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The exclusive source for power financing and trading news

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Texas Energy Firm Scores Calif. Project

Tierra Energy is said to have acquired a planned natural gas-fired generation facility in Hayward, Calif.

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HVB Banker Heads To TCW

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Yee-Haw!

CENTRICA MAKES PITCH FOR CONSTELLATION GENERATION ASSETS

Centrica North America subsidiary **Direct Energy** has made an unsolicited bid for a **Constellation Energy** portfolio of natural-gas generation facilities and the move has the Baltimore-based player considering a formal auction to gauge market pricing. Details about Direct Energy's offer could not be learned but deal trackers say the subsidiary of U.K.-based Centrica Plc. wants to expand and is eyeing Texas.

(continued on page 12)

Growing Pains?

CIT'S MORASH, PIAZZA SET TO EXIT

Daniel Morash, senior managing director, and **Guy Piazza** managing director in CIT's New York power and infrastructure group are reportedly going to leave the firm. The moves come as a surprise since both executives had been tapped to help structure internally a \$5-10 billion investment vehicle focused on investing largely in power and energy (PFR, 2/27). Where those plans stand is unclear. Calls to Morash and Piazza were not returned, nor were calls to other CIT officials, including CEO **Jeff Peek**.

Peek, who joined CIT more than two years ago, has been said to want to expand the

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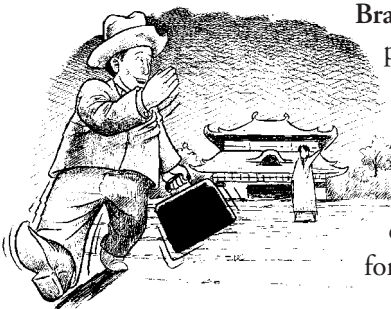
PA. LIBERTY PLANT MAY HIT THE AUCTION BLOCK

Creditors that own the 530 MW combined-cycle natural-gas fired Liberty generating station in Eddystone, Pa., are thinking about putting the plant up for sale. The group includes **JPMorgan Chase**, who is the lead agent and bond trustee, and the bank is expected to lead the sale process, says a private-equity official familiar with ownership discussions.

Neither a timetable nor price tag could be determined. Ownership was transferred from **Reliant Energy** to creditors in late 2004 after a bankruptcy court nullified an offtake agreement with **PG&E National Energy Group** (PFR, 8/4/2003). Currently, the plant's

(continued on page 12)

TYR'S NORDHOLM TO DEPART



Brad Nordholm, ceo at **Tyr Energy** in Overland Park, Kan., is planning to leave the company he helped found several years ago at the end of June. His post will be filled by **Kaoru Usami**, an executive at **ITOCHU Corp.** which —along with **CHUBU Electric Power**—is one of Tyr's financial backers. A call to Nordholm was not returned and executives at ITOCHU and CHUBU did not return calls for comment.

The reasons for Nordholm's departure could not be learned

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



At Press Time ANP Coleto Acquisition Loan Seen Hitting 225 Bps

American National Power's planned \$1.17 billion B-loan acquisition funding for Coleto Creek is expected to be in the range of 225 basis points over LIBOR. Goldman Sachs and Credit Suisse launched syndication last week at the St. Regis Hotel in New York and are expecting the rating this week. Officials at both lead firms did not return calls. Andrew Mitchell, spokesman at ANP parent International Power in London, did not return a call for comment.

The financing, which consist of a \$935 million, seven-year term loan, a \$60 million, five-year revolver and a roughly \$170 million, seven-year synthetic letter of credit facility (PFR, 6/5), funds the purchase of a 632 MW coal plant in Goliad County, Texas.

Union, Gila Plant Debt Heads North

Debt related to Gila River Power Station located just south of Phoenix and the Union Power Station in El Dorado, Ark., jumped last week six points to the 117-118 context. Trackers say it has been trading up because of rumors that Apollo Group has acquired a position in the once-distressed operation known formerly as Teco Panda.

Joff Mitchell, managing director of Kroll Zolfo Cooper and interim president of facilities, now known as Entegra Group, says the plants have been seeing strong performance but says nothing materially different has occurred at the company, including a talk of outright sale of the business. Calls to Apollo officials were not returned.

Calgary LNG Developer Plots Bank Financing For \$500M LNG

Calgary-based Kitimat LNG will be hitting the bank markets later this year or early next to secure project financing for a 6.5 billion cubic feet terminal liquefied natural gas terminal costing \$500 million. Rosemary Boulton, president of privately-held Kitimat, says the developer is already working with a couple of banks on the financing, but declined to name names.

Boulton explains Kitimat will rely on its core institutional investors to fund much of the equity needed for the deal and hopes to maintain an 80:20 debt to equity ratio for the project, which will interconnect with the Pacific Northern Gas pipeline. "We just need to get a few more of our fundamental contracts in place and then we'll go out and do the final [fund] raise," she says. Construction is scheduled to begin this fall, with the heavy lifting starting in spring of 2007.

The project, sited 350 miles north of Vancouver, has obtained early regulatory approvals and is awaiting others. Boulton says Kitimat expects the next phase of approvals from the federal government to come through in the next few weeks. "Now that we've got that, we've got a strong sort of first mover's position...we will be able to go out into the supply side of the Pacific Basin and really be able to line up some contracts for gas supply," she says, adding that conversations with suppliers and offtaker and are also being had but would not identify the parties.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Details Emerge On Fusaro FoF Strategy

Energy and Environment Capital Management's *Energy & Environment Fund*, managed by **Peter Fusaro**, will initially make investments in 12-15 underlying funds, according to an investor presentation. The \$500 million fund was due to launch last month (PFR, 5/18). Fusaro declined to comment.

The largest allocations will go to commodities and equities managers at 20-40% each. Environmental funds follow at 10-25%, followed by debt and assets at 10-15%.

Underlying managers will have between \$10-\$500 million in assets under management, with an average of \$170 million. Some will be recent launches, with the average time since fund inception anticipated at 1.5 years, the document said.

HVB Banker To Make TCW Move

Paul Colatrella, director at **HypoVereinsbank** in New York, is leaving to join **Trust Company of the West**. Colatrella has been working at HVB in project finance for several years. His location and title at TCW could not be determined. **Michael Utley**, spokesman for TCW in Los Angeles, did not return a call for comment. Reached on his mobile, Colatrella declined comment. **Andrew Matthews**, managing director at HVB in New York, did not return a call for comment.

Houston Shop Eyes Sale Of Under Construction Plant Pair

Navasota Holdings Texas Partners is expected to initiate a formal auction of a pair of natural gas-fired plant projects in ERCOT, construction of which has only recently started. The holding entity for Houston-based energy outfit **Navasota Energy Partners** has been fielding unsolicited offers for plants **Colorado Bend Energy Center** in Wharton County and **Quail Run Energy Center** in Ector County near Odessa. **Dan Hudson**, cfo in Houston, declined comment. The plants will have a capacity of 1.1 GW.

Navasota is expected to handle the auction process internally and launch it sometime next month, according to officials who have spoken with the firm's executives. The projects, which are being built in two phases, are said to be worth approximately \$350-425 million, including the value of the land site. At this point, a pair of prospective buyers has expressed a genuine desire to buy the facilities, says one executive. Those parties could not be identified.

Interest has been increasing for the assets, in large part, due to the fact that there are few plants in the ERCOT market that are set to be constructed as demand for power spikes. "The general consensus is that the ERCOT [power] reserve margin is expected to go below 10% by 2008 without the return of uneconomic

mothball re-powering," one market observer says, noting construction could be completed by that time.

Prospective buyers must provide an irrevocable letter of credit for 20% of the purchase price of the operations upon signing the purchase and sale agreement. The LC would be repaid if the plants were not completed.

Energy PE Firm Adds Senior Staffer

Energy Investors Funds, with \$1.75 billion in six private equity funds, has hired **Jose Torres** as senior v.p.—a new position. Torres said this position was created to increase investments in the \$750 million *U.S. Power Fund II*, the firm's latest offering. Torres was a v.p. and head of structured finance at Denver's **CoBank**.

The EIF fund, which closed in October, invests in the U.S. energy and power sectors. Torres said he will target coal plants, biomass transactions and other energy infrastructures as possible investments.

Some of the investments in the fund include the **Glen Park Hydroelectric Project** and **Neptune Regional Transmission System**. The Glen Park project is a 32 MW run-of-the-river facility on the Black River, approximately 70 miles north of Syracuse, N.Y. The Neptune Regional Transmission System is a 53-mile, 660 MW high voltage direct current transmission system that interconnects the **Long Island Power Authority** with a system in Sayreville, N.J. Terms of the transactions were not available.

The firm is expected to raise money for another fund by year-end.

Take Five

Conn. Firm Launches Fifth Fund

Stamford, Conn.-based **Saugatuck Capital Company** has launched its fifth private equity fund. *Fund V* will invest in lower- to middle-market service and manufacturing industries with revenues between \$20-\$80 million, according to **Thomas Berardino**, managing director.

Berardino will manage the fund with the firm's four other partners: **Frank Hawley**, **Stuart Hawley**, **Christopher Wright**, and **John Geisler**. Berardino and Hawley co-founded Saugatuck in 1998. Berardino previously co-founded New York-based **Meridian Capital Management**, a merchant bank specializing in middle-market private equity transactions. Hawley was previously at Valley Forge, Pa.-based **Foster Management Company**, a venture capital and private equity firm.

Additionally, *Fund IV* recently made an investment in Kirkwood, N.Y.-based **American Pipe & Plastics**. This company manufactures polyvinyl chloride (PVC) conduit and fabricated fittings used primarily for the telecommunications and power industries.

Calpine Shops Stake In Golden State Baseload Project

Calpine is auctioning an equity stake in a proposed Northern California gas-fired generation facility underpinned by a long-term PPA with PG&E Corp. utility arm **Pacific Gas and Electric**. The San Jose, Calif., IPP is negotiating with two unidentified buyers interested in the baseload 600 MW facility known as Russell City Energy Center in Hayward, Calif., just 20 miles east of San Francisco. Calls to spokeswoman **Katherine Potter** were not returned, nor were calls to officials at PG&E in San Francisco.

A roughly 35% interest in the plant is being offered to a partner willing to take on the development rights and complete the project as Calpine attempts to emerge from bankruptcy. Ground breaking is set for next year with completion expected in 2009, observers say.

The facility results from a request for offer to supply additional capacity to PG&E customers, but since Calpine's current financial insolvency puts the project in peril, PG&E is requesting the IPP find an investment-grade developer with the financial wherewithal to see Russell City through to completion.

The cost is estimated to be about \$798 per KW. Calpine estimates the total equity required for completion will be approximately \$123 million. At this point, Calpine's total equity commitment is \$80 million, which includes two

Siemens-manufactured gas turbines, a steam turbine, land costs and permitting.

A prospective buyer's investment would cover the remaining funds and support the PPA, guarantee completion as well as covering any additional construction costs, officials say. A stipulation allowing Calpine to repurchase the plant upon emergence from bankruptcy would also be negotiated into any deal.

Texas Energy Outfit Bags Black Hills Calif. Project

Tierra Energy is said to have acquired a planned natural-gas fired generation facility in Hayward, Calif., known as Eastshore Energy Facility from **Black Hills Corp.** The Austin, Texas, energy shop, which is majority owned by **Energy Investors Funds**, has acquired the rights to the 115-118 MW project, which carries a 20-year PPA with PG&E Corp.

The reason behind Black Hills' decision to auction the plant, scheduled to be completed in 2008, are unclear. Black Hills originally acquired the project from **Ramco Generating**. Pricing and terms of the sale could not be ascertained.

EIF executive **Keith Derman** in New York directed calls to **David Marks**, president at Tierra Energy in Austin, who did not return a call for comment. Officials at Black Hills in Rapid City, S.D., did not return calls.

Financing Record (MAY 31-JUNE 6)

Debt

Issued	Issuer	Business Description	Principal (\$M)	Coupon (%)	Security	Maturity	Offer Price	YTM(%)	Spread	S&P	Moody's	Fitch
5/31/06	Empresa de Energia de Meta SA	Electric utility	146.9	Floats	Debentures	5/2/11	Market	na		NR	NR	NR
6/1/06	Connecticut Light and Power Co	Electric and gas utility	250	6.35	F&R Mtg Notes	6/1/36	99.948	6.354	108	BBB+	A3	NR
6/2/06	EDP Finance B.V.	Pvd electricity prodn,distn	645.9	Floats	Mdm-Trm Fl Nts	6/14/10	99.885	Floats	18	A	A2	A+
6/2/06	EDP Finance B.V.	Pvd electricity prodn,distn	645.9	4.625	Medium-Term Nts	6/13/16	99.349	4.707	50	A	A2	A+
6/2/06	EDP Finance B.V.	Pvd electricity prodn,distn	645.9	4.25	Medium-Term Nts	6/12/12	99.803	4.288	50	A	A2	A+
6/5/06	China Huadian Group Corp	Electric utility	249.6	4.15	Fxd/Straight Bd	6/5/21	100	4.15		NR	NR	
6/5/06	San Diego Gas & Electric Co	Electric and gas utility	250	6	Fst Mtg Bonds	6/1/26	99.553	6.039	94	A+	A1	NR
6/5/06	State Grid Corp of China	Electric utility	624	4.1	Guaranteed Bds	6/5/21	100	4.1		NR	NR	
6/5/06	State Grid Corp of China	Electric utility	124.8	4.05	Guaranteed Bds	6/5/16	100	4.05		NR	NR	
6/6/06	Laclede Group Inc	Pvd natural gas distn svcs	55	6.15	Fst Mtg Bonds	6/1/36	100	6.15	100	A	A3	A+
6/6/06	PSI Energy Inc	Electric utility	325	6.05	Senior Notes	6/15/16	99.954	6.056	105	BBB	Baa1	BBB+
6/6/06	Xcel Energy Inc	Electric,gas utility	300	6.5	Senior Notes	7/1/36	Market	Market	140	BBB-	Baa1	BBB+

M&A

Date Announced	Date Effective	Target Name	Target Advisors	Target Nation	Acquiror Name	Acquiror Advisors	Acquiror Nation	Value (\$mil)
5/31/06	5/31/06	Enel Union Fenosa Renovables	-	Spain	Union Fenosa SA		Spain	104.852
5/31/06	-	Metansicula SpA	-	Italy	Investor Group	Lazard	Italy	25.636
6/1/06	6/1-/06	Astoria Energy LLC	-	United States	Energy Investors Funds Grp		United States	
6/1/06	-	Australian Power & Gas Pty Ltd	-	Australia	Microview Ltd	Arthur Phillip Pty Ltd	Australia	0.714
6/1/06	-	Undisclosed Hydroelectric	-	United States	Boralex Inc		Canada	9.3
6/2/06	-	NRG Flinders	Morgan Stanley	Australia	Babcock & Brown Ltd		Australia	237.972
6/5/06	-	Electrica Muntenia Sud SA	-	Romania	ENEL SpA	Credit Suisse Group	Italy	1,058.54
6/6/06	-	Wuhan Xianglong Power Ind Co	-	China	Wuhan Gehua Group Co Ltd		China	8.185

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

Corporate Strategies

Xcel Energy Goes Long To Cut Short

Xcel Energy has sold \$300 million of 30-year, 6.5% senior unsecured debt in order to pay down short-term borrowings. **Jake Mercer**, assistant treasurer, says the original debt was for working capital purposes, including borrowings taken out in order to infuse the Minneapolis-based holding company's utility subsidiaries with cash and strengthen their books.

Goldman Sachs, **Lehman Brothers**, and **Morgan Stanley** led the offering, with **Daiwa Securities SMBC Europe**, **Scotia Capital**, and **Wells Fargo Securities** serving as co-managers. All the banks have worked with Xcel in the past.

The price of the offering represents a premium of 140 basis points over comparable Treasuries. **Standard & Poor's** rates Xcel's senior unsecured debt BBB-.

Mercer says the company did not encounter any sales challenges just two weeks after a \$400 million 6.25%, 30-year offering at its **Northern States Power** unit (PFR, 5/29). He explains the market is attracted to the debt because Xcel's operations are virtually 100% regulated.

Sempra Utility Eyes Cap Ex Mortgage Sale

San Diego Gas & Electric would \$250 million of 6% 20-year first-mortgage bonds to fund capital expenditures. The offering is part of a roughly \$6 billion capital spending program at the utility subsidiaries of San Diego-based **Sempra Energy**, says **Justin Bowersock**, analyst at **Fitch Ratings** in Chicago.

Banc of America Securities, **BNP Paribas**, and **RBS Greenwich Capital** led the deal. **Peter Hidalgo**, spokesman at Sempra, declined to make officials at the company available prior to the deal's completion.

Bowersock notes there is increasing support for utilities to own their own generation in California and this is part of the SDG&E strategy. The utility bought the Palomar Generating facility from sister company **Sempra Generation** and may buy the Otay Mesa plant from **Calpine**. He says SDG&E is also making significant transmission investments, including new power loops to link generating areas and increase reliability.

The mortgage note offering increases the company's debt-to-capitalization ratio from 45:55 to 48:52. The company is aiming to fund the bulk of its plans without obtaining a significant amount of debt and dragging down its credit rating, Bowersock notes. Fitch rates SDG&E first-mortgage bonds AA.

Duke Unit To Refi \$325M

PSI Energy plans to issue \$325 million in senior unsecured notes to refinance maturing debt. **Robert Hornick**, an analyst at **Fitch Ratings** in New York, says the notes have not yet been priced. **Elizabeth Bennett**, spokeswoman at parent **Duke Energy** in Charlotte, N.C., would not make an official available.

Barclays Capital is the sole book-running manager, with **LaSalle Capital Markets** joint lead manager. **Calyon Securities**, **Dresdner Kleinwort Wasserstein**, **M.R. Beal & Company** and **SunTrust Robinson Humphrey** also participated. The original 6.65% notes being refinanced were issued in 2001 and were underwritten by **Merrill Lynch**.

Hornick says the Plainfield, Ind.-based company has an ongoing capital program that includes installing pollution control equipment on its coal-fired plants. PSI has about \$2.6 billion in total debt, according to its most recent filing.

El Paso To Clip Debt With Asset Disposal Funds

El Paso expects to use almost \$190 million in proceeds from the sale of its interest in a Brazilian plant to trim debt. "We've been in a debt pay down mode," says **Bill Baerg**, manager of investor of relations in Houston. The company has managed to pay down about \$2 billion in debt so far this year—it had about \$17 billion in debt at the end of March and is aiming for \$14 billion by year-end.

Asset sales in Asia and Central America worth \$166 million and about \$28 million, respectively, are also set to close, says Baerg.

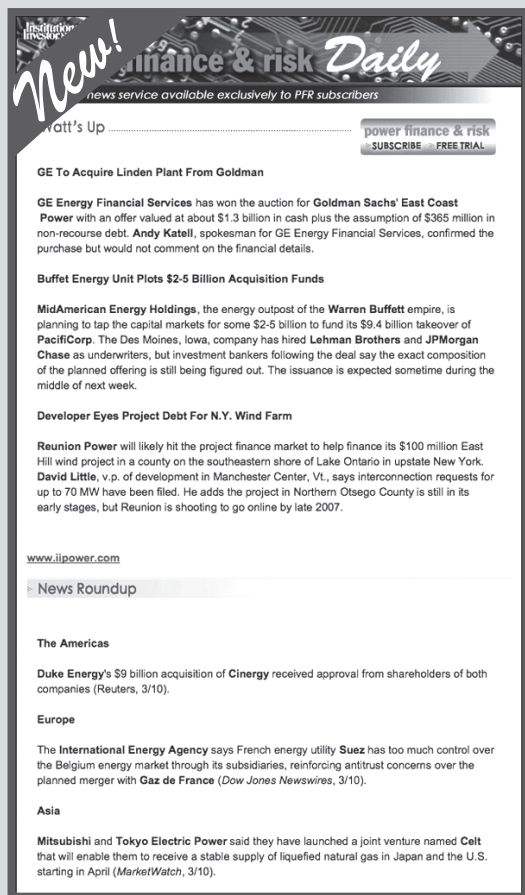
El Paso originally purchased its 60% stake in the 484 MW **Araucaria** natural gas-fired plant in 2000. **Companhia Paranaense de Energia** bought El Paso's stake.

Ben Tsocanos, an analyst with **Standard & Poor's** in New York, says El Paso has been improving its liquidity position, as well as paying down debt. The ratings agency has been impressed enough with the steps El Paso has been taking in restructuring its company it upgraded the parent company's rating from a B to a B+. "Our outlook is positive on the rating because if they keep moving in the direction their moving in there's room to improve their rating still," he says.

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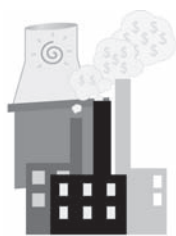
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Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iineews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Atlantic City Electric Company	B.L.England	New Jersey	447	Coal	Concentric Advisors	Underway.
	Key Stone	Pa.	-	Coal		
	Conenaugh	Pa.	-	Coal		
American Securities Capital Partners	Primary Energy Ventures	Oak Brook, Ill.	900	Various	Bank of America	First-Round Bids Are In
Aquila	Racoon Creek	Ill.	340	Gas	Not chosen	Intention To Sell.
	Goose Creek	Ill.	340	Gas		
	Crossroads	Miss.	340	Gas		
Bear Stearns	Mulberry	Fla.	120	Gas	Bear Stearns	Sold to Northern Star Gen.
	Orange	Fla.	103	Gas	Bear Stearns	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention To Sell.
BNP -led bank group (Exelon developed plants)	Mystic River 7	Mass.	560	Oil/Gas	Lazard	Owned By Private Equity.
	Mystic River 8	Mass.	832	Gas		
	Mystic River 9	Mass.	832	Gas		
	Fore River	Mass.	832	Gas		
Carlyle Riverstone/ Semptra Carlyle Riverstone/ Semptra	Coleto Creek Power Station	ERCOT	632	Coal	Goldman Sachs Greenhil & Co.	Acquisition Funding Is Underway. Ongoing.
	Topaz Power Group	ERCOT	2.9 GW	Gas&Oil		
Citi & SocGen-led creditor group (TECO Energy developed plants)	Union	Ark.	2,200	Gas	Goldman	Ongoing.
	Gila River	Ariz.	2,300	Gas		
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced Intention To Sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocon	Argentina	1,320	Hydro	J.P. Morgan	
	Palisades	Mich.	798	Nuke	Concentric Advisors	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Debt Has Been Restructured.
	Lowell Power	Mass.	82	Gas	None	Actively Pursuing A Sale.
Delta Power						
El Paso Europe	EMA Power	Hungary	70	Coal		
El Paso North America (Merchant assets)	Berkshire	Mass.	261 (56.41%)	Gas		Final Bids Due.
	CDECCA	Conn.	62	Gas		Negotiations Are Taking Place With
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched Sale In April.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Stake Sold To GE
Entergy Asset Management	Robert Ritchie	Ark.	544	Gas/oil	None	Ongoing.
	Warren Power	Miss.	314	Gas		
	RS Cogen	La.	425 (49%)	CHP		
	Harrison County	Texas	550 (70%)	Gas		
Constellation	Portfolio	Calif., Texas, Va., W. Va., Ill.	3,125	Gas	Unidentified	Nearing.

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Generation Auction & Sale Auction (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
Exelon/PSEG	Eddystone Generating Station	Delaware County, Pa.	1,510 MW	Coal and Gas		Interviewing Banks To Advise On Sales.
Goldman Sachs	Linden Generating Station	Linden, N.J.	775 MW	Gas		
	East Coast Power	Linden, N.J.	940 MW	Gas	Goldman	GE Agreed To Purchase Asset.
Gama Construction Ireland Limited	Tynagh	Republic of Ireland	400 MW	Gas	Fieldstone Private Capital Group	Ongoing.
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing.
Mirant	Shady Hills	Fla.	474	Gas	BofA	Ongoing.
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Evaluating Bids.
Nations Energy	Bayport	Texas	80	N/A		Considering Liquidation.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
National Energy Gas & Transmission (USGen New England)	Salem Harbor	Mass.	745	Coal/Oil	Lazard	Dominion Has It Under Contract.
	Brayton Point	Mass.	1,599	Coal		
	Manchester St.	R.I.	495	Gas		
	Connecticut River	N.H.	479	Hydro		
	Deerfield River	Mass.	89	Hydro		
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
InterGen	Redbud	Okla.	1,220		Citigroup	Harbert Venture Acquired The Assets.
	Cottonwood	Texas	1,235			
	Magnolia	Miss.	900			
Sempra	Twin Oaks	ERCOT	305	Coal	Goldman Sachs	Sold To PNM Resources For \$480 million.
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing Bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing.
Teco Energy	Dell Power Station	Ark.	540	Gas		Reviewing Options.
	McAdams Power Station	La.	599	Gas		
Tenaska Energy	Tenaska Frontier	ERCOT	830	Gas	Lehman Brothers RBC Capital Markets	J. Power Agreed To Purchase Asset.
Tractebel North America	Chehalis	Wash.	520	Gas	N/A	Looking To Sell Or Swap.
TXU	17 peaker sites	Texas	10.3GW	Gas	Bank of America	First-Round Bids Are In.
WPS Resources	Sunbury Generating Station	Shamokin Dam, Pa.	450 MW	Coal	Lazard	Buyers Are Stalling Over Fuel Contracts.



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Weekly Recap

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

The Americas

- **TXU** secured a commitment from **Morgan Stanley** and **Citigroup** to arrange \$11 billion in financing for its planned development of 11 coal-fired power plants in Texas and to evaluate options for finding equity partners in **TXU Generation Development Company**, the new TXU subsidiary through which the plants will be built (*Bloomberg News*, 6/8).

- **Constellation Energy Group** is considering selling several natural gas-fired power that generate a total of 3,145 MW (*Dow Jones Newswires*, 6/6). A special session of Maryland's General Assembly to deal with **Baltimore Gas and Electric's** planned electricity rate increase will likely determine the fate of the proposed acquisition of Constellation Energy Group by **FPL Group** (*Daily Deal*, 6/7).

- The successful prosecution of **Ken Lay** and **Jeff Skilling** is raising questions about whether the continuing federal investigation of **Enron's** collapse will produce new indictments against people who have not yet been charged (*Wall Street Journal*, 6/6).

- **Duke Energy** said it hopes to build two 800 MW coal-fired units at Cliffside Steam Station in North Carolina, for a potential \$2 billion investment to keep up with demand for electricity. The company also wants to retire four existing units at the plant (*Associated Press*, 6/2).

- Major shareholders of **Mirant** questioned the power generator's \$8 billion unsolicited bid for rival **NRG Energy**, with one suggesting that Mirant should put itself up for sale instead (*Reuters*, 6/1).

- **El Paso** completed the sale of its 60% interest in the Araucaria power plant in Brazil to **Companhia Paranaense de Energia** for \$190 million (*Dow Jones Newswires*, 6/2).

- The Fifth U.S. Circuit Court of appeals released two former **Merrill Lynch** bankers who were convicted in 2004 of fraud for assisting **Enron Corp.** artificially inflate its profits. **Daniel Bayly**, Merrill's onetime investment-banking chief, and **Robert Furst**, the Enron relationship manager for Merrill, were released on bail while they appeal their fraud convictions (*The Wall Street Journal*, 6/8).

- **Piedmont Natural Gas Co.** is changing several executive positions, along with adding two new board members. The Charlotte, N.C.-based company promoted **Robert Pritchard** to v.p. and treasurer and chief risk officer, an expansion of his former role as treasurer. **Jose Simon** was named v.p. and controller, effective July 1, replacing the retiring **Barry Guy** (*Associated Press*, 6/7).

Asia

- **Temasek**, the Singapore government's investment company, is conducting a review of its power holdings that could result in the sale of three generating facilities valued at about \$1 billion each (*Financial Times*, 6/6).

- China does not expect to have the kind of widespread power blackouts it had two years ago when its overburdened electricity grid failed to deliver adequate power to industrial and private users across the country. Since 2004, China has gone on a massive construction spree, adding enough coal-fired plants to provide electricity for a midsize European country (*The Wall Street Journal*, 6/8).

- China will build 32 new nuclear power plants over the next 15 years says **Zhang Guobao**, vice-minister in charge of the National Development and Reform Commission for the Chinese government. The target for its nuclear build out is 40 GW by 2020 (*United Press International*, 6/8).

Europe and Russia

- Russia's cabinet cleared a plan by state power monopoly **RAO UES** to attract up to \$90 billion in investment in the country's strained electricity industry and to slice the company up in order to raise funds through activities such as public share offerings (*Reuters*, 6/8).

- French Finance Minister **Thierry Breton** next week will try to win over disgruntled lawmakers who have cold feet over government plans to privatize **Gaz de France** and merge the utility company with **Suez SA** (*Dow Jones Newswires*, 6/8).

- The Italian government does not plan to sell its shares in energy companies **Eni SpA** to fix its public finances, Industry

Weekly Recap (cont'd)

Minister **Pierluigi Bersani** said, according to an Italian newswire report (*MarketWatch*, 6/8). Enel confirmed it has won an auction to buy 67.5% of Romanian power distributor **Electrica Muntenia Sud** for \$1.06 billion (*Dow Jones Newswires*, 6/5).

• **Pierre Gadonneix**, ceo of **Electricite de France**, says the forecasted growth of gas-fired power generation in Europe, requiring as much as a \$1.29 trillion in investments until around 2025, is helping drive the spate of merger and acquisition activity on the continent (*Dow Jones Newswires*, 6/6).

Carlyle/Riverstone Buzzes On Renewables

Riverstone Holdings, a N.Y.-based energy focused buyout firm with \$6.3 billion under management, and **The Carlyle Group** will complete a series of additional renewable power transactions in the coming weeks through their *Carlyle/Riverstone Renewable Energy Infrastructure Fund I*, according to **Stephen Schaefer**, Riverstone managing director.

Last week, CRREIF, a \$685 million fund, unveiled the

acquisition of a stake in **Bottle Rock Power** from U.S. **Renewables Group**. Bottle Rock's principal asset is a 55 MW geothermal power station in the Geysers in Lake County, Calif. The fund intends to also inject additional capital.

Schaefer declined to comment on specific future deals, but says weren't geothermal. Riverstone expressed interest in Bottle Rock soon after USRG purchased a majority stake in 2005. The fund will help Bottle Rock, which has been closed since 1990, refurbish its facilities. Plans are to restart the facility within the next six months.

CIT'S MORASH

(continued from page 1)

footprint of the financial services firm and endorsed a more concerted push into energy. But the company appears to be in a transitional mode with a spate of internal shifting taking place.

In January, **Brooks Klimley** was hired as president of **CIT Energy**—a post akin to the one Morash held—and at that point rumors floated that the senior m.d. may be on his way out. The plan to launch an internal energy investment vehicle, however, appeared to quell that sentiment with Morash and Piazza's energies focused on raising and operating the planned CIT infrastructure effort.

—Mark DeCambre

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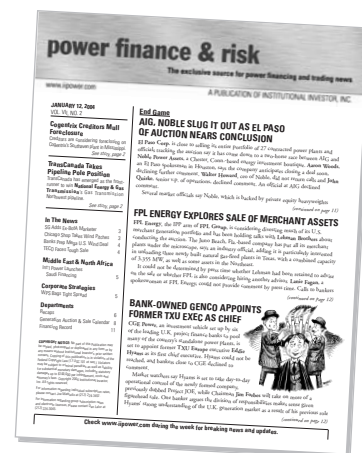
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TYR'S NORDHOLM

(continued from page 1)

but observers say that the company has been quietly experiencing internal management shifts.

ITOCHU purchased Tyr approximately three years ago in order to help it expand its energy investments in the U.S. ITOCHU and CHUBU since then have been pouring money into Tyr to compile more than \$150 million for generation investments, observers say.

Nordholm was a former senior v.p. at **Aquila** in charge of building and running merchant generation. He founded Tyr with Johnson, also a former Aquila executive, in order to manage and operate merchant plants in the wake of the energy crisis five years ago.

Since making a change in its business strategy to acquire larger stakes in generation facilities it makes, Tyr is fresh off of completing an acquisition of **Pratt & Whitney's** CalPeak Power plants (PFR, 4/27). Acquired in a joint venture with **Starwood Energy Investors**, the plants include El Cajon, Enterprise, Lonestar, Panoche, Vaca and Mission, each about 50 MW. Pratt & Whitney, a **United Technologies** unit, sold the plants directly to the venture. —M.D.

CENTRICA MAKES

(continued from page 1)

Constellation has said it plans to explore a sale of 3.1 GW of natural gas-fired plants, including its High Desert, Rio Nogales, Holland, University Park, Big Sandy and Wolf Hills generation facilities located in California, Texas, Illinois, West Virginia and Virginia. It is unclear if Direct has an interest in Constellation's entire portfolio.

"We are pursuing this sale because we do believe there's interest," says Constellation spokesman **Larry McDonnell**, declining to identify interested parties. Constellation is also in the midst of looking to get approval to merge with **FPL Group**, though there appears to be a regulatory question mark over the deal. McDonnell notes that should the companies move forward

with merger FPL would need to approve any auction. A Direct Energy spokesman did not return a call for comment.

The divestiture seems to signal Constellation has given up on a proposed merger with FPL, which has been beset with regulatory issues. It wants to tidy its balance sheet and add liquidity to support its trading platform in case state regulators nix the merger.

If the merger gets approval, FPL is likely to put the kibosh on the auction as it wants the generation portfolio, says one tracker. **Robert Barrett**, director investor relations, in Juno Beach, Fla., did not return a call for comment. —M.D.

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(continued from page 1)

debt is believed to be held by hedge funds **Harbert Venture Partners**, **Strategic Value Partners** and **Cargill**, and private equity funds run by **JPMorgan**, **Bear Stearns** and **Merrill Lynch**. Officials either did not return calls or declined to comment.

In January, **Competitive Power Ventures** was awarded an asset management contract for the plant, replacing **Tyr Energy**. A call to **Sean Finnerty** at Competitive Power Ventures was not returned. —Peter Roth

Calendar

- **Midwest Renewable Energy Association** is hosting its 17th annual Renewable Energy and Sustainable Living Fair June 23-25, 2006. The Fair will again be held at the ReNew the Earth Institute, MREA's educational facility, in Custer, Wis. For additional information contact <http://www.the-mrea.org>.
- **Intertech-Pira** is hosting a Photo-voltaic Summit at the Double Tree Hotel Mission Valley in San Diego June 27-28. For more information, please contact **Doug Sanborn** at 207-781-9603.
- **Euromoney** and the **American Council on Renewable Energy** will host the third annual Renewable Energy Finance Forum-Wall Street in New York at the Waldorf Astoria Hotel June 21-22. For more information, please contact **Glenn Cooney** at +44-0-20-7779-8914.

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Quote Of The Week

"We've been in debt pay down mode." —**Bill Baerg**, manager of investor relations for **El Paso Corp.** in Houston, on why the company will use funds from a sale to pay down its debt (see story, page 5).

One Year Ago In Power Finance & Risk

Sid Richardson Energy Services was searching for a buyer for its midstream operations, worth about \$1.5-2 billion. [Southern Union agreed to buy the company late last year.]