turbulence increases downwind from a turbine. Power losses due to wakes in large farms are 5-8% but in reality can be much larger, the group believes. Studies have been conducted modeling wake effects at **DONG Energy's** Horns Rev wind park off the west coast of Denmark showing this phenomenon.

Furthermore, says **Andrew Tindal**, director at renewables consultancy **Garrad Hassan**, there is a difference in wind availability across Europe versus that found in North America. "One year ago there was a perception there was a difference. Now there is data to support it," he said. "Our conclusion is that it has to do with suddenly installing 5 GW per year, more than any other country has ever installed in a single year. The knock-on consequence is that corners are being cut."

PTC, Credit Issues Keep Banks Skittish

Credit woes and fears of production tax credits expiring are causing lenders to take an increasingly conservative approach to new business. If turbines are due for delivery after the PTCs expire, bankers on a financing panel said they would need extra comfort from borrowers.

Tony Muoser, senior v.p. at **HSH Nordbank**, said it would probably result in an alteration in the advanced rate, and **Matthew Ptak**, v.p. of structured finance at **BayernLB**, agreed. "We're in discussions with a number of parties to provide turbine financing for after the PTC extension date," he said, adding, "But you can expect a hair cut of 20% [of the advanced rate, typically 80% of the turbine costs]." The larger the transaction, the more cautious banks will be because the market for turbine financing is not as deep as for traditional project finance and a lead may need to pull in co-lenders, said Muoser. "If it's a large facility and you know you need retail [syndication], you're going to be less aggressive with the terms and the advanced rate."

Gisela Kroess, director of global structured finance and project finance at **UniCredit-HVB**, added that there are ways a sponsor can increase its standing with lenders, for example by providing assurances a construction mandate will follow turbine supply loan business, and by being in more liquid markets. If the tax equity is not committed by financial close, however, there may be difficulties securing financing.

On the sidelines of the conference, **Jim Peters**, director of project finance at **enXco**, told *PFR* that the lending environment is changing the way sponsors approach financing structures. "We're more disciplined than we would have been, say, five years ago," he said. "The money is still there, but it's getting pricey. Banks are skittish. Even for a good credit, they're having to demand higher spreads on the order of 25-50 basis points, sometimes as much as 75 [bps] for riskier deals, and they are looking for market flex."



Jim Peters

Tax Equity Mart Could Top \$8B

Last year, 18 wind tax equity deals were completed in the U.S., for a combined \$5.2 billion awarded and **John Eber**, managing director of energy investments at **JPMorgan Capital Corp.**, predicts \$8 billion will be done by the end of this year. "This year we have already seen 16 deals more than \$4.4 billion and we think by the end of the year there will be approximately 25 deals," he said, venturing that another \$3 billion would be put up for other alternative energy projects.

Eber also suggested that while the market is taking off, it is unlikely to see a flood of new participants. There were 14 players last year, he said, but with a few new ones entering the market and some already exiting because they no longer have tax capacity, the community of equity providers should remain the same size.



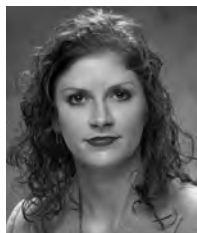
Reporter Notebook

Hold onto your Stetsons when **RES** is in town! Those boys sure know how to throw a party. Drinks were flowing and the tables packed at the company's 2nd Annual Texas Hold'em poker tournament at Venue Night Club downtown Monday night.

- Also that night, **Horizon Wind Energy** held a cocktail reception at the swish Grove restaurant. Advisor **Michael Skelly**—also AWEA's industry person of the year—pressed the flesh like the Congressman he may soon be, after hosting a fundraiser that morning and dishing out eye-popping blue lapel stickers.
- For those who blew off **GE Energy's** rodeo romp Monday night, there was also a do co-hosted by **Fortis** and law firm **Kay Scholer** at the Hilton's Skyline Bar & Grill.
- And on opening night, the industry's best could be found cooling off and soaking up their earlier 'slaw and cornbread at The Grove, where law firm **Baker & McKenzie** hosted a drinks reception overlooking **Lyle Lovett** in concert.

Corporate Strategies

Tennessee Utility Sees Window In Tax-Exempt Mart



Teresa Broyles-Aplin

Nashville Electric Service has decided to issue \$215 million in tax-exempt bonds as the Treasury and tax-exempt market have leveled off after months of volatility. "Because of fears that bond insurers were not financially viable, many investors demanded higher premiums for municipal bonds or moved their funds to Treasuries," explains **Teresa Broyles-Aplin**,

v.p. and cfo in Nashville. "Yields on Treasuries were being driven down by high demand, while tax-exempt bond yields were being driven upwards due to skepticism. Investors are now realizing that the tax-exempt market is a favorable place to invest."

The issue priced Thursday with coupons ranging between 1.88% and 4.77% and has maturities ranging from one to 25 years. NES' is targeting 3.5% interest savings, says Broyles-Aplin. The utility, which is a quasi-government entity also known

as the Electric Power Board of the Metropolitan Government of Nashville and Davidson County, will use \$120 million from the sale for its capital improvement budget over the next three years, which includes the addition of substations. It comes to market every three years for no more than 50% of its capital expenditure needs for the next three years. The remaining \$95 million from the sale will refinance 5.125-5.2% notes with staggered maturities out as far as 35 years issued in 1998 and 4.75-5.5% notes going out up to 18 years from 1999.

Morgan Keegan & Co. is leading the deal. "They preformed very well for us in 2004," says Broyles-Aplin, noting **Lehman Brothers**, **Citibank**, **Loop Capital Markets** and **Wiley Bros-Aintree Capital** are managers. In between issues, firms approach NES and if they are proactive about providing pricing and information, they are included in the next deal, she says. In 2004, NES sold \$110 million in 5% bonds with maturities ranging from 13-25 years. Including this deal, the utility will have \$548 million of outstanding debt and a debt-to-equity ratio of 42:58.

El Paso Utility Repays Debt, Funds Capex

El Paso Electric has issued unsecured notes maturing in 2038 to fund transmission and distribution system upgrades and pay down debt on its revolver as it develops 290 MW Newman 5, an expansion of the existing 480 MW plant in El Paso, Texas. "We wanted to make sure we had an adequate amount of liquidity between cash on hand and the undrawn amount on the revolver," says **Steve Busser**, treasurer and chief risk officer. The \$150 million in 7.5% senior notes will yield proceeds of \$147 million and one third will pay down that much outstanding on the utility's five-year, \$200 million revolver with a floating rate equal to about 4% now.



Steve Busser

"The liquidity just serves to make us sure if something comes up we have the ability to make it through," Busser adds. Newman 5, which is being developed by 2012 to keep up with growth in the system due to the U.S. Army's nearby Fort Bliss doubling in size, is set to cost roughly \$245 million. It will be paid for primarily with operating cash flow generated from rate base.

The timing of the offering was based on the need for cash more than market conditions, says Busser, noting that it looked to the market to determine the tenor. "It became apparent to us there was a more attractive economic appetite at the 30-year tenor with investors that were going to buy the bonds," he says, explaining that the company did not want a tenor shorter than

10 years. "We're building long-lived assets and having long-lived financing just kind of makes sense."

Credit Suisse led the deal. "We have done work with CSFB for a number of years," says Busser. El Paso Electric has a debt to equity ratio of about 50:50.

Georgia Power Issues To Refi CP

Southern Co. subsidiary Georgia Power plans to use all the proceeds from its issuance of \$250 million in 10-year, 5.4% unsecured notes to refinance outstanding commercial paper. "When our commercial paper gets to a certain level, we go to the market," says **David Brooks**, managing director of capital markets for Southern Co. in Atlanta. "We try to diversify our portfolio of debt so not all of it comes due at the same time."

Bank of America and **Morgan Stanley** are book runners on the sale, which priced May 27 and is set to wrap June 5. "We thought they could get the best rate," says Brooks about the selection of the banks. Georgia Power last came to the market in March with \$250 million in two-year, floating rate notes (PFR, 3/20) and it is scheduled to come to market again around December for roughly the same amount. Proceeds are earmarked for refinancing commercial paper so the company can continue environmental upgrades to its coal plants.

Fitch Ratings assigned an A+ to the issue, citing strong plant operating performance and a growing service territory. Georgia Power's debt-to-equity ratio is about 50:50, says Brooks, and it has about \$356.6 million in commercial paper outstanding.



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, Managing Editor, at (212) 224-3165 or e-mail kburne@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
AES	Warrior Run	Cumberland, Md.	205	Coal	Goldman Sachs	Shopping PJM assets (PFR, 5/21).
	Red Oak	Sayreville, N.J.	832	Gas		
	Ironwood	South Lebanon Township, Pa.	720	Gas		
Allco Finance Group	Various	Kern County, Calif.	3,100	Wind	Marathon Capital	Company plans to sell either as global portfolio or in regional chunks (PFR, 3/11). DIF Renewable Energy Fund purchased 27.7 MW of French and German assets (PFR, 5/16).
		Germany, France	97		N/A	
		Australia, New Zealand	1,600		N/A	
Arroyo Energy Investors	Thermo Cogeneration	Fort Lupton, Colo.	272	Gas	N/A	Starwood Energy Group Global to buy for \$207.2M (PFR, 2/6).
Black Hills Corp.	Arapahoe	Denver, Colo.	130	Gas	Credit Suisse	Hastings Funds Management and a unit of JPMorgan Asset Management to acquire for \$840M with RBS leading the financing (PFR, 4/30).
	Valmont	Valmont, Colo.	80	Gas		
	Fountain Valley	Colorado Springs, Colo.	240	Gas		
	Las Vegas I	Las Vegas, Nev.	53	Gas		
	Las Vegas II	Las Vegas, Nev.	224	Gas		
	Harbor	Long Beach, Calif.	98	Gas		
	Valencia	Albuquerque, N.M.	149	Gas		
BTEC Turbines	Southaven Energy	Miss.	340	Gas	JPMorgan	Assets or just the equipment for sale. Teasers dispatched (PFR, 4/3).
	New Albany Power	Miss.	390	Gas		
Bulgarian Privitization Agency	Bobov Dol	Bulgaria	630	Thermal	N/A	Bulgaria's Minna Kompania and Consortium Energia, Belgium's Electrabel, Greece's Damco Energy and U.S. joint venture Sencap intend to bid.
Calpine	Texas City	Texas City, Texas	425	Gas	Miller Buckfire	Second-round bids taken 5/5.
	Clear Lake	Clear Lake, Texas	375	Gas		
CarVal Investors et al.	Granite Ridge	Londonderry, N.H.	720	Gas	N/A	Sellers are looking to mandate auctioneer (PFR, 5/19).
Catamount Energy	Sweetwater	Nolan County, Texas	505 (50%)	Wind	Goldman Sachs	Unsolicited approaches have been made to financial backer Diamond Castle Holdings (PFR, 8/31).
	Ryegate Power	Vermont	20	Wood waste		
	Rumford	Rumford, Me.	85	Cogen		
Central Vermont	Various	Vermont	70 in summer	Hydro	Morgan Stanley	Status unknown (PFR, 5/18).
Cobisa Corp.	Cobisa-Greenville	Dallas-Fort Worth, Texas	1,750	Gas	Pace Global Energy Services	Auctioneer running a targeted auction (PFR, 5/30).
Connect Energy (Pepco Holdings)	Various	PJM Interconnection	3,700	Various	Credit Suisse	Company reviewing strategic alternatives, including whole or partial sale and merger (PFR, 12/10).
Con Ed Development	CEEMI	Springfield, Mass.	185	Gas, Oil, Hydro	Morgan Stanley	Industry Funds Management has acquired all assets except Newington for \$1.4B. Barclays launched syndication of a \$545M first lien financing to support acquisition (PFR, 5/16).
	Newington Energy	Newington, N.H.	525 (99.5%)	Gas		
	Lakewood	Lakewood, N.J.	246 (80%)	Gas		
	Ocean Peaking Power	Lakewood, N.J.	339	Gas		
	Rock Springs	Rising Sun, Md.	670 (50%)	Gas		
	Genor	Puerto Barrios, Guatemala	42 (49.5%)	Oil		
	Ada Cogeneration	Ada, Mich.	29 (48%)	29 (48%)		
ConocoPhillips	EverPower Wind	NEPOOL, NY, PJM	500 planned	Wind	Citigroup	CED sold its 50% stake in Oct. (PFR, 12/9).
	Immingham	Lincolnshire, U.K.	730	Gas		
	La Paloma	McKittrick, Calif.	1,022	Gas		
	Batesville	Batesville, Miss.	837	Gas		
Complete Energy Holdings	Batesville	Batesville, Miss.	837	Gas	JPMorgan	Has agreed to merge with GSC Acquisition Co. in \$1.3B deal (PFR, 5/16).
Corona Power	Sunbury Generating	Shamokin Dam, PA	432	Coal, oil, diesel	Merrill Lynch	Soliciting equity to complete \$250M of upgrades (PFR, 12/24).
DONG Energy	Evia, Karistos and Tourla	Greece	19	Wind	HSBC	Teasers expected later this quarter after IPO (PFR, 1/18).
DTE Energy	East China	East China, Mich.	320	Gas	N/A	Seller exploring options, including outright sale.
Dynegy	Rolling Hills	Wilkesville, Ohio	815 in summer	Gas	N/A	Tenaska Capital Management to acquire for \$386M (PFR, 5/28).
EISSL	Various	Catalonia, Spain	630	Wind, Hydro	JPMorgan	Company weighing sale (PFR, 12/24).
Energy Capital Partners (FirstLight Power Resources)	Mt. Tom	Holyoke, Mass.	146	Coal	Credit Suisse	ECP has hired Credit Suisse to advise on how to monetize FirstLight Power Resources portfolio (PFR, 5/13). Teasers are out.
	Various	Conn. and Housatonic Rivers	216	Hydro		
	Empire Generating	Rensselaer, N.Y.	635	Gas		
	Waterbury	Waterbury, Conn.	96	Gas		
	Turners Falls	Turners Falls, Mass.	6	Hydro		
	Cabot, Mass.	Montague, Mass.	62	Hydro		
Energy Future Holdings (Luminant)	Sandow 4	Milam Co., Texas	545 (50%)	Coal	Credit Suisse	Reportedly planning to sell stakes to Perennial Power Holdings (PFR, 2/18).
	Sandow 5		581 (50%)	Coal		
Entegra	Gila	Phoenix, Ariz.	2,300	Gas	N/A	Merger talks with KGen stalled (PFR, 1/17).
	Union	El Dorado, Ark.	3,000	Gas		
Entergy Corp.	50% stake in Top	Worth County, Iowa	40	Wind	New Harbor	Seller wants about \$520M for the assets. Bidders shortlisted to four players: two financial; two infrastructure (PFR, 6/18).
	Deer Wind Ventures	Carsen County, Texas	40			
	RS Cogen	Lake Charles, La.	212	Gas		
	Roy S. Nelson	Westlake, La.	60	Gas/Oil		
	Warren Power	Vicksburg, Miss.	225	Gas		
	Harrison	Marshall, Texas	335	Gas		
	Independence	Newark, Ark.	121	Coal		
	Robert Ritchie	Helena, Ark.	544	Gas/Oil		
EPCOR	Castleton-on-Hudson	Albany, N.Y.	64	Gas	N/A	Quietly shopping asset (PFR, 4/18).

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
ESB International	Marina	Cork City, Ireland	115	Gas	Merrill Lynch	Second-round bids due mid-month with winner to be chosen by mid-July.
	Great Island	Wexford Co., Ireland	240	Oil		
	Tarbert	County Kerry, Ireland	640	Oil		
Exergy Development Group	Various	Upper Midwest, Northwest U.S.	3,600	Wind	Marathon Capital	Weighing partnership, joint venture, recap or sale (PFR, 12/17).
First Reserve, GenPower	Longview Power	Maidsville, W.Va.	695	Coal	Merrill Lynch	Merrill landed mandate to advise on the sale (PFR, 5/16).
Foresight Wind Energy	Various	Arizona, New Mexico	2,000	Wind	CP Energy	Transaction delayed (PFR, 10/8).
FPL Energy	Posdef	Stockton, Calif.	44	Coal/Petcoke	New Harbor	Indicative bids due April 11 (PFR, 3/11).
	Tesla	Tracy, Calif.	1,120	Gas/Steam	Credit Suisse	Development site. Status unclear.
G2 Energy	N/A	Boise, Idaho	3	Landfill Gas	N/A	FORTISTAR to acquire 99% and is financing the acquisition via Caterpillar Financial Services (PFR, 5/7).
	N/A	Fort Worth, Texas	1.6	Landfill Gas		
General Electric	Baglan Bay	Port Talbot, Wales	510	Gas	Lexicon Partners	GE re-ignited sale process. Carron Energy interested.
	Panther Creek	Nesquehoning, Pa.	94	Waste Coal	N/A	Looking for buyers (PFR, 2/26).
	Pittsfield Generating	Pittsfield, Mass.	163	Gas	N/A	Maxim Power set to acquire (PFR, 3/17)
	Colton Power	Colton, Calif.	80	Gas	N/A	Selling with help of asset manager PUREENERGY (PFR, 4/8).
Goldman Sachs (Cogentrix Energy)	Southaven Power	Southaven, Miss.	810	Gas	Houlihan Lokey	TVA will acquire for \$466.3M (PFR, 4/1).
InterGen (AIG Highstar Capital II, 50%)	Rocksavage	Runcorn, U.K.	748	Gas	Lehman Brothers	Preliminary bids were due 3/26 (PFR, 2/7).
	Coryton	Essex, U.K.	732	Gas		
	Spalding	Lincolnshire, U.K.	860	Gas		
	Rijnmond I, II	Rotterdam, the Netherlands	820, 400	Gas		
	Bajio	San Luis de la Paz, Mexico	600 (306 stake)	Gas		
	La Rosita	Mexicali, Mexico	1,100	Gas		
	Quezon	Philippines	460 (211 stake)	Coal		
	Millmerran	near Brisbane, Australia	880 (228 stake)	Coal		
	Callide	Queensland, Australia	920 (230 stake)	Coal		
K&M International Power	Termovalle	Cali, Colombia	220	Gas	JPMorgan	Teasers dispatched (PFR, 3/18).
Kelson Canada (Harbinger Capital Partners)	Calgary Energy Center	Calgary, Alberta	300	Gas	UBS	First round bids taken 4/30 (PFR, 4/30).
	Island Generation	Duncan Bay, B.C.	230	Gas		
	King City Cogeneration	King City, Calif.	120	Gas		
	Whitby Congeneration	Whitby, Ontario	50	Gas		
Kelson Holdings	Dogwood	Pleasant Hill, Mo.	620	Gas	Goldman Sachs, Merrill Lynch	Weighing strategic options, including sale/merger (PFR, 10/9). Redbud to be sold to load serving entities for \$852M (PFR, 1/21).
	Redbud	Luther, Okla.	1,200	Gas		
	Cottonwood	Deweyville, Texas	1,200	Gas		
	Magnolia	Benton County, Miss.	922	Gas		
KGen Power	Murray I	Murray Co., Ga.	630	Gas	Credit Suisse	Talks to merge with Entegra stalled due to management disagreements (PFR, 3/24). Received \$20 per share offer reportedly from ArcLight Capital Partners (PFR, 5/9), but did not recommend to shareholders.
	Murray II	Murray Co., Ga.	620	Gas		
	Hot Spring	Hot Spring Co., Ark.	620	Gas		
	Hinds	Jackson, Miss.	520	Gas		
	Sandersville	Washington Co., Ga.	640	Gas		
LS Power (Broadway Gen Funding)	Sugar Creek	Sugar Creek, Ind.	561	Gas	N/A	Northern Indiana Public Service Co. acquired 5/30 for about \$330M.
MACH Gen	Millennium	Carlton, Mass.	360	Gas/Oil	Credit Suisse	Pair of Northeast assets set to fetch \$1B (PFR, 5/21).
	Athens	Athens, N.Y.	1,000	Gas/Oil		
	Covert	South Haven, Miss.	1,100	Gas		
	Harquahala	Tonopah, Ariz.	1,090	Gas		
Mirant	Lovett Generating Station	Tompkins Cove, N.Y.	183	Coal/Gas	N/A	Alliance Energy offered to buy for undisclosed sum but withdrew offer when Mirant did not respond (PFR, 2/14).
National Grid	Ravenswood Station	Queens, N.Y.	2,450	Gas	Merrill Lynch	TransCanada agreed to purchase for \$2.9B (PFR, 4/1). Sale being evaluated. Long Island Power Authority has option to purchase some of the units until 5/31 (PFR, 4/11).
	E.F. Barrett	Island Park, N.Y.	311	Gas		
	Far Rockaway	Far Rockaway, N.Y.	100	Gas		
	N/A	Shoreham Nuclear Plant, N.Y.	72	Gas		
	Wading River	East Shoreham, N.Y.	239	Gas		
Navasota Energy Partners	Colorado Bend	Wharton, Texas	825	Gas	JPMorgan	Teasers dispatched (PFR, 2/11). Bids due June 6 (PFR, 5/29).
	Quail Run	Odessa, Texas	825	Gas		
Noble Environmental Power	Various	N.Y., Mich.	385	Wind	Goldman Sachs	Company filed S-1 to IPO (PFR, 5/16).
North American Power Group	Rio Bravo Fresno	Fresno, Calif.	25	Biomass	N/A	In discussion with potential buyers (PFR, 8/31). Holds interests alongside Constellation Energy Group.
	Rio Bravo Rocklin	Roseville, Calif.	25	Biomass		
NorthWestern Energy	Colstrip Unit 4 (30%)	Mont.	740	Coal	Credit Suisse	Exploring strategic options (PFR, 2/8).
NRG Energy	Indian River	Millsboro, Del.	784	Coal	N/A	Seller soliciting offers on plant (PFR, 11/8).
Primary Power International	Hillman	Hillman, Mich.	19	Biomass		FORTISTAR agreed to purchase an interest in the portfolio. Deal was set to close in 30 days (PFR, 2/19).
	Grayling	Grayling, Mich.	36			
	Genesee	Flint, Mich.	35			
	Dapp Generating	Westlock, Alberta	17			
	Valley Power	Drayton Valley, Alberta	12			
Reliant Energy	Channelview	Lyondell, Texas	830	Gas	Houlihan Lokey	FORTISTAR and Global Infrastructure Partners to acquire for \$500M (PFR, 4/8). A judge has approved the sale (PFR, 5/16).
	Bighorn	Primm, Nev.	598	Gas	JPMorgan	Nevada Power to buy for \$500M.
RES Americas	Various	U.S.	1,000 under construction	Wind	Credit Suisse	Bids approaching \$1B received 5/5 from Pacific Gas & Electric, Semptra Generation, SUEZ Energy North America, First Reserve and GE (PFR, 5/5). SUEZ dropped out.

For a complete listing of the Generation Auction & Sale Calendar, please go to iipower.com

EBRD Sews Up Kazak Syndication

The European Bank for Reconstruction and Development has wrapped a EUR255 million (\$397.6 million) syndication for state-owned **Kazakhstan Electricity Grid Operating Co.** The financing supports the replacement of high-voltage equipment at substations, the installation of power line equipment and the replacement of autotransformers under the nation's Electricity Transmission Rehabilitation Project.

The deal consists of a EUR127.5 million A loan with a maturity of 15 years, to be entirely held by EBRD, and a EUR127.5 million B loan with maturities of nine, 12 and 15 years. **BayernLB** acted as mandated lead arranger on the B loan, taking a ticket of EUR60 million in the 15-year tranche. Lead arranger **Dexia Crédit Local** took a EUR15 million ticket on the 15-year tranche and EUR5 million on the 12-year tranche. Co-arrangers **Bank Austria Creditanstalt** and **Raiffeisen Zentralbank Österreich** each took EUR10 million in the 12-year tranche. And co-managers **Banca Infrastrutture Innovazione e Sviluppo** and **Cordiant Emerging Loan Fund III** took EUR8 million tickets, with lead manager **Calyon** taking EUR6.5 million, in the 12-year tranche. Rounding out the deal was manager **Kommunalkredit International Bank**, which took EUR5 million in the nine-year tranche. Pricing for the deal could not be learned.

The oversubscription of the deal is a positive sign for the emerging country, notes one deal watcher. An official at Cordiant

Capital confirmed its role in the deal, but the EBRD declined to comment and officials at the other banks did not return calls.

Wind Financing Specialist Expands

Midwest Wind Finance, a Minneapolis-based arranger of wind financing, is looking to hire a project manager, after recently tapping **Clayt Tabor** to be its director of finance. "We want to keep growing our pipeline with quality assets and get them over the goal line as soon as possible," says **Jeff Wright**, v.p., noting the company expects to be working on five to 10 new mandates next year.

Tabor started the position May 12, reporting to **Ken Valley**, president. He most recently served as a mortgage strategist at **Lakeland Mortgage Corp.** in Bloomington, Minn., and was previously head of mortgage securities trading for **Piper, Jaffray & Hopwood** in Minneapolis. "Clayt has a high degree of experience in structured finance...and when engineers are talking, he gets it," says Wright. The firm has narrowed down candidates for the project manager position, and is expecting to finalize the hire within a few weeks. It will also begin a search for a business development account executive shortly.

Midwest Wind Finance has just closed on a deal for a quasi-non-profit, state-supported entity in which returns from a wind project under 10 MW will be used to support low-income families. It also has contracts representing \$1 billion in project financing for small-scale wind farms, ranging from 2-50 MW.

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.

- **Arizona Public Service** is requesting proposals for 35,000 megawatt-hours of renewable energy for consumption between next year and 2012. Bidders are asked to join a call with APS June 25 (*Reuters*, 6/5).
- **Calpine** has named **Zamir Rauf**, its senior v.p., as interim cfo, following the company's restructuring, succeeding turnaround specialist **Lisa Donahue** (*Associated Press*, 6/4).
- A crane collapse on May 23 that killed one worker at **Kansas City Power & Light's** Iatan complex has urged the **Missouri Public Service Commission** to hold a June 11 hearing to review **Great Plains Energy's** acquisition of **Aquila** (*CNNMoney.com*, 6/3).
- **NACEL Energy** is targeting 1 GW of new wind projects by 2010 and an initial public offering on the **American Stock Exchange** after reaching its goal of 80 MW (*CNNMoney.com*, 6/3).
- **NiSource** completed the purchase of 535 MW Sugar Creek in West Terre Haute, Ind., from **Broadway Gen Funding** for about \$330 million (*RTTNews.com*, 6/3).
- **Iberdrola** wants to invest \$2 billion in wind across New York State, hinging on the state **Public Service Commission's** acceptance of its purchase of **Energy East** (*The Business Review*, 6/3).
- **RBC Capital Markets** will acquire U.S. oil and gas advisory firm **Richardson Barr & Co.** (*Reuters*, 6/2).
- **John Krenicki**, president and ceo of **GE Energy**, expects its nascent solar-energy business to generate \$1 billion in revenues over the next three years (*Reuters*, 6/2).
- **Progress Energy Florida** is issuing an RFP to supply 1.2 GW beginning in 2013 (*Tampa Bay Business Journal*, 6/2).
- **NiSource** has named **Stephen Smith** as its cfo, effective in early August, succeeding **Michael O'Donnell**, who is stepping down (*MarketWatch*, 6/2).
- **Macquarie** is planning to double its infrastructure holdings in Canada to at least C\$8 billion (C\$8.1 billion) in the next five years (*Bloomberg*, 5/30).

AEI EYES

(continued from page 1)

Oriente, subsidiaries of **Union Fenosa**. The remaining 75 MW will be sold wholesale, but the sponsor is also considering exporting power to neighboring countries. An official at Union Fenosa directed calls to Jaguar, which did not return calls.

Guatemala's power regulator, the **Comisión Nacional de Energía Eléctrica**, acting on behalf of the distribution companies, awarded Jaguar a tender to build, own and operate the plant early last month. Fellow AEI subsidiary **Puerto Quetzal Power** already operates a 234 MW gas-fired plant in the Pacific Coast city of Puerto Quetzal that sells 110 MW under a PPA ending in 2013 to **Empresa Eléctrica de Guatemala** and 124 MW through its **Poliwatt** subsidiary on a wholesale basis.

—T.R.

HOUSTON IPP

(continued from page 1)

adds. Platt declined to say how much the company hopes to fetch for the plant and an official at Pace declined to comment.

Cobisa, founded in 1987, decided to focus on the Dallas-Fort Worth area after examining other U.S. markets because of load growth, transmission constraints and the need for generation in the area. Cobisa-Greenville is located in northern ERCOT and is in the final stages of development. It is expected to come online in the second quarter of 2012, with the buyer required to fund its construction since Cobisa is only an early-stage developer.

Florida Power & Light purchased a majority stake in a Cobisa sister project, 1,750 MW Forney, also in Dallas-Fort Worth, in 2002. Cobisa developed Forney about seven years ago in response to a need for baseload generation in the region and the increased reliance on wind capacity and began Greenville for the same reasons.

—Katie Hale

ALLEGHENY TAPS

(continued from page 1)

portfolio diversity away from the generation side and transmission is generally regarded as a pretty stable cash flow revenue asset to invest in," says another. Successful financings for transmission include **Neptune Regional Electric Transmission's** 600 MW cable between New Jersey and Long Island that was roughly two times oversubscribed (PFR, 7/15/05), and **Trans-Elect's** 83-mile, Path 15 line in California that as an asset generated a 13.5% rate of return—higher than the usual 10-12% (PFR, 10/20/03). More recently, the financing for **Babcock & Brown's** cable project under San Francisco Bay struggled in

syndication, bankers say, but note it was largely a casualty of the credit crunch.

When complete, the TrAIL line will reach from the newly built Prexy Substation in Washington County, Pa., through Grant County, W.Va., and end in Loudoun County in northern Virginia. Included in the development are 138-kV lines in Pennsylvania for local reliability. A 65-mile piece of the overall 240-mile project running from the Meadow Brook Substation in Virginia into Loudoun County is being developed separately by **Dominion** at a cost of about \$250 million, to be financed at the corporate level, according to a company spokesman. A spokesman for Allegheny declined to comment on the financing until the project is approved by regulators in September.

—Thomas Rains

Conference Calendar

- The **American Council On Renewable Energy (ACORE)** and **Euromoney** will host the *5th Annual Renewable Energy Finance Forum* June 18-19 at the Waldorf Astoria in New York. To register visit www.reffwallstreet.com
- **IntertechPira** will host the *Photovoltaics Summit 2008* June 18-20 at the Hilton San Diego Resort in San Diego. To register call Mike Robert at 207.781.9631.
- **Argyle Executive Forum** will host *2008 Deal Making in the Energy Sector* June 25 at the New York Athletic Club in Manhattan. To register visit www.execforum.net/events
- **Platts** will host the *5th Annual Utility M&A Conference* June 23-24 at the Marriott New York Financial Center. To register, visit www.platts.com/Events/2008/ or call 866.355.2930.

Quote Of The Week

"You're talking hundreds of millions for an alleged pipeline. We don't believe it is the most efficient way. We think it's a far better paradigm for our shareholders to do this organically." —**Michael O'Sullivan**, senior v.p. of development at **FPL Energy**, on the company's preference for developing greenfield wind rather than acquiring projects at a premium (see story, page 1).

One Year Ago In Power Finance & Risk

UPC Wind tapped **JPMorgan** to help it determine the most efficient way to finance its 3 GW development pipeline. [The company, now known as **First Wind**, is preparing to file an S-1 registration for an initial public offering to be underwritten by **Credit Suisse**, **Goldman Sachs** and **JPMorgan** and co-underwriter **Morgan Stanley** (PFR, 5/16). It is reportedly looking to raise around \$400 million.]