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Brookfield Readies FirstLight Bid

Energy Capital Partners-backed **FirstLight Power Enterprises** is expected to receive a first-round bid from **Brookfield**.

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CALIF. GAS/SOLAR HYBRID PROJECT ON THE BLOCK

The City of Victorville, Calif., is looking to sell a proposed 570 MW gas- and solar-powered facility at the Southern California Logistics Airport, 90 miles north of Los Angeles. Upon completion it will be the country's first hybrid facility of its kind and the largest such project ever undertaken worldwide.

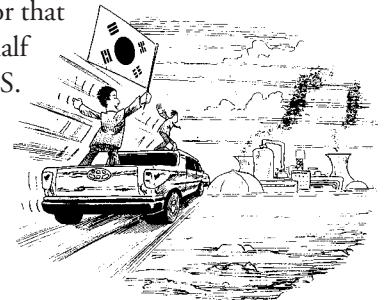
As *PFR* first reported last Thursday, **Goldman Sachs** has been retained to run a two-stage auction and will also have a lead role in arranging the debt financing for the Victorville 2 project, expected to cost \$1.15 billion (including \$190 million for transmission upgrades).

(continued on page 12)

KOREAN INSURERS HUNT ENERGY INVESTMENTS

Honua Investments Management, an investment advisor that sources energy infrastructure and real-estate deals on behalf of three South Korean insurers, is kicking the tires on U.S. energy assets via recently formed **Honua Energy and Infrastructure Investors**. The insurers are **Dongbu Life Insurance**, **Dongbu Insurance** and **Kumho Life Insurance**, who have a combined \$17 billion in assets under management.

(continued on page 11)



ENXCO EXEC FIRES UP RENEWABLE BOUTIQUE

Jorge Colmenares, a former executive v.p. at U.S. wind trailblazer enXco, has left to form a private equity venture advising and investing in 20-25 MW wind projects and small-scale solar photovoltaic projects. "Developers in general have a tough time at this scale. They don't have the critical mass to do a good framework agreement with one of the equipment manufacturers. From a demand side, we come and put that all together for them," says Colmenares in New York.

The firm, **Miracol Energy**, will make equity investments, arrange debt and tax equity

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The Smell Of Success?

DEVELOPER OF SEWAGE-POWERED PROJECTS HUNTS BANKS

Liberty Energy Resources is aiming to project finance sewage treatment residue-powered projects, a move that would be a first for the U.S. market. **Kenneth McCord**, cfo of the privately-held developer in Bakersfield, Calif., says the technology is proven in standard biomass facilities and is more common in Europe, but so far there's only one such facility at a waste water treatment plant in St. Paul, Minn. "We're looking for non-recourse debt at the

(continued on page 12)

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



At Press Time

Boutique Taps Ex-BofA Honcho

Sagent Advisors, a boutique investment bank, recently hired **Thomas Rosén**, former managing director and head of natural resources at **Banc of America Securities**. Rosén, who left

BofA amid a downsizing (PFR, 2/22), joined as a managing director in Sagent's energy and power team in New York. He'll help handle energy deals the firm sees coming downstream, especially in merchant power. "Before hiring Thomas, we were in danger of having to turn down business," says **Martin Murrer**, managing director.

Sagent began to look for a new team member in the first quarter and when asking around for suggestions, Rosén's name continually came up. "The three of us are already very complementary," says **Curt Launer**, managing director, noting his background is natural gas, Rosén's is in power and utilities and Murrer's is in both those areas. "We're much more from the well head to the burner tip than before."

Rosén is perhaps best known for originating a buy-side mandate on **Iberdrola's** \$4.5 billion acquisition of **Energy East** while at BofA.

Brookfield To Bid On ECP Fleet

Brookfield Asset Management is preparing to file a non-binding bid for **Energy Capital Partners**-backed **FirstLight Power Enterprises**. Offers are due by month-end to auctioneer **Credit Suisse**. The hoped-for sale price and other interested parties could not be learned.

Industry sources say the former **Northeast Utilities** fleet would be a classic fit for Brookfield. On the block are 16 facilities with a combined capacity of 1,626 MW, some 84% of which is hydro, run-of-river and pumped storage (PFR, 5/16). Brookfield already owns 3,481 MW of hydro; two thermal plants with a combined capacity of 215 MW and one 189 MW wind farm. A Brookfield official referred calls to **Denis Couture**, spokesman, who did not return a call.

The FirstLight portfolio has a low-emissions profile, access to further land for brownfield development, as well as transmission rights for 449 MW of additional capacity across Massachusetts and Connecticut, according to the teaser sent by CS. Two thirds of its output is hedged through 2011.

But one banker says half the revenue is generated by 146 MW coal-fired Mt. Tom in Holyoke, Mass, which may be impacted as carbon legislation is introduced. "You burn coal all day to pump water up a hill," he notes, referencing 1,080 MW Northfield Mountain, the largest pumped storage facility in New England. "It's not as green as they are advertising it and as people start to figure that out, it'll get interesting." A call to **Jim Ginnetti**, v.p. of external affairs at FirstLight on Hartford, Conn., was not returned by press time. For the full list of assets, head to www.iipower.com.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Katy Burne**, managing editor, at 212-224-3165 or kburne@iinews.com.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Kelson Seeks Loans For Merchant Transmission

A Houston subsidiary of **Kelson Holdings** is seeking loans to support a \$300 million merchant transmission line that will bring power from eastern Texas into the greater Houston area. **Jesse Gardner**, cfo, says the aim is to close on the debt as early as the first quarter of next year.

"It would be a perfect project financing deal because you get a guaranteed rate of return," says Gardner. "I want to hear what [banks] think they can do for us. The financing community knows us more as a generation company, so this is an educational process. Principals of Kelson have a lot of project development experience, so this is reminding people what our experience in the past has been."

Kelson Transmission is run by **Terry Dodson**, a former **Calpine** transmission executive. It has applied for utility status and is also waiting to be granted a certificate of public convenience by the **Public Utilities Commission of Texas**, as well as environmental permits. All revenues from the project will be guaranteed by ERCOT load servers, mimicking a long-term power purchase agreement, and its rates of return will be set by the PUCT.

The proposed, 95-mile wire is called the Canal-to-Deweyville transmission project. According to a new study by consultancy **ICF International**, it will generate \$35 billion in cost savings to ERCOT consumers over a 30-year period in addition to lowering emissions through more efficient use of power plants in the region. "It's an economically driven project that will have the effect of reducing power prices in Houston," says **Neal Cody**, president of Kelson Holdings, adding that a series of independent transmission projects are set to follow. The wire is slated to be commercially operational by the spring of 2011.

Duke Buys Catamount, Scopes More Wind



James Moore

Duke Energy is looking to acquire more wind assets after agreeing to buy **Catamount Energy** from its financial backer **Diamond Castle Holdings** for \$240 million. **Dave Scanzoni**, a spokesman for Duke in Charlotte, N.C., says, "We have teams looking for companies...It's an open door."

Diamond Castle is also looking to replicate the deal with another renewables venture, but high valuations in the space will present significant challenges when buying to flip assets, says **Mike Ranger**, senior managing director at the private equity firm in New York. "It's hard to be a buyer and a seller in the same asset class."

James Moore, ceo of Catamount, had an existing relationship

with **David Marks**, senior v.p. of wind at **Duke Energy Generation Services** and former president at **Tierra Energy**, a wind developer Duke bought last year. **Diamond Castle** also wanted to sell to a strategic buyer. "There was no sales process. We were approached by others, but no one was as firm. This was the highest value in cash," says Ranger. **Diamond Castle** was advised by **Goldman Sachs** and Duke by **Morgan Stanley**.

Catamount has about 300 MW of renewable assets, most of which is wind and 20 MW of which is biomass. It has a 1,750 MW development pipeline across several states and the U.K. It does not plan to sell its projects abroad, says Scanzoni. Duke will assume an additional \$80 million in debt from Catamount's projects on top of the purchase price.

Catamount has interests in 585 MW Sweetwater wind project in Nolan County, Texas, where Duke already owns wind. Once the acquisition is complete in the fourth quarter, Duke will have more than 5 GW of wind under development in 12 states and about 500 MW of operating wind. The company has no specific renewable target for its portfolio, but CEO **Jim Rogers** has said he envisions a carbon-free or near carbon-free fleet by 2050.

CS Taps JPMorgan Exec, Reshuffles Energy Bench

Credit Suisse has hired **Scott DeGhetto**, a managing director in energy investment banking at **JPMorgan**, amid a broader reorganization of its senior energy coverage team.

As reported on *PFR's* Web site last Thursday **Jamie Welch**, head of U.S. energy in New York, has been promoted to head up global energy and will be spending more of his time in both London and Asia. Market scuttlebutt suggested he was moving permanently to London, but Welch told *PFR* he has twin boys on the way and "my wife would shoot me, divorce me and split me into little pieces if I move."

Gavin Wolfe, a managing director, has been promoted to vice-chairman of investment banking and will co-chair power and renewables alongside **John Thorndike**, who was hired last year from **Merrill Lynch** (*PFR*, 2/9/07). Wolfe declined to comment.

DeGhetto has been appointed co-head of U.S. power and renewables, alongside **Ray Wood**, recently named co-head of renewables at CS. Wood already handled the bulk of CS' renewable energy business via a separate alternative energy venture with the technology coverage side, headed by Managing Director **Bryce Lee**. DeGhetto is set to start at CS after an undetermined period of gardening leave. At JPMorgan he covered a mix of IPPs and high-yield generation names, such as **Mirant**, **Reliant Energy**, **Dynegy**, **Calpine** and **AES**. Wood and DeGhetto could not be reached.

Separately, **Chris Hearn**, a managing director in power and

utility M&A, will move from New York to Hong Kong to run all of energy in Asia. He did not return a call.

In March, CS lost its head of renewable energy investment banking, **John Cavalier**, to **Hudson Clean Energy Partners** (PFR, 3/28). Then in May, **Jonathan Baliff**, a managing director in global energy, was hired by Princeton, N.J., IPP **NRG Energy** as an executive v.p. of strategy. CS spokespeople declined to comment on the moves. A call to **Jay Horine**, head of energy, power and utilities at JPMorgan, was not returned.

CS Pitches Storage Financing

Credit Suisse dispatched invites to a 10am bank meeting last Friday at the W Hotel in midtown Manhattan, where it launched \$310 million in debt bankrolling **NGS Energy's Tres Palacios Gas Storage** development in Matagorda and Wharton Counties, Texas.

The final size and breakdown of the senior secured credit will depend on the price of gas as the underground salt-dome caverns are filled over the next year and a half. But it will comprise a long-term lease facility of around \$138 million and a \$170 million term loan. Both have a seven-year tenor and are priced at 325 basis points over LIBOR.

Laura Luce, president of NGS, says the appetite for the asset-backed facility should be especially strong because it is a static pool of gas with a tangible value. "With a salt cavern, [pad gas] is a fully recoverable and collateralizable asset class." CS is lending 85 cents on the dollar on the hedged price of that gas. Ticket levels were announced at the meeting.

The Westport, Conn., storage concern had mandated **ING Capital** on an earlier one-year construction financing with no hedge (PFR, 4/11), after originally mandating **ING** and **BNP Paribas** on a \$435 million financing (PFR, 1/16). "We decided to continue to develop the project with equity because of the uncertainty in the debt markets," Luce explains. Officials at CS declined to comment.

Details Emerge On IPA Retail Launch

Royal Bank of Scotland launched retail syndication last Friday at a 9:30am bank meeting at the Le Parker Meridien Hotel in New York a \$508 million financing for **International Power America's** \$856.4 million purchase of four plants from **Tenaska Power Fund**. Tickets of \$25 million, \$40 million and \$50 million were offered and commitments will be due in three weeks.

The lead is targeting IPA relationship banks as well as traditional project finance backs as it looks to bring four to five lenders into the deal. At least three senior managing agents have joined since RBS launched wholesale syndication June 4 looking for commitments of \$100 million (PFR, 6/6).

On deck is a \$400 million term loan and a \$108 million

working capital revolver, both with seven-year tenors and priced at 325 bps over LIBOR. Debt service relies partly on capacity payments from the PJM Interconnection, which has announced lower capacity payments beginning in 2011. Some deal trackers are concerned about debt service due to the plants being merchant peakers. "We like the assets and the amount of debt on it and think it's well structured, but it is all peaking," says one.

Three of the plants included in the **APT Generation** portfolio are co-owned by **Warburg Pincus**. They 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 is 303 MW **Calumet Energy Power Station** in Chicago, Ill. Officials at RBS and **Barry Brits**, cfo of IPA, declined to comment.

Indian Infrastructure Co. Lands InterGen Stake



Ranjit Murugason

GMR Group, an Indian infrastructure and agribusiness company, has won an auction for **AIG Highstar's** 50% shareholding in **InterGen**. The \$1.1 billion deal represents an average of \$360,000 per MW, or half the replacement cost of similar facilities, says **Ranjit Murugason**, ceo of GMR's international division in London.

The company will assume a share of **InterGen** project-level debt, the extent of which could not be learned. Spokespeople for **InterGen** did not respond to a request for comment.

GMR relationship bank **Axis** has fully underwritten and funded debt backstopping the full cost of the acquisition, but **GMR** will put down an undetermined amount of equity later. "We're making sure we have some fat left in the financing on the basis that we're looking at one or two housekeeping matters in India," says **Murugason**. **Axis** has begun syndicating the debt to a pair of Indian banks: **Canara Bank** and **Bank of Baroda**. Their slices of the deal could not be learned and there will be no retail syndication. **Rothschild** advised **GMR** on the deal, slated to close by the end of the summer, and **Lehman Brothers** advised **AIG**.

GMR had been looking for a landmark investment to cement its position as a energy infrastructure player, says **Murugason**. "This deal reinforces that goal and is our first power acquisition outside India." The strategic alliance with **InterGen's** co-owner **Ontario Teachers Pension Plan** was another important attraction to the portfolio, he notes. "We want to develop key partnerships that enhance our ability to seek attractive opportunities and mitigate the risks of entering new markets... We're delighted to be acquiring fabulous assets, great management and inheriting a long-term partner like OTTP. It's a

marriage made in heaven.” In the last two years, InterGen distributed just under \$300 million to its investors, he says.

Being sold are InterGen’s interests in 8,258 MW of installed capacity and 4,822 MW under development. As well as energy, GMR invests in highways, airports and manufacturing, as well as in sugar and ferro alloys. In India, it owns:

- 200 MW Chennai, the first IPP in Tamil Nadu
- a 200 MW plant off the coast of Mangalore in Karnataka state
- a 388.5 GW facility in Vemagiri in Andhra Pradesh state
- a 140 MW hydro facility expected to come online in 2011-2012 in Uttarakhand
- a 1 GW coal-fired development expected to come online by 2010 in Kamalanga
- a 160 MW hydro unit under development in the East Kemeng district of Arunachal Pradesh, and
- a 180 MW run of river hydro facility on the River Ravi in the Chamba district of Himachal Pradesh.

The company is looking to attract talent at all levels in structured finance, development and procurement roles—as well as a European cfo—to support its growth.

Tenaska Hires Director For Strategy

Tenaska recently hired **Patrick Mayer**, an official from an unidentified Boston-based natural resources private equity firm, as a director in its strategy group. He started within the last two weeks in Omaha, Neb., reporting to **David Kirkwood**, v.p. of strategy. A spokesman for Tenaska confirmed his hire, declining to provide further details about his role. Calls to Mayer and Kirkwood were not returned.

InterGen Buys Mexico Pipe, Gas Compression

InterGen has agreed to acquire **Conduit Capital Partners’** Libramiento gas compression facility near the IPP’s Compresión Bajío project in northern Mexico, as well as a related 65-km pipeline, for \$88.1 million. The original developer of the facility, **Green Energy**, and another minority partner, **Infraestructura Para Energía**, are also selling.

The Burlington, Mass., IPP approached Conduit with an offer post construction of the facility. “They’re a major taker of gas from the pipeline and operator of the compression facility, so they were the logical buyer,” says **Scott Swenson**, chairman of Conduit in New York. “The asset is now basically a lease so there’s nothing we can do to add value.” Talks between the pair lasted 10 months before the deal was signed, he adds. InterGen will finance the deal via a combination of equity and limited-recourse debt. It will also be assuming roughly \$70 million in

debt put in place last year via **NordLB**. A call to CFO **Martin Rees** was not returned.

The pipeline is fully contracted over 20 years to Mexico’s state-owned petroleum company, **PEMEX**. It was the first investment in Conduit’s *Latin Power III* fund, which closed with \$393 million in commitments. It was also the first privately constructed pipeline built and leased to PEMEX.

After a series of divestitures in the region, Conduit has one asset left to sell: a portfolio of power assets known as Southern Cone in Peru, Chile and Argentina. Its *Latin Power II* fund owns 30% alongside **CDC Globaleq** (68%) in a holding company known as **Edegel**, which itself owns a 21% stake in Southern Cone (PFR, 12/14). The balance is owned by **Endesa**, which is not selling.

Pipeline JV May Project Finance \$600M Project

Palomar Gas Transmission, a 50/50 joint venture between **TransCanada** and Oregon gas utility **NW Natural**, will next year decide how to finance a \$600 million, 220-mile gas pipeline under development in Oregon. “The two obvious options we could consider are project financing or we could rely on the balance sheet of the two partners,” says **Henry Morse**, project manager for Palomar in Portland. “It depends on how much of the balance sheets they would want to dedicate to a project of this size.”

Palomar will file its applications for permits with the **Federal Energy Regulatory Commission** later this year. Construction is set to begin in 2010 and the project is slated to come online late in 2011. The 1.4 billion cubic feet per day bi-directional pipeline would stretch from TransCanada’s GTM System in Wasco County, Ore., through the state to northern Clatsop County at the Washington border. It would have the capability of connecting to LNG facilities proposed by **Leucadia National Corp.** and **NorthernStar Natural Gas** on the Columbia River.

ConEd Retail Syndication Details Emerge

Tickets of \$25 million and \$15 million, with upfront fees of 75 and 50 basis points, respectively, are on offer in the retail syndication of financing supporting **Infrastructure Funds Management’s** purchase of 1.7 GW from **Consolidated Edison Development**. Commitments are due in early July.

Barclays Capital is sole lead arranger after underwriting the \$1.477 billion acquisition and is serving as joint book runner with **Union Bank of California** and **HSB Nordbank**. Retail syndication launched last Thursday with a bank meeting at the New York Palace Hotel (PFR, 6/20).

An initial phase of the \$425 million senior secured bank

financing closed in early May covering 29 generating units across 12 sites, ahead of wholesale syndication (PFR, 5/16). A second phase wrapped last Monday via a \$340 million delayed-draw term loan funding a portion of the purchase of 525 MW Newington in Newington, N.H. Another \$400 million to close on the plant came in the form of sponsor equity. Newington was under a leveraged lease that ConEd terminated June 20.

CoBank, Commonwealth Bank of Australia, Dexia Crédit Local, GE Energy Financial Services and ING joined the deal as senior managing agents during wholesale syndication, each committing with \$60 million.

A \$325 million, eight-year, high-yield bond piece is set to come to market in the second half of July. Those bonds are backed by a bond bridge of the same size that closed earlier this month. Officials at the banks either declined to comment or did not return calls.

Broadway Gen Recap Pulls In Six Banks

GE Energy Financial Services and ING Capital pulled in six additional banks to close the club-style refinancing of **LS Power's Broadway Gen Funding** by June 19. Three came in on the mid tier: **Union Bank of California, WestLB and HSH Nordbank**, and three came in with a smaller ticket of around \$20 million: **Erste Bank, Fortis and Royal Bank of Scotland**.

The deal, launched May 21, totaled \$380 million. While pricing remained fixed at 300 basis points over LIBOR, an original \$400 million debt package was scaled back from a \$290 million, seven-year term loan (PFR, 5/23) to \$285 million. In addition there is a \$30 million revolver and \$65 million credit facility.

Broadway Gen was the vehicle LS used to acquire 3.6 MW of gas-fired generation from **Mirant** (PFR, 11/2). Officials at LS in New York either declined to comment or did not return calls.

First Carbon Rating Agency Formed

A subsidiary of independent rating and research firm **IDEAcarbon** has become the first company to rate offset projects producing carbon credits, such as certified emissions reduction and voluntary emissions reduction units. It launched a subsidiary, **The Carbon Rating Agency**, last Wednesday on the **London Stock Exchange** after two years developing the product.

The ratings will help standardize carbon as a commodity and create a new asset class, says **Amul Gogna**, managing director at IDEAcarbon in London. "The ratings perform an important role in the decision-making process of investing in carbon offset assets because they're independent, professional and unbiased." The ratings will also help develop a map for pricing. "Currently

carbon offset assets are priced not too differently from one another because there is not enough information on their risk profile. [Ratings] make it much more fine-tuned," notes Gogna.

The ratings will mimic the idea of bond ratings by measuring the probability that an investment will perform as expected, using grades from AAA at the highest level to D for projects least likely to meet their stated goals. "The carbon reducing element is just the top level; you need to understand the fundamentals of the project," notes Gogna, referring to the agency's focus on potential risks of an investment. These include the track record of the sponsor, geographical and political risk, how it is financed, management competency as well as project's design, size and technology. They also take into account the likelihood of the CERs being approved and how long this will take.

Babcock Sub Plots Offshore Wind Financing



Hunter Armistead

Bluewater Wind will seek tax equity investments and likely both project and turbine financing for its circa 200 MW offshore wind farm near Rehoboth Beach, Del. "We will be looking for construction and debt finance consistent with how we've done our onshore [farms], and we'll look for investors who'd be interested in PTCs," says **Hunter Armistead**, head of North American energy for parent company **Babcock & Brown**. There could be a component of long-term debt needed, due to the large amount of capital needed for the \$800 million project.

Bluewater is in talks with vendors to supply turbines for the farm, slated to come online in 2012 or 2013 under a newly minted 200 MW, 25-year PPA with **Delmarva Power**. "Our goal would be to make it as big as we can," Armistead says. A meteorological tower is scheduled to be erected by year-end but the total project size will depend on additional offtake agreements. The company is in talks with the **Delaware Electric Municipal Corp.** for another PPA, but Armistead declined to elaborate on those discussions. Last year, Bluewater touted the project has having potential for 600 MW (PFR, 5/25/07).

Bluewater, which Babcock acquired in September, will turn to its relationship banks first—many of which have done offshore wind financing in Europe. "We have a very deep banking relationships with our onshore [projects]... we try to work closely with relationship guys, and we want to give them the first chance if they want to do it," Armistead says, confirming **Dexia Crédit Local, HSH Nordbank, Rabobank and UniCredit HVB** as some of its banks that have handled offshore wind financings in Europe. But the company is open to U.S. banks. "We'd love to see them come into the market, but it just has not been a very

active market in the US.”

Downstream, the company has projects under development off the coast of New York and New Jersey as well off Rhode Island. “We’re hopeful that we are starting a logical and continual expansion of wind through this area.”

Developer Preps Texas Wind Financing

Third Planet Windpower is preparing to arrange debt and equity financing for its \$465-480 million, 250 MW Loraine project in Loraine, Texas. “We’ll be in the market in the next couple of months or so to get construction financing and all normal forms of financing,” says **Richard Goff**, cfo, in San Ramon, Calif., noting that the company intends to look for both cash and tax equity. As to the risk of federal production tax credits expiring at year-end, he says, “We believe the PTCs will be extended. The timing is uncertain, but I think it’s a question of ‘when’ not ‘if.’”

The funds will need to be in place in the fourth quarter ahead of construction starting early next year, Goff says. Cash equity partners will be arranged through **Marathon Capital**, which the developer hired to advise on finding a development partner for late-stage projects or alternative sources of capital (PFR, 2/22).

Financing options for Loraine were under consideration last year, but did not progress due to the credit crunch. In October, the company bought \$350 million of **General Electric** turbines for the first phase. A second phase is also in the works for the project, which has a 325 MW interconnection agreement. “The timeline on the second phase is uncertain. That will depend on how we deploy turbines in 2010,” says Goff, noting that Loraine is Third Planet’s only project scheduled for construction next year. Its others, 80 MW Petersburg in Nebraska and 250 MW Reno in Wyoming, are on the back burner due to turbine supply constraints.

Hawaiian Utility Issues Green Power Tender

Hawaiian Electric Co. is requesting proposals on 100 MW of renewable projects on the island of Oahu. The solicitation was approved June 19 and bids are due Sept. 25, says **Colton Ching**, director of strategic initiatives in Honolulu.

Ching says the utility has no preference for one type of generation over another, though he noted **First Wind**, formerly **UPC Wind**, and **Shell WindEnergy** both submitted comments to the utility during the RFP review process and are expected to bid. In all, more than 30 entities expressed interest, he notes, declining to identify them. A call to **Mike Gresham**, manager of First Wind’s Hawaii project development unit in Pukalani, was not returned and a spokesman at Shell WindEnergy in The

Hague was not available.

In 2006, a competitive bidding framework was established for all new generation in the state. The utility is allowed to participate in building generation, but there is a third-party provision to ensure fairness. IPPs can propose a project at any time, but the proposal must then go through a waiver process since it would not be the RFP route. “We get requests for proposals all the time,” says Ching.

HECO will purchase power from the new projects on Oahu under 20-year PPAs. The island has the lowest percentage of renewable energy compared to the other four main islands.

Healthy M&A Flow May Hit Financing Hurdles

The volume of power and utility M&A this year is set to break last year’s record, but difficulties obtaining leverage threatens to dampen merger and acquisitions activity in the space, according to panelists at **Argyle Executive Forum’s 2008 Deal Making in the Energy Sector** conference in New York last Wednesday.

“We’ve seen credit dry up,” said **Chansoo Joung**, managing director at **Warburg Pincus**. Many power M&A deals won’t get done under the current conditions and there’s no clear signal from sellers that they are willing to lower prices, he added, noting, “You need a lower price.” Spin-offs and joint partnerships may be reconsidered as a result of that crunch, narrowing the field, added **Guru Nadkarni**, v.p., strategic planning at **Consolidated Edison**.

As sourcing debt becomes more difficult, funding initially with equity will become a more attractive option. “There seem to be very large pools of capital willing to play and take risks,” said Joung. He sees 10 solar deals a week and a large swatch of venture capital available to fund renewable energy. Private equity will likely chase wind more than solar because they understand the development and technology risk better, noted **David Giordano**, v.p. at **Babcock & Brown**.

U.S. Carbon Law Unlikely For A Few Years

Legislation for a national cap-and-trade program is unlikely to secure safe passage before 2010, according to **David Hunter**, director of U.S. policy at the **International Emissions Trading Association**. At **IQPC’s 2nd Carbon Trading Summit** at the Millennium Broadway Hotel in New York last Monday. He said since it takes 60 ‘yes’ votes for a bill to pass the Senate, the prospects of a speedy passage aren’t rosy.

The Lieberman-Warner bill recently debated in the Senate garnered a final vote of 48 in favor and 36 against. But about 70 senators would need to signal their support to push such a bill through, said Hunter, noting some initially vote yes but end up

voting against in the amendment phase. If passed, the bill would create a national cap-and-trade program for greenhouse gas emissions, targeting a 70% reduction by 2050 and the largest commodities market in the world.

Lieberman-Warner will not be revamped in time for another round through the Senate before the *United Nations Climate Change Conference* in Denmark late next year, added Hunter. "This year, it's done—it's finished. It could happen in 2010, but it is not guaranteed."

Starwood Wraps Fund



Brad Nordholm

Starwood Energy Group Global recently closed its *Starwood Energy Infrastructure Fund* with \$433 million in commitments and is preparing to invest in more gas-fired generation and renewable energy like solar thermal and transmission. "Many power generation and transmission markets in the U.S. are becoming more constrained," says

Brad Nordholm, ceo in Greenwich, Conn. "We have tightening reserve margins and a need for new power plants and transmission lines."

The fund has already committed \$250 million and Nordholm says he hopes to spend the remainder of the fund over the next two years. "We have a goal of making mid-market investments where there is high value, like restructuring or re-contracting, and everything we have done to date is really representative of that strategy. One of the significant advantages of a private equity firm is that we have more flexibility of timing when we make our investments and when we exit."

To date, the fund has invested in the 120 MW Midway peaker under development in Fresno, Calif., (PFR, 3/28) and in the

pending acquisition of 272 MW Thermo Ft. Lupton near Denver (PFR, 6/13). Additionally, it has invested in three transmission lines in the Southwest and Northeast: 1,296 MW Mead-Phoenix, running from southern Nevada to southern California; 660 MW Hudson from New Jersey to Manhattan; and 660 MW Green Line under development from Maine to Boston.

U.K. Wind Owners Prep Portfolio Refi

RWE Innogy, Prudential-owned infrastructure fund **Infracapital Partners** and **JPMorgan Asset Management** are looking to refinance £300 million (\$591.2 million) in debt tied to a 391 MW portfolio of U.K. wind farms known as **Beaufort Wind**. The partners own 100% of the shares in Beaufort Wind via a fund called **Zephyr Investments**.

The portfolio comprises 17 wind farms and includes the U.K.'s first major offshore wind farm: 60 MW North Hoyle off the coast of northern Wales. Beaufort Wind was also the first U.K. portfolio financing of wind capacity operating under the Renewables Obligation Certificate mechanism, where green certificates are issued to eligible projects.

The original financing reached financial close in Jan. 2004 and was underwritten and pre-syndicated via 11 banks (PFR, 3/7/04). It was led by **ABN Amro**, **Bank of Tokyo-Mitsubishi**, **BNP Paribas**, **Fortis**, **Halifax Bank of Scotland**, **HypoVereinsbank** and **Royal Bank of Canada**. Soon after, **Englefield Capital**—which last year sold its 33.3% stake in the portfolio to Infracapital and JPMorgan—launched Zephyr. It later drafted in RWE, which transferred a raft of its wind farms across, and **First Islamic Investment Bank**, now **Arcapita**, which also sold its third to Infracapital and JPMorgan.

Officials at the banks, JPMorgan, Prudential and RWE either did not return calls or declined to comment.

Corporate Strategies

Duke Holdco Debuts In Debt Market



Stephen DeMay

Duke Energy, the holding company created two years ago when Duke merged with **Cinergy**, has issued debt at this level for the first time via two \$250 million offerings of 5.65% senior notes due 2013 and 6.25% senior notes due 2018. "The growth of our company just precipitated it. We've been carrying a lot of cash and liquidity and we

decided to term out some commercial paper," says **Stephen DeMay**, v.p. and treasurer in Charlotte, N.C. Until now the company has been issuing debt from operating companies.

"We were doing a go/no-go evaluation for a number of days

on this transaction and we thought the market had a good feel too it," says DeMay of the deal, which closed June 17. "Coupon levels were competitive with other holding company deals." The company wants all holdco debt to have a tenor of 10 years or less. This allows it to provide equity for operating companies among other uses. The five-year tranche allowed Duke to take advantage of a lower cost of capital.

Proceeds of \$496 million will be used immediately for terming out a portion of the operating company's \$428 million in commercial paper debt and for other corporate purposes. "We're investing in wind at the moment, so it's all of those uses," says DeMay. Duke is financing wind projects on its balance sheet until next year, at which time it will seek project financing for 400 MW of wind it has been developing since it acquired

Tierra Energy last May (PFR, 6/6). Last week it agreed to buy Catamount Energy for \$240 million (see story, page 3).

Credit Suisse, Goldman Sachs and Lehman Brothers were joint book-running managers on the offerings, while **Citigroup, Lazard Capital Markets, Scotia Capital and SunTrust Robinson Humphrey** served as co-managers. "They're all relationship banks of our company," De May says. Overall, debt accounts for about 35% of Duke's total capitalization.

ENMAX Goes Private To Fund Acquisitions

City of Calgary, Alberta-owned IPP **ENMAX Corp.** privately placed C\$300 million (\$294.6 million) in 10-year senior unsecured debentures to partially fund acquisitions at its subsidiaries. "They built one [wind farm] last year and they just announced the purchase of another," says **Nicole Martin**, credit analyst at **Standard & Poor's** in Toronto.

Last spring, the company announced **ENMAX Green Power's** planned \$163 million acquisition of 63 MW Kettles Hill wind farm near Pincher Creek, Alberta, that then-CFO **Kim Hubick** said would be financed with a private placement of 10-year debt arranged by **RBC Capital Markets** and **CIBC World Markets** (PFR, 4/18). Additionally, the company had to make payments tied to its \$567 million acquisition of **EPCOR Utilities'** interest in a PPA from 662.8 MW Battle Creek Power in 2006. "The bulk of it was paid for last year, but there are some additional steps ups," Martin says. ENMAX also is buying up outstanding shares of oil and gas company **Cordero Energy**.

The IPP has roughly \$400 million in debt outstanding. "The other debt that they hold is raised through their municipal owner," she explains. "It can only be used for financing the regulated side of the business, hence the private placement." A spokeswoman who referred calls to **Giselle Branget**, cfo, declined to make an official available.

Brookfield Inks \$450M Revolver To Fund Growth



John Stinebaugh

Brookfield Infrastructure Partners recently closed on a new, \$450 million revolver and plans to draw on the facility to fund future acquisitions. The traded partnership of **Brookfield Asset Management** sought the credit, "to provide liquidity to make new investments," says **John Stinebaugh**, cfo of Brookfield Infrastructure in New York. "We're reviewing a number of opportunities."

The facility, which Brookfield closed on June 18, can be

drawn on until next June and all outstanding debt is repayable in full on June 13, 2011. Stinebaugh says it chose a three-year tenor, so as to be more capital-friendly to the banks. He declined to disclose the names of the bookrunners or how many banks participated, but said it was a relatively small number. "They were chosen because they had a strong relationship with us and are very active in the infrastructure sector."

Brookfield Infrastructure so far owns acres of freehold timberlands and transmission assets. It funded 45-50% of the former acquisitions and 50-55% of the latter on balance sheet. The remainder was funded with non-recourse debt. "This would bridge our debt," says Stinebaugh. The company is looking at investments in Europe and Australia, where its parent is already active. Gas companies, utilities and pipelines costing up to \$300 million are all under consideration. The unit's market capitalization is \$800 million and its debt-to-equity ratio is 50:50.

Canadian Developer Upsizes Credit To Fund Wind



Kathy Boutin

Canadian Hydro Developers has increased its C\$370.8 million (\$363.9 million) credit facility by C\$312.5 million to help finance its 198 MW Wolfe Island Wind Project, says **Kathy Boutin**, v.p. of finance in Calgary, Alberta.

The company is in the process of building 517 MW of wind and hydro across Québec, Ontario and British Columbia, the latest of which is C\$450 million Wolfe Island. Some C\$292.5 million of the new line will finance that facility and the remaining C\$20 million will fund ongoing costs.

Participating in the new credit are all four of Canadian Hydro's original lenders and five new ones. The existing banks are: **Toronto-Dominion Bank, Bank of Nova Scotia, National Bank of Canada** and **ATB Financial**. The new banks are: **Société Générale, Sumitomo Mitsui Banking Corp., Union Bank of California, Canadian Western Bank** and **Laurentian Bank**. "We added five more because we're growing so we need more banks," says Boutin. "We've had a long-standing relationship with National Bank [of Canada] and ATB is very local. It's about the relationships."

The credit is priced at 137.5 basis points over Canadian banker's acceptance. The old rate was 70 bps. "It's an indication of the markets, but underlying BA rates have decreased significantly so overall it's about the same," says Boutin. Canadian Hydro has two years after the project comes online to repay the 15-month facility and it plans to refinance with 10- to 12-year bonds and debentures after that time is up.

Project Finance Deal Book

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

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Acciona Energia	Eurus (250 MW Wind)	Oaxaca, Mexico	BBVA	TBA	TBA	TBA	BBVA tipped as lead (PFR, 6/2).
Allegheny Energy	TrAIL (180-Mile 500kV wire)	Pa., W.Va., Va.	Citigroup, BNP	TBA	TBA	TBA	Leads mandated (PFR, 6/2).
Babcock & Brown Power, Pittsburgh Power	Trans Bay Cable (400 MW, two 200 kV cables)	San Francisco, Calif.	BayernLB	Construction Loan	\$299M	33-yr	Syndication of subordinate tranche ongoing.
Babcock & Brown	2009 Turbine Supply	Various	TBA	Turbine supply	TBA	TBA	Selecting lenders.
	2008 Portfolio (638 MW Wind)	Various	TBA	TBA	TBA	TBA	Seeking tax equity (PFR, 4/4).
Baha Power, Grupo Garza Ponce	Genermax (142 MW Gas)	Nuevo León, Mexico	TBA	TBA	TBA	TBA	Near close on debt, equity (PFR, 6/16).
Biomass Group	South Point (200 MW Biomass)	South Point, Ohio	WestLB	Construction Loan	\$265-300M	TBA	Syndication expected shortly.
Borealis Infrastructure	Bruce Power (4.6 GW)	Tiverton, Ontario	Scotia, Dexia	TBA	C\$750M (\$710M)	TBA	Leads considering relaunch in U.S.
				HoldCo Loan	\$100M	TBA	
BP, Dominion	Fowler Ridge (750 MW Wind)	Indiana	TBA	TBA	TBA	TBA	Selecting leads (PFR, 3/31).
Brick Power Holdings	Tiverton (265 MW Gas)	Tiverton, R.I.	Credit Suisse, Merrill Lynch	Recapitalization	TBA	TBA	Timeline unclear.
	Rumford (265 MW Gas)	Rumford, Maine			TBA	TBA	
BrightSource Energy	Various (3.5 GW Solar)	Southwest	TBA	TBA	TBA	TBA	Will seek project financing.
Broadway Gen Funding	Various	Ga., Nev.	GE, ING	Term Loan	\$290M	7-yr	Closed 6/19.
				Revolver/LC	\$110M	5-yr	
Caletta Renewable Energy	Port Erie (90 MW Tires)	Erie, Pa.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 3/7).
Carlyle/Riverstone	Topaz (1.5 GW Gas)	Various, Texas	Morgan Stanley, Dexia, ING, Natixis	Construction Loan	\$615M	6-yr	Deadline extended to early June (PFR, 5/27).
				Working Capital facility	\$75M	6-yr	
				LC	\$50M	2-yr	
Central Maine Power, Maine & Maritimes	Maine Power Connection (150-200, Mile 345 kV wire)	Maine	TBA	TBA	TBA	TBA	Beginning talks for financing (PFR, 6/18).
CPV	Sentinel (800 MW Gas)	Desert Hot Springs, Calif.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 3/14).
CPV, ArcLight	Beech Hollow (250-300 MW Waste Coal)	Washington County, Calif.	TBA	TBA	TBA	TBA	In early lending talks (PFR, 6/23).
EarthFirst Canada	Dokie I (144 MW Wind)	Peace River, British Columbia	WestLB	TBA	\$212M	17-yr	Syndication to launch 7/1 (PFR, 6/9).
Econergy International	La Gloria (50 MW Wind)	Costa Rica	NordLB	Term Loan,	\$125M	TBA	Timeline unclear.
EdF Energias Nouvelles	La Ventosa (67.5 MW Wind)	Oaxaca, Mexico	TBA	TBA	TBA	TBA	Near mandating leads (PFR, 6/2).
Edison Mission	Walnut Creek (500 MW Gas)	City of Industry, Calif.	TBA	TBA	TBA	TBA	Selecting lenders (PFR 5/5).
Empresas ICA	La Yesca (750 MW Hydro)	Nayarit, Mexico	WestLB, Citibank/Banamex, HSBC, BBVA Bancomer, Santander, NordLB	Construction Loan	\$910M	4-yr, 9m	Syndication ongoing.
				Revolver	\$80M		
Energy Investors Fund	Hot Springs (48MW Geo)	Elko, Nev.	DZ Bank, Fortis Capital	TBA	\$120M	TBA	Timeline unclear.
Energy Management	Various (Biomass)	Various	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/2).
ENMAX Energy	Calgary (1.2 GW Gas)	Calgary, Alberta	TBA	TBA	TBA	TBA	Timeline unclear.
Eurus Energy Americas	Bull Creek (180 MW Wind)	Borden County, Texas	TBA	TBA	TBA	TBA	Seeking tax equity investors.
Everpower Renewables	2009 Turbine Supply	Midwest, Pacific N.W.	KeyBanc Capital Markets	Turbine supply	\$140M		Looking for financing (PFR, 5/23).
	Highland II (50-70 MW Wind)	Krayn, Pa.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
	Howard (50-63 MW Wind)	Steuben County, N.Y.	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
	Buckeye (300 MW Wind)	Ohio	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 5/23).
Excelsior Energy	Mesaba Energy (603 MW IGCC)	Minn.	TBA	TBA	TBA	TBA	Barclays advising.
Falcon Gas Storage	MoBay (50Bcf Gas Storage)	Mobile County, Ala.	TBA	TBA	\$400M	TBA	Shortlisting lenders (PFR, 6/23.)
Gileco Power Corp.	Ostrander (20 MW Wind)	Prince Edward County, Ontario	TBA	TBA	TBA	TBA	Selecting lenders.
GNL Quintero	LNG Receiving/Regasification	Quintero Bay, Chile	Banesto, BBVA, Caylor, Fortis, ING, Intesa SanPaolo, Mizuho Santander, WestLB	TBA	\$1B	TBA	Syndication expected (PFR, 6/23).
Green Rock Energy	Green Rock (Gasification)	St. James Parish, La.	TBA	TBA	\$1B	TBA	Selecting lenders.
Hunton Energy	Freeport (400 MW Gas, Steam)	Freeport, Texas	TBA	TBA	TBA	TBA	Selecting lenders (PFR, 4/2).
Kruger Energy	Port Alma (101.2 MW Wind)	Ontario	Scotia Capital	TBA	TBA	TBA	In syndication (PFR, 5/16).
LVE Energy Partners	LVE Energy Center (16 MW backup power)	Las Vegas, Nev.	Sumitomo Mitsui Banking Corp.	Term Loan	\$145M		Timeline unclear.
				LC	\$20M		
				LC	\$100M		
Martin Resources	Arcadia Gas Storage (15.5 Bcf)	Arcadia, La.	CIT	Construction/Term Loan	\$125M	8-yr	Syndication ongoing (PFR, 4/10).
Martin Resources, ECP	Cardinal (Gas Storage)	Southeast	TBA	TBA	TBA	TBA	Looking for debt (PFR, 5/12).
Mesa Power	Mesa Power (4 GW Wind)	Texas	TBA	Turbine Supply Loan	TBA	TBA	Timeline unclear (PFR, 2/22).
Mitsui, Korea Gas, Samsung	Manzanillo (500 bcf LNG Regas)	Manzanillo, Mexico	Mizuho, KEXIM, Caylor	TBA	TBA	TBA	Caylor added to club financing (PFR, 6/19).
Morris Energy	Various	Northwest	TBA	TBA	\$100M	TBA	Considering options (PFR, 5/13).
Nacogdoches Power	Nacogdoches (100 MW Biomass, 300 MW Gas)	Sacul, Texas	TBA	TBA	TBA	TBA	Looking for debt/equity for \$600M project.

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

LBBW Taps Power To Build Big Apple Base

Veteran project financier **Mary Power** has been hired by **Landesbank Baden-Württemberg** to establish a New York project finance presence. She joined June 2, reporting into **Tanja Reiter**, a senior v.p. and head of syndications in Stuttgart, who did not return a call. Power was formerly an executive director at consultancy **Pace Global Energy Services**.

LBBW has been active in project finance and infrastructure transactions for the last few years in Europe, but has been looking to get into North American deals for three years (PFR, 4/8/05). It was one of 47 lenders to participate in **Cheniere Energy's** financing for a liquefied natural gas facility in Sabine Pass, La., (PFR, 10/25). Since then it has participated in a \$263 million loan for **Horizon Wind Energy** (PFR, 6/15/06), the acquisition financing for **Starwood Energy Group Global's** Thermo Ft. Lupton facility (PFR, 6/13), loans supporting **Bicent California's** acquisition of certain generating assets from the City of Vernon, Calif. (PFR, 6/13) and a \$260 million wind financing for **Invenenergy** (PFR, 4/4).

Power joined Pace in 2006 to increase its coverage of the financial community and developer market. She most recently helped advise **Biomass Group** on seeking debt and equity for its 200 MW greenfield biomass plant in South Point, Ohio (PFR,

2/8). **Jim Diemer**, an executive v.p. at Pace, says the firm is actively looking for her replacement and is committed to the New York market. "We're looking for someone with strong power expertise... Given the credit crunch, we think there are a lot of good people available." An assistant for **Andreas Oberem**, general manager of LBBW's New York branch, confirmed the hire but had no additional comment.

Topaz Retail Syndication To Wrap

Retail syndication of \$740 million in financing for **Carlyle/Riverstone's** 1.4 GW Topaz repowering project in Texas was set to close and fund Friday as *PFR* went to press. **Bank of Ireland** and **CIT** took tickets of \$30 million and reportedly \$50 million, respectively, filling out the syndicate.

State Bank of India and Sweden's **SE Banken** joined in retail syndication with tickets of \$15 million and \$50 million, respectively (PFR, 6/6). **Morgan Stanley** leads the deal, while during wholesale syndication **Natixis**, **ING Capital** and **Dexia Crédit Local** joined as co-underwriters and **WestLB** and **Calyon** joined as sub-underwriters. **GE Energy Financial Services** and **Union Bank of California** each took buy-and-hold stakes.

Officials at the lead and other banks either declined to comment or did not return calls, and Riverstone declined to comment.

KOREAN INSURERS

(continued from page 1)

"So far we've not made any [U.S.] investments," says **James Kim**, director of private equity at the unit in New York, who was hired in December. "Our activity in energy has been limited to Asia, mostly in Korea." The company executes and manages investments for any combination of its backers.

Preferred targets are contracted gas- and coal-fired generation, transmission, pipelines and greenfield development. The firm is already in preliminary talks with a biofuels storage start-up and a solar panel manufacturer. On a per-project basis, it is looking to spend \$100-300 million but could invest up to \$500 million. "There's no pre-set allocation... One has to do the same amount of due diligence on mid- to larger-sized deals," says Kim.

The insurers pool their funds and deals are funded on a per-project basis for a minimum pre-tax internal rate of return of 15%. Negotiated transactions rather than auctions will be sought and Honua would rather be a passive investor, whether via a majority or minority stake.

Kim's background is in energy finance. He was previously ceo of clean energy investor **Unitas Energy Advisors**. Before that, he rated infrastructure and project finance transactions at **Moody's Investors Service**. —K.B.

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ENXCO EXEC

(continued from page 1)

financing and work with turbine manufacturers to arrange supply agreements for developers and small utilities. "We put together the whole package from a financing perspective to pull [developers] all the way to the finish line."

The firm starts out with 10 staffers in New York, Minnesota, California and the Southwest and expects to begin hiring at the financial analyst level as it lands mandates. It is aiming to raise \$250 million to invest in 100 MW of wind and 10 MW of solar by 2010 and has already raised just under half that sum from a group of principal investors, which Colmenares declined to identify. The company is in talks with a wind developer in Minnesota.

Colmenares spent three years at EdF-owned enXco and left about a month ago. At the company he worked on the \$385 million financing for 200 MW Fenton Wind in Murray and Noble Counties, Minn. (PFR, 1/19/07). Previously, he spent six years at JPMorgan as a v.p. and head of structured finance in the energy group. —T.R.

DEVELOPER OF SEWAGE

(continued from page 1)

project entity level," he says. "We'd want to maximize the debt structure as much as possible." Liberty is actively looking for more than \$200 million in financing by the third quarter, but McCord declined to reveal which banks it has held discussions with.

In addition to selling its output, each project will generate revenue from fees for taking the residue—also known as biosolids—from treatment plants. These dual-income streams would likely lead to sound credit and, because they are typically smaller facilities, could be financed on a club basis, say bankers. "You can presumably get offtake contracts and get contracts with municipalities to take waste and those are all typically pretty solid credit ratings," says one senior project finance banker. But the plants might face permitting issues under the Air Quality Act. "It's a new thing, so it takes five times as much effort," says another, who is familiar with European biosolid projects.

First up is the company's 10 MW Liberty Energy Center in Hamilton, Ontario, set to come online in 2010. That facility will burn biosolids from waste water treatment sites in the greater Toronto area and low-grade residential waste. A PPA is in place with the Ontario Power Authority's Standard Offer Program for 5 MW, and the company may arrange a separate offtake agreement for the remaining output.

Also on deck is a 15 MW facility under development in Banning, Calif., set to enter commercial operation at the end of 2011 and burn biosolids from the greater Los Angeles area. "The permitting authorities have the control over when things are going to happen," says McCord. The company has a preliminary arrangement for the offtake with the City of Banning. Further

downstream, Liberty, which was started in 2002 by compost and biosolid producer Liberty Compost, has projects in Lost Hills and Niland, Calif.

For all these projects, it would want financing in place two years before commercial operation, says McCord, who notes that Liberty Energy does not have any relationship banks. —Thomas Rains

CALIF. GAS/SOLAR

(continued from page 1)

Underpinning the project will be a seven-year financial hedge with J.Aron, Goldman's commodities arm. The City will consider offers for buying into the project entity or any alternative investment structures.

Some 50 MW of Victorville 2 will be solar, producing 10% of the peaking power generated by the project. The gas combined-cycle component will have rapid-start capability, low emissions and a heat rate of 7,000 Btu/kWh. It will connect via a 230-kV transmission line to the grid at Southern California Edison's Lugo Substation to the south of the site. Its proximity to the pipeline feeding the Kern River High Desert combined-cycle facility nearby will ensure low-cost and reliable fuel supply, according to a teaser obtained by PFR. Output will be sold into the California Independent Systems Operator's SP-15 region of the Western Electricity Reliability Council, but the City may sell a portion of the offtake to local entities either under contract or via rights gained through minority interest.

The project is expected to receive all its permits next month, ahead of construction commencing in November. It is slated to come online in the first quarter of 2011. Officials at Goldman declined to comment and a call to the City of Victorville was not returned. —Katy Burne

Quote Of The Week

"My wife would shoot me, divorce me and split me into little pieces if I move." —**Jamie Welch**, newly minted head of global energy at **Credit Suisse** in New York, denying his rumored move to London in the wake of his promotion from head of U.S. energy (see story, page 3).

One Year Ago In Power Finance & Risk

Kinder Morgan was looking to sell an 80% interest in subsidiary MidCon, owner of Natural Gas Pipeline Company of America. [The company, which following a management buyout was renamed Knight, received \$5.3 billion in after-tax proceeds from investment consortium Myria Acquisition, consisting of Babcock & Brown Infrastructure (71%), Canada's Public Sector Pension Investment Board (20%) and the Netherlands Dutch Pension Fund (9%). It used the proceeds to retire debt from the MBO (PFR, 1/11].