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Edison Wraps Wind Deal

Edison Mission Energy has closed a \$207.2 million debt financing supporting a wind portfolio.

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TAX ISSUE SNAGS RENEWABLE GRANTS

Renewable energy developers whose projects are funded in any part by tax exempt investors are waiting to see if the U.S. Treasury Department will allow them to set up blocker corporations as a means to tap stimulus money.

A decision is expected this month. "We are optimistic that Treasury will see the merits in making the grant as widely available as possible," **Greg Jenner**, tax partner with **Stoel Rives** in Minneapolis, told *PFR*. "If a blocker corporation doesn't work, there are going to be a lot of angry folks out there." A blocker corporation for this purpose would be set up between a project and the fund to house taxable money that would allow it to qualify for the grant money. The Treasury department did not return a call.

The issue hits at the root of funding renewable energy in the U.S. **Tom Vinson**, director

(continued on page 7)

ESKOM EXPLORES MULTI-BILLION FUNDING OPTIONS

South African utility **Eskom** is looking for ways it can finance a capital expenditure program expected to cost ZAR104 billion (\$13.45 billion) next year. Tapping the debt markets, borrowing from government and generating operational efficiencies are all part of the mix, says **Fani Zulu**, spokesman in Johannesburg.

The company recently received approval for an average tariff hike of 31.3% for this year, but the increase will not carry over to next year. "We need to have a clearer model to cover costs," Zulu says.

The state-owned utility has been visible in international debt markets. "There are lots of different directions Eskom and the government can go," says **David Staples** managing

(continued on page 8)

BP, DOMINION TO FIRE UP MEGA MICH. WIND FUNDING

Partners **BP Alternative Energy** and **Dominion** are targeting a roughly \$300 million financing for their Fowler Ridge Wind Farm, Indiana's only utility scale wind project. **Bank of Tokyo Mitsubishi-UFJ**, **BBVA** and **Société Générale** are running the syndication which relates to 300 MW of the project.

The amount, tenor and pricing could not be determined. One official says launch is imminent, but this could not be confirmed.

The 750 MW project is in Benton County (*PFR*, 12/19) and the 400 MW phase I is already operational. Whether the loan is a refinancing of that construction or debt to fund construction of phase II could not be ascertained.

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

At Press Time

Edison Closes On Wind Debt Financing

Edison Mission Energy closed debt financing on its portfolio of wind projects on June 26, a banker familiar with the deal says. The loan was upsized to \$207.2 million from \$202 million, after being dropped from an initial \$220 million. It was oversubscribed by 1.6 times and 12 banks each took a piece, the banker says. Pricing was set at LIBOR plus 387.5.

The portfolio includes the 161 MW Wildorado, Texas project and others in Nebraska and New Mexico using **Vestas** and **Mitsubishi** turbines. Some deal watchers questioned the initial use of **Clipper** turbines for the projects (PFR, 5/22).

WestLB Taps Citi Head

Alexis Ulens has been named executive director of the global energy team at WestLB in London. Ulens left his position as director at **Citigroup** in London last Tuesday. He worked for almost 11 years at Citi, focusing on infrastructure and energy finance. He started at WestLB last Wednesday, reporting to **Susana Vivares**, managing director and co-head of EMEA energy markets.

Terra-Gen Loan Pricing Set

Pricing on **ArcLight Capital Partners'** affiliate term B loan is set at LIBOR plus 550 with a floor of 2.5%, says a banker familiar with the deal. An original issue discount of somewhere between 96 and 98 will be offered. The loan will refinance an 18 month-old acquisition bridge loan used to buy renewable assets.

Affiliate **Terra-Gen Power** came to market June 25 with the \$275 million credit facility (PFR, 6/26). **Citigroup** is leading the deal and is pitching it to a range of hedge funds, mutual funds, private capital pools and insurance companies.

One person whose firm is considering taking a piece of the loan says it might be a difficult deal to get approved. "There's a lot of debt at each of the projects which makes it difficult from our perspective," this person says. "The projects are heavily contracted, but if there's a hiccup, we suffer disproportionately. The revenues are dependent on the flows up through the project."

The yield on the loan would be attractive to a CLO, which generally takes more risk for higher returns, this person notes.

The loan will go toward refinancing 831 megawatts of solar, geothermal and wind, the majority of which was purchased from **Caithness Energy**, along with one other renewable asset.

Prezioso Named Managing Editor

Jeanine Prezioso has been named managing editor of *Power Finance & Risk*. She joins from sister publication *Derivatives Week* where she reported on equity, foreign exchange and property derivatives. Before *Institutional Investor News*, she covered the natural gas market for *Dow Jones Newswires*.



Jeanine Prezioso

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Institutional Investor NEWS
INTELLIGENCE FIRST

SSE Seeks EIB Wind Funds

Scottish and Southern Energy is applying for GBP400 million (\$661.34 million) in loans from the **European Investment Bank** to support the construction, commissioning and operation of six onshore wind farms in Scotland. The projects will support both national and E.U. goals for renewable energy generation.

The fully consented farms are:

- 38 MW Achany under construction in Lairg
- 456 MW Clyde in development near Abington
- 40 MW Fairburn under construction in Dingwall
- 88 MW Gordonbush under development
- over 100 MW Griffin under development in Perthshire
- 36 MW Toddleburn under development in Scottish Borders

The total cost for the projects is roughly GBP925 million and the company is planning to finance the balance from its capex program, says a spokeswoman at SSE in Perth, Scotland. SSE applied for the funding because the EIB has increased its focus on lending to renewable energy technologies and generation, she adds. A spokesman at EIB in London did not reply to a request for comment via e-mail.

Wind, Biomass Partnership Hunts Funding

An undisclosed partnership of developers is talking to lenders and equity investors for \$400-500 million in financing backing three wind projects and a biomass facility in the Pacific Northwest. The partnership has contacted **US Bank**, **Wachovia** and **Wells Fargo**, says **Mike Bauer**, a financial official with the partnership in Portland, Ore., adding it looks to have the funds secured before year-end. He declined to identify the developers or specify the amount of debt and equity sought for the projects. Bank spokesmen and officials either declined to comment or did not return calls.

The developers joined together two years ago to supplement the intermittency of wind with biomass, Bauer notes. The facilities include two wind farms and a biomass facility in central Oregon and wind farm in Ellensburg, Wash., each with a 50 MW capacity.

The developers are bidding the cluster of projects into request for proposals hosted by utilities such as **Bonneville Power Administration**, **Pacific Power & Light**, **Portland General Electric** and **Puget Sound Energy**. The developers will continue to bid projects into future RFPs if they do not garner PPAs under current tenders, Bauer adds. The projects are slated for operation by the end of next year.

Former UBS Head Launches Advisory Shop

Jeff McDermott, former joint global head of investment banking at **UBS**, has created financial advisory firm **Greentech Capital Advisors** to help companies exclusively in the alternative energy and power space. "I basically wanted to build a business and do something entrepreneurial," says McDermott. "I think climate change is real and I think we are going to change how we use energy."

The New York-based firm is advising small and medium-size companies on M&A, restructurings, private placements and project finance mostly within the solar, wind and transmission and distribution sectors in the U.S. "There's a real need to navigate the project finance cycle," says **Tim Vincent**, partner, on deciding to add the struggling project finance sector to its services. "There are a number of complexities."

Greentech is advising an undisclosed company on raising capital and a separate company on a merger.

Start-Ups Flood Southern Renewable RFP

Debut developers are flocking to **Southern Co.** subsidiary **Georgia Power's** call for 80,000 MWh of renewable power. **Harry Judd**, president of independent monitor **Accion Group**, says the tender's smaller size is more palatable for first-time developers rather than large companies, such as **Iberdrola** or **NRG Energy**. "It's amazing the interest we've got on this one. We've had 96 people participate in the bidders' conference, which is unheard of," says Judd. He declined to identify potential bidders.

The tender includes 1,500 MWh of solar for the company's **Green Energy** program, which was launched in 2006 and allows customers to buy 100 kWh blocks of renewables. The bidders' conference was held on May 13 and bids were due last Tuesday. The remaining bids will likely be waste-to-energy, biomass and wind projects, Judd adds.

"There are [sic] a lot of folks out there who have their eye on renewables as the wave of the future, but they don't have the financing to get it done," Judd notes, of first-time developers who may be lacking the experience to secure funding from lenders looking for a track record. The bidders are responsible for hooking up to the grid.

The company will look to issue a shortlist of applicants for final negotiation sometime in fourth quarter ahead of awarding 10 to 20-year PPAs. A Georgia Power spokesman in Atlanta declined to comment or make an official available. All projects must be in service by January 2011. There are no size requirements for the prospective facilities.

InterGen Plots Expansion For British Plant

InterGen is planning to expand its 860 MW gas-fired Spalding Energy facility north of Spalding in Lincolnshire, England. Boutique outfit **Consilium** is financial advisor for the project.

The details of the planned expansion could not be learned, but a deal watcher notes it will be at least a few months before financing for the project is sought. The plant came online in 2004 and has an energy tolling agreement with **Centrica** subsidiary **British Gas Trading**.

A spokeswoman for the company in Burlington, Mass., did not return a call and an official at Consilium in London declined to comment. A spokeswoman at British Gas was unable to comment.

BoTM, WestLB Prep Nacogdoches Deal

Joint lead arrangers **Bank of Tokyo Mitsubishi-UFJ** and **WestLB** are aiming to launch financing for **American Renewables** joint venture partners' 100 MW Nacogdoches biomass project in the third quarter. **Jim Gordon**, president JV partner **Energy Management**, in Boston confirmed the plans.

EMI is joined by **Baycorp Holdings** and **Tyr Energy** in the partnership and will likely look for \$300 million in debt for the \$400 million project in Sacul, Texas, a deal watcher notes. The sponsor is also considering various financing options available under the American Recovery and Reinvestment Act. (PFR, 5/29).

Nacogdoches has a 20-year PPA with **Austin Energy**. Construction is slated to start this spring with the plant going online in 2012.

MidAmerican Unit Anticipates Wind For Renewables Call

MidAmerican unit **Pacificorp** is expecting wind developers to comprise the majority of respondents to its latest call for 500 MW of renewables. "That has been the growth area and the cost is comparable with new natural gas-fired generation when one takes into account production tax credits," an official at the Portland, Ore.-based office says of wind power. The request for proposals is part of the utility's efforts to diversify its generation mix in anticipation of state renewable portfolio standards. A bidders' conference will be held July 17 ahead of the bid submission deadline of September 10.

A team from Pacificorp's origination department will evaluate the bids after independent evaluator **Boston Pacific** reviews the documents. The company aims to award 20-year

PPAs in November. The projects must be no larger than 300 MW and in service by December 2012. Solar, geothermal, biomass, waste-to-energy, hydro and other forms generation are eligible and projects must be located in Pacificorp's eastern and western control areas in California, Idaho, Oregon, Utah, Washington, Wyoming.

Bidders will need to present a contract or an option to purchase major equipment associated with the project and evidence of financial backing. Pacificorp will provide a benchmark cost of generation by assessing a self-build option, says **Frank Mossburg**, managing director of Boston Pacific in Washington, D.C. Bidders will also be responsible for interconnection and must factor in any grid integration costs into pricing. He declined to identify potential bidders.

Private Equity Sponsors Stalk EIF Assets

Private equity firms and infrastructure funds are expressing interest in the **Barclays Capital**-led sale of **Energy Investors Funds'** generation and transmission sale. "There's been some very good response," says a deal watcher, adding **Energy Capital Partners** is a possible buyer. Bids are due in mid to late July.

The Neptune Regional Transmission System and stakes in five generation facilities are for sale (PFR, 6/26). Bank and firm officials declined to comment or did not return calls. An EIF spokesman declined to comment or make an official available.

Al Dur Closes

Calyon, **Mashreqbank** and **Standard Chartered** wrapped the \$1.7 billion financing for Al Dur last Tuesday. The deal was expected to close in May, but was still considered on schedule with liquidity slowly returning to the project finance market, note deal watchers. The 1.2 GW/30 million gallons of water per day greenfield independent water and power project in Bahrain is sponsored by **GDF SUEZ** and **Gulf Investment Corp.**

The leads are participating with 15 other banks in a \$1.2 billion, eight-year mini-perm tranche (PFR, 5/15). A \$300 million Islamic tranche has four banks participating and the **Export-Import Bank of the U.S.** is providing a separate \$200 million tranche. A spokesman at U.S. EXIM in Washington, D.C. did not immediately return a call.

The plant is expected to be the largest in the country, accounting for roughly 30% of the nation's electricity output. Officials at the banks declined to comment or did not reply to a request for comment via e-mail. Officials at GIC in Safat, Kuwait, and **Shankar Krishnamoorthy**, executive v.p. at SUEZ in Dubai, could not be reached.

Exxon LNG To Tap Export Credit

The **Exxon Mobil**-led Papua New Guinea liquefied natural gas project is expected to be financed mostly by credit export agencies and multilateral development banks. "It's an emerging market where there's political risk. It's easier to have the World Bank involved," says a market observer.

Those expected to lend to the project are: the **International Finance Corporation**, the **Asian Development Bank**, and Italian and Japanese export credit agencies **Servizi Assicurativi del Commercio Estero** and **Japan Bank for International Cooperation**.

Société Générale is the financial advisor to the \$11 billion project.

Egyptian Wind Project Pre-Qualifications Due

The **Egyptian Electricity Transmission Co.** is accepting pre-qualifications from bidders until July 21 in response to an invitation to build, own and operate a 250 MW wind project at the Gulf of Suez. The region has excellent wind resources, where average wind speeds are 10 meters per second, according to the

Global Wind Energy Council.

The winning bidder is responsible for financing the farm. The cost of the farm could not be learned. **Egyptian Electricity Holding Co.** affiliate **EETC** is planning to purchase the power from the project for 20-25 years. Officials at the companies did not reply to a request for a comment via e-mail.

German Offshore Shop Taps Arrangers

BARD Engineering has mandated **Dexia Crédit Local**, **NordLB** and **Rabobank** to arrange financing for a 400 MW offshore wind project in the North Sea. **Veja Mate** is in development about 56 miles north of the island of Borkum, Germany.

The financing is expected to close by year-end. The project is expected to come online in 2012 following **BARD Offshore 1** in 2010. **UniCredit HVB** is advising the company on selling its EUR1.5 billion (\$2.12 billion), 400 MW **BARD Offshore 1** wind farm in development 62 miles off the coast of northwest Germany (PFR, 2/6). Officials at **BARD** in Bremen and the banks declined to comment or did not return request for comment via e-mail.

Corporate Strategies

Canadian Geothermal Co. Wraps IPO

Magma Energy closed its initial public offering on the **Toronto Stock Exchange** last week. The geothermal developer priced 66,667,000 common shares at C\$1.50 (\$1.29), garnering C\$115 million in proceeds. Shares will trade under symbol **MXV** on the exchange starting tomorrow.

"The markets are improving and investors are looking for this type of investment. They want to put their money somewhere with a company that has experience in developing projects in this industry and mining is a very similar experience," says **Andrea Zaradic**, v.p. of corporate development in Vancouver, adding institutional and retail investors bought shares in the offering. **Ross Beatty**, founder and ceo, is also chairman of mining companies **Pan American Silver Corp.** and **Lumina Copper Corp.**

The C\$115 million in proceeds will be used to partially fund a pipeline of projects including a 24 MW expansion of **Magma's** 8 MW Soda Lake plant in Fallon, Nev. (PFR, 12/05). The company is also developing projects in Oregon, Utah, Argentina, Chile and Peru.

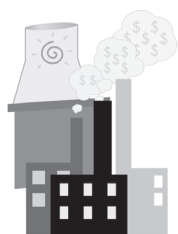
Raymond James and **Cormark Securities** co-led the offering. **Canaccord Capital**, **National Bank Financial**, **Dundee Securities**, **Jacob & Co. Securities** and **Wellington West Capital Markets** also participated in the deal. The banks have worked

with **Beatty's** mining companies and were chosen because of their relationships, **Zaradic** explains.

Allegheny Energy Hits Tax Exempt Market

Allegheny Energy Supply has tapped the tax-exempt market to issue \$235 million in unsecured tax-exempt facilities revenue bonds. "The fact that they could sell 30-year unsecured bonds at 7.7% with a BBB- is pretty extraordinary. It's a terrific execution," says **Ellen Lapson**, managing director at **Fitch Ratings** in New York. Munis with ratings of A or higher traditionally dominate the tax-exempt market. **David Neurohr**, a spokesman at the Greensberg, Pa.-based company, declined to comment or make an official available.

The company was expected to price the issue last week and close the deal today. Proceeds will be used to finance a portion of the pollution control equipment at the company's 1,710 MW coal-fired **Hatfield's Ferry Power Station** in Masontown, Pa. The \$550 million project is set to be completed this year. The notes' tenor reflects the life of the underlying asset. The company has roughly 7 GW of coal-fired generation and may face increasing operational costs due to pending carbon legislation, **Lapson** notes. The identity of the underwriters of the deal could not be learned.



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 Jeanine Prezioso at (212) 224-3226 or e-mail jprezioso@iinews.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status/Comments
AES	Warrior Run	Cumberland, Md.	205	Coal	Goldman Sachs	Shopping PJM assets (PFR, 5/21).
	Red Oak	Sayreville, N.J.	832	Gas		
	Ironwood	South Lebanon Township, Pa.	720	Gas		
	Amman East	Jordan	370	Gas	Citi, HSBC	Quietly marketing Middle East portfolio along with a few one-off assets (PFR, 2/23). Bids submitted by around 10 parties for portfolio (PFR, 6/15).
	Barka	Muscat, Oman	456 (35%)	Gas		
	Ras Laffan	Qatar	756 (55%)	Gas		
	Lal Pir	Punjab, Pakistan	362 (55%)	Oil		
	Pak-Gen	Punjab, Pakistan	365 (55%)	Oil		
	Cartagena	Cartagena, Spain	1,200	Gas		
	Kilroot	near Carrickfergus, Northern Ireland	560	Coal and Oil		
	Various	U.S.	1,174	Wind	N/A	Looking for joint venture partner for wind business (PFR, 3/16).
	Hulunbeier	Inner Mongolia, China	50 (49%)	Wind		
	InnoVent	France	30 (40%)	Wind		
	Hargicourt	Hargicourt, France	12 (40%)	Wind		
	Hescamps	Hescamps, France	5 (40%)	Wind		
	Pléchâtel	Pléchâtel, France	4 (40%)	Wind		
	Various	Bulgaria, China, France and Scotland	410 development	Wind		
	Various	Latin America	TBA	Various	TBA	Tipped that assets are for sale (PFR, 5/18).
AIG Financial Products	Bruce Mansfield	Shippingport, Pa.	830 (80%)	Coal	Commonwealth Capital Advisors	Shopping interest in Unit 1 with sale likely to close before year-end (PFR, 12/1).
Allco Finance Group	Various	New Zealand	538	Wind	N/A	Prepped to sell by end of third quarter (PFR, 6/23).
Allied Waste Industries	Trinity Oaks	Trinity Oaks, Texas	3.2	Landfill	N/A	Fortistar to acquire with financing to be provided by Caterpillar Financial Services (PFR, 11/24).
American Shoreline	N/A	Texas, Mexico	3,000 development	Wind	N/A	Spinnaker Energy planning to purchase (PFR, 2/9).
ArcLight Capital Partners	Hobbs Generating	near Hobbs, N.M.	600	Gas	Credit Suisse	Selling newly commercial asset (PFR, 10/3).
	Juniper Generating	near Bakersfield, Calif.	298	Gas	Barclays Capital	Indicative bids taken mid-Sept. for portfolio of nine assets (PFR, 10/3).
Babcock & Brown	South Trent	Nolan and Taylor Counties, Texas	101	Wind	Marathon Capital	First round bids taken March 6 (PFR, 3/2).
	Majestic I	near Panhandle, Texas	80	Wind		Diamond Castle Holdings in running to purchase (PFR, 4/20).
	Majestic II	near Panhandle, Texas	unknown	Wind		
	Butler Ridge	Wisconsin	54	Wind		Riverstone bought 4 GW of development assets.
	Wessington Springs	South Dakota	50	Wind		
	Gulf Winds	Kenedy County, Texas	238	Wind		
BARD Engineering	BARD Offshore 1	off coast of northwest Germany	400 development	Wind	UniCredit HVB	Looking to sell offshore farm in development (PFR, 2/9).
British Petroleum	N/A	Port Talbot, Wales	870 development	Gas	N/A	Shopping 100% interest in development (PFR, 9/12).
Cannon Power	Windy Point	Klickitat County, Wash.	137	Wind	N/A	Agreed to sell first phase to Turlock Irrigation District (PFR, 3/30).
Caithness Energy (DCE)	Shepherd's Flat	Gilliam and Morrow Counties, Ore.	909 development	Wind	Citigroup	Teasers dispatched (PFR, 10/20).
Centrica	Lynn and Inner Dowsing	off Lincolnshire coast, U.K.	194	Wind	N/A	Looking to sell once portfolio refinanced (PFR, 6/1).
CarVal Investors et al.	Granite Ridge	Londonderry, N.H.	720	Gas	Merrill Lynch	Second round bids taken, but auction on hold (PFR, 12/1).
Chermac Energy	Various	Texas, N.M., Okla., Kan.	675 development	Wind	Advisors	Looking for buyers (PFR, 5/4).
City of Victorville	Victorville 2	Southern California	570 development	Gas/Solar	Goldman Sachs	Teasers dispatched (PFR, 6/30).
		Logistics Airport, Calif.				China Huadian Corp. and other undisclosed parties looking to buy (PFR, 4/6).
Cobisa Corp.	Cobisa-Greenville	Dallas-Fort Worth, Texas	1,750	Gas	Pace Global Energy Services	Company facing financing troubles (PFR, 6/22).
Colmac Energy	N/A	near Mecca, Calif.	47	Biomass	Bodington & Co.	Sale iced due to financial markets (PFR, 1/19).
Connectiv Energy	Various	PJM Interconnection	3,700	Various	Credit Suisse	Status unclear.
Con Ed Development	Genor	Puerto Barrios, Guatemala	42 (49.5%)	Oil		Industry Funds Management did not acquire.
	Ada Cogeneration	Ada, Mich.	29 (48%)	Gas		Partner is Olympus Power.
Constellation Energy	West Valley	West Valley, Utah	200	Gas	N/A	Planning to sell to MidAmerican Energy Holdings Co. (PFR, 12/8) even though merger has been canceled.
Complete Energy Holdings	La Paloma	McKittrick, Calif.	1,022	Gas	JPMorgan	Has agreed to merge with GSC Acquisition Co. in \$1.3B deal (PFR, 5/16). Pending shareholder vote.
	Batesville	Batesville, Miss.	837	Gas		
Coram Energy	N/A	Tehachapi, Calif.	15 repowering	Wind	Marathon Capital	Seeking buyers for portfolio (PFR, 3/9).
	N/A	Tehachapi, Calif.	93	Wind		
	N/A	Knob Hill, Vancouver Island, B.C.	393	Wind		
	N/A	Banks Island, B.C.	525	Wind		
	N/A	Porcher Island, B.C.	198	Wind		
	N/A	McCauley Island, B.C.	233	Wind		

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

Project Finance Deal Book

Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Jeanine Prezioso at (212) 224-3226 or e-mail jprezioso@iineews.com.

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Astoria Energy II	Astoria II (500 MW Gas)	Queens, N.Y.	Banco Santander, BNP Paribas, BoTM/Union Bank, Calyon, Export Development Bank of Canada, Helaba, Natixis, SocGen, WestLB	Construction/ Term Loan Letters of Credit	\$970M \$110M	C+5-yr TBA	Deal set to wrap, oversubscribed (PFR, 6/29).
CIT Energy	Broad River (847 MW Gas) South Point (520 MW Gas)	Gaffney, S.C. Bullhead City, Ariz.	Barclays Capital	Refinancing	\$290M	5-year	Deal upsized to \$290M (PFR, 6/29).
El Paso	Ruby Pipeline (675-mile Natural Gas Pipeline)	Wyoming to Oregon	Credit Suisse	TBA	TBA	TBA	Credit Suisse wins advisory slot (PFR, 6/29).
SunEdison	Various (Solar)	U.S.	TBA	TBA	TBA	TBA	Planning to approach lenders for \$10-50M (PFR, 6/29).

Live Deals: Europe/Middle East

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
GDF SUEZ Energy, Gulf Investment Corp	Al Dur (1.2 GW Water and Power)	Bahrain	Calyon, Mashreqbank, Standard Chartered U.S. Ex-Im Bank TBA	Mini-perm TBA Islamic Tranche	\$1.2B \$200M \$300M	8-yr TBA TBA	Deal set to wrap with 15 banks and leads (PFR, 6/30).

S&P's Solar Ratings To Ease Financing

Standard & Poor's is devising a set of global criteria for publicly rating solar project and company debt, a move which may facilitate solar project financing. "Anything S&P can do to systematically provide information to prospective investors can only help transparency and get these projects financed going forward," says a solar developer with several gigawatts of projects in development in Europe.

"Anytime you can remove the ambiguity from the credit, it really helps," says a banker of getting credit ratings on solar developers and projects. The developer adds the ratings may raise the bar for solar developers. "The ratings are going to stratify the good developers from the bad. It will raise the standards at which projects can be developed," he notes.

S&P aims to develop sets of criteria for solar manufacturers issuing debt, and debt on photovoltaic projects and solar thermal projects. The criteria will be based on the established standards used to evaluate project finance risk. "We see this as an opportunity to come out ahead, so the market is well informed before these projects start getting financed," says **Swami Venkataraman**, a director in the utilities and infrastructure ratings group with S&P in San Francisco. The agency is talking to solar developers, lenders and investors for input on the ratings

criteria and will issue a report soon, Venkataraman adds, declining to specify a date.

S&P started working on criteria last year, after being approached by several developers which needed ratings to participate in the **Department of Energy's** Loan Guarantee program. The declining costs and increasing supply of solar equipment is also fostering more development, Swami explains. **Moody's Investors Service** has adapted its power methodology to rate solar deals, a spokesman notes. Calls to a **Fitch Ratings** spokeswoman were not immediately returned.

TAX ISSUE

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of regulatory affairs with the **American Wind Energy Association** in Washington, D.C., says, "It has investors overall concerned about the impact it would have on the ability to be eligible for the grant."

With tax equity scarce these days, renewable developers have tapped private equity in its place. Renewable energy trade associations estimate private equity funds have some \$400 billion in committed capital to finance renewable projects. Private equity and hedge funds with tax-exempt investors like pension funds and university endowments are prohibited from receiving the 30% cash grant under the American Recovery and

Reinvestment Act, designed to spur investment in renewable energy infrastructure.

The intended consequence of the law was to prevent double dipping by public power companies who are already eligible for the Clean Renewable Energy Bonds program, which offer tax credits, Vinson says. The CREBS program is also part of the ARRA. The unintended consequence is that it has shut off a line of funding for these projects. The grant is doled out once the project is in service.

Organizations that are not completely tax exempt but that have tax-exempt investors are eligible for the investment tax credit, which is also set at 30%, but a portion of that is disallowed based on the number of disqualified [tax exempt] investors in the fund, Jenner adds.

—Jeanine Prezioso

BP, DOMINION

(continued from page 1)

A BP spokeswoman in Houston did not return a call for comment. BoTM officials did not respond to a request for comment by press time. A Dominion spokesman declined comment.

—J.P.

ESKOM EXPLORES

(continued from page 1)

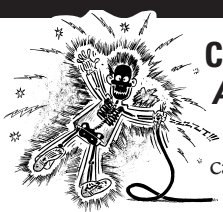
director at **Moody's Investors Service** in London, noting the utility will have to access the debt markets to a great degree. In 2006 Eskom made its debut in the U.S. bond market (PFR, 9/15/2006) and Staples says it also has global deals. Eskom's international banks include **Citigroup**, **HSBC** and **JPMorgan**. Moody's rating for Eskom is Baa2.

The tariff hike is adjusted based on energy consumption and there is a 15% rate increase cap for poor households, says Zulu. The rate gap is recovered from businesses and larger consumers. Eskom can meet its full capacity requirements through next winter, but does not have spare capacity to cover its entire customer base, he says.

The utility has temporarily shelved its wind projects and a pumped storage project because of a drop in capacity demand caused by the economic downturn. But once commodities prices experience an uptick, that is expected to change, says Zulu. The company is going forward with the 1,325 MW Ingula pumped storage facility near Ladysmith planned to be complete in 2013, the 800 MW Medupi coal-fired plant in Limpopo planned to be online in the first quarter of 2012 and the 800 MW Kusile coal-fired plant in Mpumalanga. These projects will be funded through Eskom's capex program.

—Katie Hale

Alternating Current



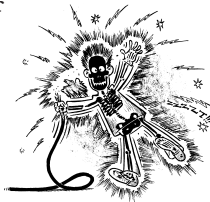
Celebrating the Red, White, Blue And Green

While grill masters are far from developing carbon capture and storage for an Independence Day celebration, some manufacturers are bringing the renewables trend to backyards with solar-powered barbecues.

Swiss company **Tammock Trading** sells a model that could easily be confused with a sunning mirror or a shade protector for windshields. The \$240 contraption features a flexible mirror in the shape of a half cylinder which focuses the sun onto a black metallic trough. The trough heats up and cooks all of those fabulous beef byproducts that make up the staple of the summertime American diet. Several web sites, such as **planetgreen.com**, also provide instructions on building a solar grill from scratch. All you need is an umbrella, tin foil and some glue.

For those looking to add a little ambiance to this sustainable affair, look for some solar-powered tiki torches.

Malibu Solar Lights sells its tikis in packs of four for \$129.99. The devices retain 10-hours of power for evening festivities and have "no operating cost." If backyard fun continues in this vein, you'll be selling carbon credits to your neighbors in no time.



Conference Calendar

- **Infocast** is hosting Midwestern Wind Power Development & Finance Summit July 27-28 at the Allerton Hotel in Chicago, Ill. To register, visit www.infocastinc.com or call 818.888.4444.

Quote Of The Week

"We are optimistic that Treasury will see the merits in making the grant as widely available as possible." —**Greg Jenner**, tax partner with law firm **Stoel Rives** in Minneapolis, on whether the U.S. Treasury will allow the use of blocker corporations so tax-exempt investors can take advantage of stimulus package money (see story, page 1).

One Year Ago In Power Finance & Risk

GenConn, a joint venture between **NRG Energy** and **United Illuminating**, was preparing to hand out a mandate to lead financing for its \$200 million, 200 MW peaker in Middletown, Conn. [The JV added a 194 MW peaker in Devon, Conn., to the deal and **Royal Bank of Scotland** and **Union Bank of California** closed out an oversubscribed \$534 million syndication with seven other banks participating (PFR, 5/1)].