

Power Finance & Risk

The weekly issue from **Power Intelligence**

www.powerintelligence.com

Babson Starts Energy Finance Unit

Babson Capital Management, with \$142 billion in assets under management, is launching an energy finance group. **Brian Daly**, managing director, leads the group that will make mezzanine debt and equity investments in small to mid-size power and energy companies.

Joining Daly are **William Van Herwarde** and **Brett Macune**. The trio worked together at **TCW Cogeneration and Infrastructure Fund** before Daly left for **Conning Asset Management** ([PI, 3/14/08](#)).

The group will look to replicate work they did at TCW by striking deals with companies such as **Morris Energy Group**,

Complete Energy, Fortistar, Colmac Energy and **Pacific Winds**, says Daly.

Babson Capital had exposure to the energy sector through private placements, some private equity holdings and in its Charlotte, N.C.-based syndicated loan business, says **Ben Silver**, managing director in the global private finance group in Springfield, Mass.

The shop decided to expand into power to a fill a need as traditional project finance



Ben Silver

(continued on page 11)

EQT Looks To Sell Midland Cogen

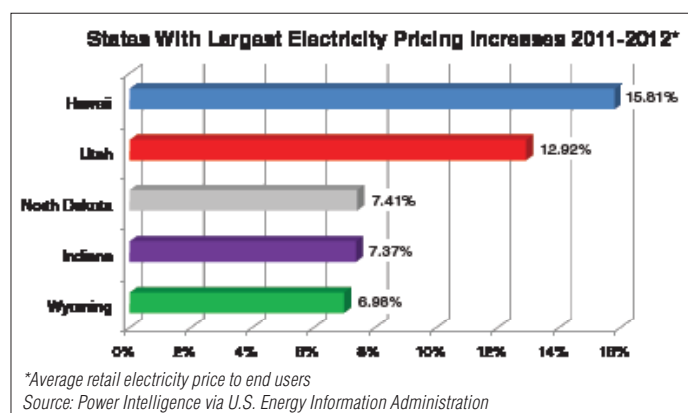
EQT Infrastructure Fund and **Fortistar** are aiming to sell the 1.56 GW Midland cogeneration facility in Michigan. The auction is being run by **Credit Suisse** and **Royal Bank of Canada** and follows a series of upgrades to make the plant more efficient. EQT owns about 70% of the contracted plant.

A power purchase agreement through 2025 will initially woo many sets of the same eyes as the contracted 286 MW Brooklyn Navy Yard gas-fired cogeneration facility in New York—which has had a competitive turnout. Some details in the

(continued on page 11)

Idaho Utilities QF Dispute Could Hit Debt

Utilities in Idaho are looking to rework qualifying facility power purchase agreements—a move that could slash revenues from hundreds of megawatts of contracted wind projects, leaving a question mark over some facilities ability to service debt. The



(continued on page 12)

THE BUZZ

Latin America has been gaining increasing attention from bankers and sponsors as stagnant power demand, low gas and power prices and political uncertainty bedevil U.S. deal flow. *For PI's take on this story and the market, see page 2.*

FirstEnergy Scoops Nuclear Stake

FirstEnergy is buying **Edison Mission Group's** lessor stake in the 868 MW Beaver Valley nuclear plant in Pennsylvania.

See story, page 9

New Project Finance Loans

We've added updates to our weekly round-up of the latest project finance deals in the Americas, with details on projects, sponsors and debt.

See Deal Book, page 4

Generation Sale DATABASE

Get the rundown on the latest asset trades in PI's weekly calendar, compiled from our exclusive Generation Sale Database.

See calendar, page 3

IN THIS ISSUE

PROJECT FINANCE

- 5 | Innergex Snares 39-Year Debt
- 5 | Cheniere Finalizing \$3.4B For Liquefaction
- 6 | EIF Seeking \$300M For Calif. Gas

MERGERS & ACQUISITIONS

- 6 | Invenergy, Marubeni Scoop Lease
- 6 | Edison Mission Offloads Nuclear Stake

CORPORATE STRATEGIES

- 7 | SCE&G Wraps Oversubscribed Bonds

- 7 | Enbridge Scouts New Renewables

PEOPLE & FIRMS

- 8 | CreditAg Taps LatAm PF Head
- 8 | PCP Alum Head To Imperial

DEPARTMENTS

- 3 | Generation Auction & Sale Calendar
- 4 | Project Finance Deal Book
- 9 | News In Brief
- 11 | Generation Call Calendar
- 12 | Alternating Current

THE BUZZ

A handful of projects, mostly in Peru, Chile and Mexico, are making their way through the market via lenders' offices in New York. Interestingly, bankers focusing on project finance in the region have been on the move in the past month, with several industry veterans taking leave of big lenders. **Ralph Scholtz**, managing director and head of project finance in Latin America at **BNP Paribas**, and **Georges Romano**, head of project finance for Latin America at **Crédit Agricole**, made for the exits (see story, page 8). **Pablo Garcia**, managing director and head of Latin America global infrastructure finance at **Scotia Capital** in Mexico City, joined **Ingenieros Civiles Asociados** following talk of that bank's retrenchment of its project finance business ([PI, 7/3](#)).

BNP is working on **Odebrecht's** 406 MW Chaglia hydro project in Peru ([PI, 7/6](#)), which has been in play for over a year ([PI, 3/11/2011](#)). Scotia and Crédit Agricole had been working with **Inkia Energy's** 400 MW Cerro del Aguila project in Peru ([PI, 3/15](#)). That deal also came to market about a year ago ([PI, 6/17](#)).

A knock-on effect from the slowing traditional lending is that mezzanine has seen a scramble of activity recently. **Babson Capital Management**, an investment management shop with \$142 billion assets, has joined the ranks of **Energy Capital Partners**, **Carlyle Group** and **Ares Management** with its newly established energy mezz debt team. The structure is tipped to look more like a fund down the road—with Babson Capital anchoring—than a pure project finance desk.

On the M&A front, prospective gas-fired owners are in early stages of casing the 1.56 GW Midland gas-fired cogeneration facility in Midland, Mich., that's currently owned by **EQT Infrastructure Fund** and **Fortistar**. The plant is fully contracted for both power and steam although a steam contract maturity in 2015 could lead to some furrowed eyebrows, bankers say. It joins 286 MW Brooklyn Navy Yard as one of two fully contracted cogen plants keeping pencils on the paper in investment offices around the country.

Power Intelligence

EDITORIAL

Steve Murray
Editor

Tom Lamont
General Editor

Peter Thompson
Executive Editor (Chicago)
(773) 439-1090

Sara Rosner
Managing Editor
(212) 224-3165

Nicholas Stone
Senior Reporter
(212) 224-3260

Holly Fletcher
Senior Reporter
(212) 224-3293

Katie Segreti
Data Editor

Hailey Goldstein
Contributor

Kieron Black
Sketch Artist

PRODUCTION

Dany Peña
Director

Deborah Zaken
Manager

Melissa Figueroa,
James Bambara,
Douglas Lee
Associates

Jenny Lo
Web Production &
Design Director

ADVERTISING

David Blide
Associate Director
(212) 224-3187

Patricia Bertucci
Associate Publisher
(212) 224-3890

Adrienne Bills
Associate Publisher
(212) 224-3214

Customer Service

PO Box 4009, Chesterfield, MO 63006-4009, USA

Tel: 1-800-715-9195

Fax: 212-224-3886

UK: 44 20 7779 8704

Hong Kong: 852 2842 8011

E-Mail: customerservice@iintelligence.com

Institutional Investor Hotline

(212) 224-3570 and (1-800) 437-9997 or Hotline@iintelligence.com

Editorial Offices

225 Park Avenue South, New York, NY 10003

Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2012

Institutional Investor, LLC

Issn# 1529-6652

Copying prohibited without the permission of the publisher.

COPYRIGHT NOTICE: All materials contained in this publication are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published, broadcast, photocopied or duplicated in any way without the prior written consent of Institutional Investor. Copying or distributing this publication is in violation of the Federal Copyright Act (17 USC 101 et seq). Infringing Institutional Investor's copyright in this publication may result in criminal penalties as well as civil liability for substantial money damages. ISSN# 1529-6652

Institutional Investor
Intelligence

GENERATION AUCTION & SALE CALENDAR

These are the current live generation asset sales and auctions, according to *Power Intelligence's* database. A full listing of completed sales for the last 10 years is available at www.powerintelligence.com/AuctionSalesData.html

Seller	Assets	Location	Advisor	Status/Comments
Alcoa	Calderwood (140.4 MW Hydro) Cheoah (118 MW Hydro) Chilhowee (52.2 MW Hydro) Santeetlah (40.4 MW Hydro)	Little Tennessee River, Tenn. Little Tennessee River, N.C. Little Tennessee River, Tenn. Cheoah River, N.C.	JPMorgan	Brookfield Renewables is buying them for \$600M (PI, 7/9).
Apex Wind Energy	Canadian Hills (298 MW Wind)	Oklahoma City, Okla.	TBA	Atlantic Power has issued shares, debentures to fund purchase (PI, 7/9).
BVP Property	Big Valley (7.5 MW Biomass or development)	Bieber, Calif.	Barrier Advisors	NexBank foreclosed on the asset in Q1 and is looking to sell it (PI, 5/21).
Capital Power	Miller Creek (33 MW Hydro)	British Columbia	CIBC	Innergex is buying the facilities although BC Hydro has first refusal rights for Miller Creek (PI, 6/25).
	Brown Lake (7.2 MW Hydro)	British Columbia		
Cleco Evangeline	Coughlin (775 MW Gas-fired)	St. Landry, La.	TBA	Cleco Power is considering buy the facility in a request for proposals it will release this summer (PI, 6/18).
Duke Energy	Various (7.5 GW Coal, Gas, Oil)	Ill., Ohio, Pa.	TBA	Informally talking with prospective advisors about its unregulated fleet (PI, 7/9).
▶ EQT Infrastructure Fund, Fortistar	Midland (1.56 GW Gas Cogen)	Midland, Mich.	Credit Suisse, Royal Bank of Canada	Teasers went out this month (see story, page 1).
▶ Edison Mission Group	Beaver Valley (Stake, Nuclear)	Shippingport, Pa.	TBA	FirstEnergy is buying out EME's stake as a lessor (see story, page 6).
Edison Mission Group	Homer City (1.884 GW Coal)	Homer City, Pa.	Barclays	Looking to exit the facility as its lessee (PI, 3/12).
Exelon	Brandon Shores (1,273 MW Coal) H.A. Wagner (976 MW Coal) C.P. Crane (399 MW Coal)	Anne Arundel Co., Md. Anne Arundel Co., Md. Baltimore Co., Md.	Citigroup, Goldman Sachs	Second round set for July 19 (PI, 7/3).
First Reserve, CalSTRS, Abu Dhabi Investment Authority	Stakes (146 MW Landfill Gas-to-Energy)	Various	TBA	IPP is buying out the investor's stakes (PI, 7/3).
GSO Capital, Starwood Energy, Tyr Energy	Vaca Dixon (49 MW Peaker) Panoche (49 MW Peaker) Border (49 MW) Enterprise (49 MW)	Vacaville, Calif. Firebaugh, Calif. San Diego, Calif. Escondido	Scotiabank	The portfolio sale will launch soon (PI, 5/28).
GSO Capital, Strategic Value Partners	San Joaquin (48 MW)	Lathrop, Calif.		San Joaquin, from Bcent, is part of the CalPeak sale (PI, 7/3).
Gamesa Energy USA	Pocahontas (80 MW Wind) Sandy Ridge (50 MW Wind) Senate (150 MW Wind) Minonk (200 MW Wind)	Pocahontas County, Iowa Blair County, Pa. Texas Illinois	JPMorgan	Algonquin Power & Utilities a controlling interest in the four projects.
Harbert Power	Hanford (95 MW Gas-fired) Henrietta (97 MW Gas-fired) Tracy (314 MW Gas-fired)	Kings County, Calif. Kings County, Calif. Stockton, Calif.	Morgan Stanley, Merit Capital Advisors	July 13 pegged for first round bids (PI, 7/3).
IPR-GDF Suez Energy North America	Various (287 MW Wind)	Various, Canada	CIBC	GDF has tagged CIBC on the sale (PI, 6/25).
Iberdrola Renewables	Various (wind, solar)	Various	JPMorgan, Blackstone	The Spain-based parent is driving the sale of 700 MW of spinning wind plus wind, solar development assets (PI, 7/16).
Iberdrola Renewables	Klamath (636 MW CoGen)	Klamath Falls, Ore.	Royal Bank of Canada	First round bids are in (PI, 6/4).
LS Power	Blythe (507 MW CCGT)	Blythe, Calif.	Credit Suisse	LS is looking to flip the plant it bought in a portfolio in the fall (PI, 4/16).
LS Power	Bluegrass (495 MW Gas Simple Cycle)	LaGrange, Ken.	TBA	Kentucky Utilities, LG&E cease the process to buy (PI, 7/3).
Luminus Management, CarVal Investors, Fortress Investment Group	Bosque (507 MW Gas)	Laguna Park, Texas	Bank of America	Bidders are in due diligence (PI, 6/18).
MACH Gen	Harquahala (1 GW Gas)	Maricopa County, Ariz.	Goldman Sachs	The facility has drawn utility eyes (PI, 7/16)).
NRG Solar	CVSR (250 MW Solar PV)	San Luis Obispo County, Calif.	Credit Suisse, Morgan Stanley	NRG is out talking to potential investors (PI, 3/5).
Olympus Power, Metalmark Capital	Brooklyn Navy Yard (Stake, 286 MW Gas-fired)	Brooklyn, N.Y.	Credit Suisse	Second round has kicked off (PI, 7/9).
Recurrent Energy	Various (100 MW Solar PV)	Ontario	None	PI, 6/25).
RES Americas	Various (Wind development assets)	North Dakota	None	Has had informal talks with a prospective buyer (PI, 7/16).
Solar Trust of America	Blythe (1 GW Solar PV) Palen (500 MW Solar PV) Amargosa (500 MW Solar PV) Ridgecrest (250 MW Solar PV)	Blythe, Calif. Desert Center, Calif. Amargosa, Nev. Ridgecrest, Calif.	RPA Advisors Marathon Capital	BrightSource, NextEra each net projects (PI, 7/3).
Starwood Energy	Neptune (65-mile Transmission)	Sayreville, N.J. to Long Island, N.Y.	Barclays	Recently hired Barclays to run the sale (PI, 6/11).
Tenaska Solar Ventures	Imperial Solar Energy Center South (130 MW Solar PV)	Imperial County, Calif.	Royal Bank of Canada	Tenaska is looking to bring in a minority owner that has tax appetite (PI, 6/4).
Wind Capital Group	Various (1.3 GW Wind development)	Various	Energy Advisory Partners	Put the pipeline on the block as a way to raise capital (PI, 5/7).

▶ New or updated listing

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 Senior Reporter **Holly Fletcher** at (212) 224-3293 or e-mail hlfletcher@powerintelligence.com.

PROJECT FINANCE DEAL BOOK

Deal Book is a matrix of energy project finance deals that *Power Intelligence* is tracking in the energy sector. A full listing of deals for the last several years is available at <http://www.powerintelligence.com/projectfinancedeal.html>

Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
AES Gener	Cochrane (532 MW Coal)	Chile	TBA	TBA	\$1B	TBA	Sponsor taps HSBC as financial advisor ahead of deal and eyes equity (PI, 6/11).
	Alta Maipo (531 MW Hydro)	Chile	TBA	TBA	TBA	TBA	IFC, IDB and OPIC are participating in multilateral tranche. Sponsor also talking to commercial lenders (PI, 7/2).
AES Solar, 8minutenergy Renewables	Mount Signal (200 MW Solar PV)	Imperial Valley, Calif.	TBA	TBA	\$700M	TBA	Mandates expected soon (PI, 5/21).
BP, Sempra	Flat Ridge 2 (419 MW Wind)	Wichita, Kan.	TBA	TBA	TBA	TBA	Lenders submit financing proposals to sponsors (PI, 6/4).
	Mehoopany (141 MW Wind)	Wyoming County, Penn.	BTMU, CoBank, Mizuho	TBA	\$200M	18-yr	Pricing, tenor emerge (PI, 4/16).
Cape Wind Associates	Cape Wind (420 MW Wind)	Nantucket Sound,	Barclays	TBA	TBA	TBA	Financing to be re-ignited (PI, 4/16).
Cheniere Energy	Unidentified (Export LNG Facility)	Sabine Pass, La.	Agricole, BTMU, Credit Suisse, HSBC, JPMorgan, Morgan Stanley, RBC, SocGen	Mini-Perm	\$3.2B	7-yr	Sponsor seeks second tier of lenders (PI, 5/7).
Cogentrix	Portsmouth (110 MW Coal)	Portsmouth, Va.	RBC, Scotia	Refi	\$120M	5-yr	Sponsor tags RBC to lead refi, with Scotia as co-lead (PI, 5/7).
Competitive Power Ventures	St. Charles (650 MW Gas)	Charles County, Md.	TBA	TBA	\$500M		Sponsor talking with banks for a club deal (PI, 7/9).
Dalkia Canada, Fengate Capital	Ft. St. James (33 MW Biomass)	Ft. St. James, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
	Merritt (33 MW Biomass)	Merritt, B.C.	TBA	TBA	TBA	TBA	Sponsors seek roughly \$175 million financing for project (PI, 3/26).
Diamond Generating Corp.	Mariposa (200 MW Gas)	Alameda County, Calif.	SMBC, DZ, CoBank, Sumitomo Trust	TBA	\$150M	10-yr	Sponsor mandates four lenders (PI, 5/14).
Duke Energy Renewables	Los Vientos (402 MW Wind)	Willacy County, Texas	TBA	TBA	TBA	TBA	Sponsor circles \$220 million NADB tranche (PI, 5/28).
► Energy Investors Funds	Pio Pico (300 MW Gas)	San Diego County, Calif.	TBA	TBA	\$300M	TBA	Sponsor talking to banks (see story, page 6).
Finavera Wind Energy	Wildmare (77 MW Wind)	Peace River, B.C.	TBA	TBA	\$160M	TBA	Sponsor targets financing, likely from life insurance companies (PI, 4/2).
GCL Solar	Various (77 MW PV)	Puerto Rico	Union Bank, WestLB	TBA	\$200M	TBA	Deal to wrap this week (PI, 5/28).
Inkia Energy	Unidentified (500 MW Hydro)	Cerro del Aguila, Peru	BBVA, Crédit Agricole, HSBC, Scotia, SocGen, SMBC	TBA	\$600M	12-yr	A dozen lenders expected to make commitments (PI, 4/30).
► Innergex	Kwoiek Creek (49.9 MW Hydro)	British Columbia, Canada	ManuLife	Term	\$165.8M	39-yr	The loan has a fixed interest rate of 5.075% (see story, page 5)
InterGen	Unidentified (Gas Pipeline)	Zacatecas, Mexico	TBA	TBA	\$200M	TBA	Sponsor considering club deal (PI, 6/11).
LS Power	Unidentified (100 MW Solar)	California	TBA	TBA	\$100M	TBA	Sponsor seeking funding (PI, 7/16).
LSP Madison	Doswell (879 MW Gas)	Ashland, Va	Credit Suisse, Morgan Stanley, Citigroup	Refi/Term	\$750M	7-yr	Deal closed at 450 bps over LIBOR with a LIBOR floor of 125 bps (PI, 7/16).
	Riverside (500 MW Gas)	Louisa, Ky.					
	Blythe (507 MW Gas)	Blythe, Calif.					
	Cherokee (98 MW Gas)	Gaffney, S.C.					
	Safe Harbor (421 MW Hydro)	Conestoga, Pa.					
	Wallingford (225 MW Gas)	Wallingford, Conn.					
	University Park North (540 MW Gas)	University Park, Ill.					
Odebrecht	University Park South (300 MW Gas)	University Park, Ill.					
	Chaglia (406 MW Hydro)	Peru	BNP Paribas	Term	\$650M	17.5-yr, 20-yr	Pricing set at roughly 350 over LIBOR (PI, 7/9).
Pattern Energy	Ocotillo (315 MW Wind)	Imperial Valley, Calif.	TBA	Mini-Perm	\$400M	C+ 7-yr	Sponsor targets \$400 million financing; 10 lenders eye deal (PI, 5/14).
Ridgeline Energy	Meadow Creek (120 MW Wind)	Bonneville County, Idaho	TBA	TBA	\$180-200M	TBA	Sponsor discusses financing with lenders, equity with Diamond Generating Corp. (PI, 5/28).
Rockland Capital, Broadway Electric Co.	Mass Solar (Solar PV)	Massachusetts	TBA	TBA	\$200M	TBA	Sponsors talking to four lenders about financing (PI, 5/14).

► New or updated listing

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 Managing Editor Sara Rosner at (212) 224-3165 or e-mail srosner@piintelligence.com.

PROJECT FINANCE

Innergex Snags 39-Year Debt For Hydro

Canadian developer Innergex has closed a C\$168.5 million (\$165.8 million) construction and term loan with a 39-year tenor for its 49.9 MW Kwoiek Creek hydro project in British Columbia. The **Manufacturers Life Insurance Company** is agent and lead lender, with **The Canada Life Assurance Company** and **The Great-West Life Assurance Company** participating. The loan has a fixed interest rate of 5.075%.

While the tenor on the loan is long for a power project financing, it's not unusual for life insurance companies, a deal watcher says. The project's 40-year power purchase agreement with **BC Hydro** and the longevity and stability of hydro assets are buoying the tenor on the deal. Innergex's proven execution and management capability makes it an attractive borrower and the opportunity to work with a first nation group like **Kanaka Bar Indian Band** was also considered a positive move, he adds. Life company officials either declined to comment or did not return calls.

The plant is being developed by Innergex subsidiary **Kwoiek Creek Resources Limited** through a 50:50 partnership with Kanaka. Operation is slated for the fourth quarter of next year.

The company is also increasing its credit facility to C\$425 million (\$419.42 million) from C\$350 million (\$345.41 million) with

an unchanged maturity of August 2016. The banking syndicate for the facility includes **The Toronto-Dominion Bank** and **Bank of Montreal** as administrators, with **Canadian Imperial Bank of Commerce**, **Caisse centrale Desjardins**, **National Bank of Canada**, **The Bank of Nova Scotia**, and **Laurentian Bank of Canada** as lenders.

The move is aimed at increasing Innergex's flexibility to select an appropriate time to access the capital markets with a view to finalizing the acquisition of the 7 MW run-of-river Brown Lake and 33 MW run-of-river Miller Creek facilities in British Columbia from **Capital Power**, an Innergex spokeswoman says. After the sales agreement was signed in June, Innergex was considering issuing shares to finance the C\$69.2 million (\$68.3 million) purchase ([PI, 6/22](#)), before settling on increasing its credit. The deal is expected to be closed by the end of next month. Both Miller Creek, near Pemberton, and Brown Lake, near Prince Rupert, have PPAs with BC Hydro. Miller Creek has an offtake agreement until 2023 plus a five-year extension. Brown Lake on the Ecstall River is contracted through 2016.

Innergex will own 11 hydro facilities in British Columbia when the sale is finalized and has another seven assets in development or construction.

Cheniere Circles \$3.4B Bank Deal, Ditches B Loans

Cheniere Energy is finalizing roughly \$3.4 billion in commitments for an A term loan backing its Sabine Pass gas liquefaction project in Sabine Pass, La., and has also nixed a \$2 billion B loan package. **Bank of Tokyo-Mitsubishi**, **Crédit Agricole**, **Credit Suisse**, **HSBC**, **JPMorgan**, **Morgan Stanley**, **Royal Bank of Canada** and **Société Générale** are leading the A loan.

Pricing on the seven-year loan is 350 basis points over LIBOR during the first four years and bumps up to 375 bps over LIBOR for the remainder. Commitment sizes range from \$30-\$150 million with upfront fees between 22.5-27.5 bps. Cheniere is looking for roughly \$200 million in additional commitments.

Institutional investors' aversion to construction risk and more attractive pricing in the bank market were factors in cancelling the B loan, a banker says, adding there are plans to re-launch a smaller B loan sometime this quarter. The leads and sponsor ratcheted up pricing on the

A loan by 50 bps in late June in order to upsize that facility from \$3.2 billion ([PI, 5/2](#)). Pricing on the \$1.25 billion term B loan was to be 425 bps over LIBOR with a floor of 125 bps and an original issue discount of 95 ([PI, 6/1](#)). The other \$750 million B loan piece was priced at 550 bps over LIBOR.

The proceeds of the B loan would have gone toward Sabine Pass and Cheniere's purchase of the 153-mile Creole Trail pipeline in Louisiana from affiliate **Cheniere Energy Inc.** The cancellation of the loan will likely not affect the development of Sabine Pass, the banker says. Cheniere, however, will delay the Creole Trail acquisition until funding is finalized. **Blackstone** is contributing roughly \$2 billion in equity to the \$4.5-5 billion Sabine Pass project.

Sabine Pass has 16.9 billion cubic feet of capacity and a re-gasification and send-out capacity of 4 bcf per day. The project has entered into four long-term

customer sale and purchase agreements with **BG Gulf Coast LNG**, **Gas Natural Fenosa**, **KOGAS** and **GAIL** that will account for 89% of its capacity.



Source: Power Intelligence via Cheniere Energy

EIF Scopes Calif. Gas-fired Funds

Energy Investors Funds is looking for roughly \$300 million in debt backing its 300 MW simple cycle gas-fired Pio Pico plant in San

Diego County, Calif.

Bankers are interested due to a general paucity of deals in the market and, more specifically, a dearth of contracted gas-fired deals, a financier notes. Needham, Mass.-based EIF's favored status among lenders also buoys its

financings, deal watchers note. The plant has a 20-year offtake agreement with **San Diego Gas & Electric**. **Competitive Power Ventures'** St. Charles gas-fired plant in Maryland and **Diamond**

Generating's 200 MW Mariposa peaker in California are the only other contracted gas-fired deals in the market for project financing in the U.S. The identity of lenders looking at the deal could not be learned by press time.

EIF closed its \$1.7 billion EIF United States Power Fund IV and is looking to sell a pipeline and cogeneration plant in Maine ([PI, 11/2 & 3/29](#)). The shop had also been slated to contribute equity to a pair of projects being developed in Maryland and Puerto Rico by Albany, N.Y.-based **Energy Answers International** ([PI, 10/17/2010](#)). **BNP Paribas** was slated to lead financing for EAI's \$1 billion Fairfield combined heat and power facility in Maryland ([PI, 11/23/2011](#)). The status of those deals could not be learned by press time. A spokesman for EIF declined to comment.

FAST FACT

➤ EIF closed its \$1.7 billion EIF United States Power Fund IV and is looking to sell a pipeline and cogeneration plant in Maine ([PI, 11/2 & 3/29](#)).

MERGERS & ACQUISITIONS

Invenergy Circles Equipment Lease Buyout

A joint venture between Invenergy and **Marubeni** is buying out a leasing agreement on two gas-fired turbines in Florida. A unit of **PNC Bank** is the lessor of two turbines in the 150 MW Hardee gas-fired units that **TECO Energy** developed and subsequently sold to Invenergy.

After the lease is bought out from **PNC Leasing**, Invenergy and Marubeni will fully own all aspects of the two facilities, according to a July 16 filing with the U.S. **Federal Energy Regulatory Commission**.

The nearby 220 MW unit of the Hardee facility with the same name have power purchase agreements with **Seminole Electric Cooperative** and **Tampa Electric Co.** that mature at the end of December at which point Seminole will enter into a long-term tolling

agreement for all of the capacity.

The 12-year equipment sale leaseback was arranged at the end of 2000 and is set to expire at the end of the year, according to a TECO 10-K from 2002. Invenergy bought the 370 MW operation as its maiden generation acquisition in 2003 for \$100 million plus the assumption of debt ([PI, 8/25/03](#)). Marubeni came in as a 49% owner in 2009 ([PI, 5/5/09](#)).

The amount that is remaining on the lease could not be learned. An Invenergy spokeswoman declined to comment while a PNC spokeswoman was not reached.

FAST FACT

➤ The 12-year equipment sale leaseback was arranged at the end of 2000 and is set to expire at the end of the year.

FirstEnergy To Buy Edison Mission Nuclear Stake

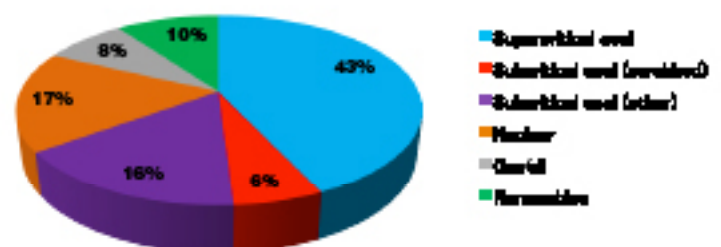
FirstEnergy Corp. is buying out **Edison Mission Group's** stake in a Pennsylvania nuclear plant. Edison Mission owns about 55 MW of the 868 MW Beaver Valley unit 2 nuclear unit as a lessor under a sale/leaseback agreement from 1987 with Ohio utilities that are now subsidiaries of FirstEnergy.

The stake was put up for sale by Edison Mission and FirstEnergy opted to buy now rather than wait for five years for the lease to mature, says a FirstEnergy spokeswoman in Akron, Ohio, who declined to comment on the purchase price. FirstEnergy through its **Nuclear Generation Corp.** currently owns 83.35% of Unit 2 in Shippingport, Pa., and will own 91.74% after the transaction is finalized.

Edison Mission is working to reduce its debt by \$1 billion ([PI, 5/25](#)). The sale is likely a way to exit non-core investments, says a deal watcher. **Moelis & Co.** is advising on the restructuring process. A Moelis spokeswoman declined to comment on whether the stake sale is related to the broader restructuring.

The identity of the holders of the remaining stake in Beaver Valley 2 could not be immediately learned. An Edison Mission spokeswoman declined to comment.

FirstEnergy Generation Portfolio



Source: Power Intelligence via FirstEnergy

CORPORATE STRATEGIES

SCE&G Taps \$250M Bonds On Oversubscription

South Carolina Electric & Gas Company has wrapped an issuance of \$250 million of first mortgage bonds that was nearly three times over-subscribed. More than a third of the buyers were new investors in the company's notes, says a banker of the deal. The company priced the 4.35%, 40-year notes July 10 and closed the deal July 13.

These bonds are part of a series that have identical terms to notes SCE&G sold in January, with all of the series maturing Feb. 1, 2042. The reopening of the offer for a further \$250 million is a strategy now being utilized by several big utilities that are looking to stagger their access to large amounts of capital, say bankers. One banker working on the deal has seen five such re-openings year-to-date. The identity of the buyers of the bonds could not be learned.

BB&T Capital Markets, a division of **Scott and Stringfellow**, **Mizuho Securities USA** and **Wells Fargo Securities**, acted as joint book-running managers, while **Deutsche Bank Securities**,

TD Securities and **U.S. Bancorp Investments** were co-managers for the transaction. **Fitch Ratings** assigned an A rating to the bonds.

SCE&G will use the proceeds to repay short-term debt primarily incurred as a result of its construction program, which includes development of its two new nuclear units at the 2.23 GW V.C. Summer Nuclear Station in Jenkinsville, S.C. ([PI, 5/4/2011](#)). Construction of unit 2 at the plant was delayed to March 2017 from April 2016, but the company accelerated unit 3 to May 2018 from January 2019. The project's \$5.8 billion price tag is unchanged and remains below the \$6.2 billion cost estimate approved by the South Carolina **Public Service Commission**.

Spokespeople for SCE&G's parent company **SCANA** in Cayce, S.C., could not be reached.



V.C. Summer Nuclear

Enbridge Targets New Renewables; Wind Staffer Exits

Enbridge is working to establish a green energy platform ranging from geothermal and concentrated photovoltaic to hydro and energy storage that is an earnings contributor, **Chuck Szmurlo**, v.p. alternative and emerging energy in Calgary, told *PI*. His comments came after the departure this week of **Waqar Zaidi**, director of business development renewable energy who had an emphasis on wind.

The Calgary-based oil transport company has amassed 1.1 GW of renewables—nearly all of it from wind—and is looking to newer technologies for its edge, according to **Richard Bird**, executive v.p. and cfo, corporate development in Calgary. “We have tend to found [growth potential] in smaller, entrepreneurial types,” he says, adding that wind will continue to play a significant role in its platform even as it branches out to younger technologies.

Zaidi joined in 2008 and led the effort that brought about 1 GW of wind under the Enbridge umbrella. It's too early to say

whether a replacement will come internally or externally, says Bird. Reasons for his departure could not be learned. Bird and Zaidi declined to comment on the departure.

The company wants to expand investments in geothermal using its solar investments, \$700 million to date, as a model, says

Szmurlo. It currently has a stake in **U.S. Geothermal's** 23 MW Neal Hot Springs project in eastern Oregon and could pursue other projects with that company or look to work with others.

The Calgary-based oil transport company has 130 MW of solar projects in Nevada and Ontario and has taken a minority stake in **Morgan Solar**, which is testing a new CPV technology.

It's also bought into energy storage developer **Hydrogenics** with a 14% stake as it works on a 1 MW hydrogen energy storage demonstration project in Ontario that will be ramped up to a 10 MW project by 2016, Szmurlo says.



Enbridge's Sarnia Solar Project

ACCESS MONDAY'S ISSUE ON FRIDAY

Access the most recent issue of *Power Finance & Risk* as a PDF the Friday before it's available in print. Log onto www.PowerIntelligence.com and click on “Download Current Issue PDF” at the top of the page.

To obtain access please contact the subscription hotline at 1 (800) 437 9997 /
1 (212) 224 3570 or hotline@iintelligence.com

PEOPLE & FIRMS

CreditAg Taps LatAm PF Head

Crédit Agricole has tapped **Danielle Baron** as managing director and head of project finance in the Latin America Group. Baron, who oversaw infrastructure and power project financing in Europe, the Middle East and Asia from London, is now working out of the bank's

FAST FACT

▶ Baron likely reports to **Olivier Audemard**, managing director and head of the structured finance international divisions in the Americas.

New York office. She started last month.

The move comes after **Georges Romano**, head of project finance for Latin America, left in early June. A banker notes Baron likely reports to **Olivier Audemard**, managing director and head of the structured finance international divisions in the Americas. Romano and Baron could not be reached and Audemard was not available for comment by press time.

Prior to starting at Crédit Agricole in 2008, Baron worked at **HSBC**.

Imperial Capital Adds Investment Chiefs

Thomas Pritchard, founding partner and chairman, and **Kenneth Morris**, partner and board member, of boutique energy investor **Pritchard Capital Management**, have joined the investment banking arm of **Imperial Capital** as co-heads of energy investing. The pair started in New York last month.

Pritchard and Morris will oversee Imperial's investment in alternative energy, midstream, exploration and production, oilfield services, and coal with a focus on high-yield debt trading. They are taking over from **Philip Riley**, senior v.p., who joined **Bluescape Resources** as the v.p. of finance in Dallas.

The two left Covington, La.-based PCP, after it closed last month due to a capital shortage from weaker than expected stock-trading revenues. The company made most of its revenue from trading energy stocks, but also from raising capital for small to mid-sized oil and gas firms. **Glacier Partners**, a New York-based spinoff of Iceland's **Glitnir Bank**, had previously

merged with PCP to widen its investor base in energy finance (PI, [3/20/2009](#)). Los Angeles-based Imperial has previously been involved in fundraising for alternative energy sources ([PI, 7/11/2008](#)). Morris and Pritchard declined to comment on the closure of PCP.

Along with founding PCP, Pritchard was a co-founder of **Offshore Tool & Energy**, an oil service company and has worked with **Jefferies & Co.**, **Johnson Rice & Co.** and **Bear Stearns**. Beginning as a sell-side trader, Morris worked with **Arnhold and S. Bleichroeder**, **Schroders** and with the **Royal Bank of Canada** as its director of energy trading.

Riley declined comment.

FAST FACT

▶ **Glacier Partners**, a New York-based spinoff of Iceland's **Glitnir Bank**, had previously merged with PCP to widen its investor base in energy finance (PI, [3/20/2009](#)).

TRIAL ORDER FORM

www.powerintelligence.com

☐ **Yes!** Register me for free trial access to **Power Intelligence**, exclusive insight on power M&A and project financing.

NAME

TITLE FIRM

ADDRESS

CITY/STATE POSTAL CODE/ZIP COUNTRY

TEL FAX E-MAIL

The information you provide will be safeguarded by the Euromoney Institutional Investor PLC group, whose subsidiaries may use it to keep you informed of relevant products and services. We occasionally allow reputable companies outside the Euromoney Group to mail details of products which may be of interest to you. As an international group, we may transfer your data on a global basis for the purposes indicated above.

() Please tick if you object to contact by telephone.

() Please tick if you object to contact by email.

() Please tick if you object to contact by fax.

() Please tick if you do not want us to share your information with other reputable businesses.

Tel: 1-212-224-3570
+44 (0) 20-7779-8999
Fax: 1-212-224-3886

Email: hotline@iintelligence.com
Mail: Institutional Investor Intelligence
PO Box 4009, Chesterfield, MO
63006-4009, USA

Power Intelligence
Incorporating Power Finance & Risk

NEWS IN BRIEF



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

- West Virginia's **Department of Environmental Protections** has installed a 25 kW solar photovoltaic system and a solar thermal system to heat water in the building on the roof of its offices using federal stimulus money to pay for the projects. The department plans to sell solar power to **Appalachian Power** on the weekends (*Charleston Daily Mail*, 7/19).
- Dallas-based **Luminant**, part of **Energy Future Holdings**, has been accused by the U.S. **Environmental Protection Agency** of failing to install modern pollution control devices as part of modifications to coal-fired plants. Luminant says it is in compliance with the Clean Air Act (*Dallas Observer*, 7/19).
- The Martin Drake coal-fired plant, outside Colorado Springs, Colo., has been the subject of a debate on whether to close down the 87-year-old 256 MW plant, but the city council decided to install new pollution equipment instead (*The Colorado Springs Gazette*, 7/18).
- Florida's **Public Service Commission** has called **Duke Energy** CEO **Jim Rogers** to testify Aug. 13 to discuss the 35-year-old Crystal River nuclear plant that has been off line since 2009 (*Winston-Salem Journal*, 7/18).
- The 1.35 GW Angra III nuclear plant in Brazil will not make its planned December 2015 completion. The target is now July 2016 because of a stall in the bidding round of two \$1 billion contracts for installation for equipment (*Power Engineering*, 7/18).
- **Southern Co.**'s 100 MW Nacogdoches biomass plant in Nacogdoches, Texas, came online July 18. **Austin Energy** has signed a 20-year power purchase agreement for the plant's output (*Power Engineering*, 7/18).
- **Jonathan Feipel** has been named executive director of the **Illinois Commerce Commission**, which regulates power companies and other state utilities. He started Wednesday and the 37-year-old will have a staff of 250 (*Rockford Register Star*, 7/17).
- The U.S. **Department of Energy's Office of Energy Efficiency and Renewable Energy** invested \$2.6 million to partner with **Texas Tech University** and **Sandia National Laboratories** to study how wind turbines interact with one another and how to make wind power more efficient (*Power Engineering*, 7/17).
- Last week the Braidwood 2,600 MW nuclear plant in northeastern Illinois received special permission from the U.S. **Nuclear**



Jim Rogers

Regulatory Commission to continue operating after its cooling pond rose to 102 degrees, making it the second request the plant has made since opening 26 years ago (*The New York Times*, 7/17).

• The **North Carolina Utilities Commission** is expected to bring in outside expertise to help with the **Duke Energy** merger case. Under state law, the commission can bill Duke for the investigative work. **Bill Johnson** is set to testify on Thursday (*The Charlotte Observer*, 7/17).

• The U.S. Army has hired **SolarCity** to cover 850 military homes on Los Angeles Air Force Base and two bases in Colorado Springs with 18,000 panels generating 6.4 million kWh of electricity annually. The properties will be managed by **Lend Lease** (*Clean Technica*, 7/17).



Source: Thinkstock/iStockphoto

• **Comtec Distributing** has selected **Westinghouse Solar**, a designer and manufacturer of solar power systems, to become its exclusive supplier. Comtec has a network of dealers in Arizona, California, Colorado, Minnesota, Nevada, New Mexico, Oregon, Utah, and Wisconsin (*NASDAQ*, 7/17).

• **E.CL**, a Chilean utility, placed a \$36.6 million air pollution control order with **Fuel Tech** to modernize six coal-fired units. The equipment will be delivered in the first quarter of next year, with expected completion in the third quarter of 2014 (*Power Engineering*, 7/17).

• Demand for power in the Midwest hit 98,300 MW Tuesday, close to the record high of 98,526 MW set in July 2011 (*Reuters*, 7/17).

• **Troutdale Energy Center** has submitted a bid to **Portland General Electric** to provide power from a \$680 million natural-gas-fired plant in Troutdale, Ore. PGE is currently taking other bids and will make a decision at year-end (*Oregon Live*, 7/16).

• **NRG Energy** and **MidAmerican Solar's** 290 MW Agua Caliente solar project in Yuma County, Ariz., is two-thirds completed with 200 MW being generated. **First Solar** is building and maintaining the project and **Pacific Gas & Electric Co.** has signed a long-term PPA (*Power Engineering*, 7/16).

• **Invenergy Wind's** 200 MW Bishop Hill Wind Energy farm in Henry County, Ill., began commercial operations with 133 **GE** turbines on 22,000 acres of farm land. The second 81 MW stage is currently under construction and a third 83-turbine stage is under development (*Power Engineering*, 7/16).

GENERATION CALL CALENDAR

The Generation Call Calendar is a feature that *PI* runs on a quarterly basis that tracks ongoing calls for generation in the Americas.

Caller	Capacity	Contracts	Deadlines	Requirements	Notes
Arizona Public Service Co.	14 MW (New Solar PV)	N/A	Bids were due April 30.	Projects must use commercially proven technology.	The company is expecting to make a decision by the end of August.
Baltimore Gas & Electric, Delmarva Power and Light Co., Potomac Edison Company, Pepco	1,500 MW Maximum (Gas-fired)	Up to 20 years	Bids were due Jan. 20.	Projects that cleared prior PJM base residual auctions for capacity were ineligible.	Competitive Power Ventures won a 20-year offtake agreement for its 661 MW combined-cycle plant in Charles County, Md.
Cleco Power	Up to 750 MW (Gas-fired)	3- to 5-year PPAs or tolling agreements.	Bids were due Nov. 17.	Generation that originates from new or existing projects eligible.	The utility's merchant subsidiary Cleco Evangeline won a three-year PPA for its 775 MW Coughlin plant in St. Landry, La.
	800 MW	At least 20 years	Final RFP to be issued July 10, with bids due Aug. 9. Winning bidders notified as early as Nov. 12.	Qualifying projects must generate at least 50 MW and be operational by May 1, 2015.	All resources apply. Company looking for "highly reliable" and "lowest reasonable cost."
Delmarva Power	No minimum or maximum.	N/A	N/A	The program has been approved until Dec. 31, 2014. All facilities must be operational by then.	The projects proposed will be assessed on a case by case basis by Delmarva.
Duke Energy Carolinas	50-300 MW (Wind, RECs)	5-20 years	Bids were due Oct. 14, 2011	Projects must be operational by 2014.	DEC closed the RFP due to minimal interest and high costs (see story, page XXX).
East Kentucky Power Cooperative	300 MW (All sources)	TBA	Bids due August 30, 2012.	A minimum of 50 MW for any conventional resource and 5 MW for any renewable resource is desired for contracts.	The execution of the project agreements will begin in early 2013.
Empresa Eléctrica de Guatemala, Distribuidora de Electricidad de Oriente, Distribuidora de Electricidad de Occidente	800 MW (Renewables and Thermal)	15-year contracts	Utility reportedly anticipated at least 30 bids filed by Jan. 26.	N/A	Roughly 60% of the 33 bids were renewable. Award-winners were expected to be announced in March.
Indianapolis Power & Light	600 MW (Gas-based capacity)	20-year minimum.	Bids are due Sept. 10, 2012.	Resources must be despatchable to the MISO and deliverable to IP&L for a minimum of 20 years.	The RFP process will be managed by Burns & McDonnell.
Pacific Gas & Electric	50 MW (New Solar PV)	20-year contracts	Bids were due May 3, notification of offers July 2, execution of final PPAs Aug. 10.	Projects must be 1-20 MW and within PG&E's coverage area. May also contract up to 34 MW in total for wind.	RFP is part of five-year process to add 250 MW of renewables to portfolio (PI, 4/14).
Portland General Electric	200 MW (Gas-fired)	TBA	Third party bids due August 8. Final decisions late this year or early next year.	The utility is targeting year-round flexible and peaking resources.	PGE plans to bring resources into its portfolio between 2013-2017 (PI, 1/27).
	200 MW (Gas-fired)	TBA	Third party bids due August 8. Final decisions late this year or early next year.	The utility is seeking winter and summer peaking supply generation.	PGE plans to bring resources into its portfolio between 2013-2017 (PI, 1/27).
	150 MW (Gas-fired)	N/A	Third party bids due August 8. Final decisions late this year or early next year.	The utility is looking for winter-only peaking capacity.	PGE plans to bring resources into its portfolio between 2013-2017 (PI, 1/27).
Public Service Co. of New Mexico	120-140 MW (Renewables)	Asset purchases, PPAs and joint-ownership agreements available.	Formal bids were due June 10.	Projects must be operational by 2014 and may be outside of the state.	RFP closed. Contracts awarded to geothermal and solar projects.
Puget Sound Energy	385 MW (All Sources)	TBA	Bids were due Nov. 1.	Eligible projects must be online between December and 2015.	PGE has pared down the candidate list after an initial screening. A decision is possible this quarter.
San Diego Gas & Electric	45 MW maximum (Renewables)	10-, 15- and 20-year contracts.	Bids were due May 31.	Anticipated delivery start date within 24 months after the anticipated CPUC Approval date of December 10, 2012.	Notification to winning bidders expected on Aug. 16.
Southern California Edison	50 MW (New Solar PV)	TBA	TBA	TBA	Utility is planning to issue a call for 50 MW of new photovoltaic generation.
	400-700 MW (New Renewables)	TBA	TBA	Solar, hydro under 30 MW, wind, biomass and geothermal would be the only qualifying resources.	RFP possible this fall. Winning bidders would secure PPAs starting later this decade.
Virgin Islands Water and Power Authority	18 MW (New Solar PV)	20-year contracts	Shortlisted bidders named in November.	Selected projects must be operational 18 months after contracts approval. Operation guaranteed for Dec. 2013.	Power purchase and interconnection agreements with Toshiba International Corporation; Lanco Virgin Islands I, LLC, a subsidiary of Lanco Solar International; and Sun Edison, LLC issued on May 24, 2012.

To report updates or new request for proposals or to provide additional information, please contact Senior Reporter, **Nicholas Stone** at (212) 224-3260 or nicholas.stone@powerintelligence.com.

Babson Starts *(Continued from page 1)*

lenders are pinched by credit problems, creating a space for more flexible capital in middle market companies. "What Brian and his team do fits squarely within our expertise," Silver says, referencing the emphasis on building and maintaining relationships with small to mid-size companies.

The group is technology agnostic and will look at opportunities across the fuel spectrum from coal to solar, Daly says. Right now, though, he sees more volume in renewable assets that have been online three to five years as developers look to bring capital into different parts of their business as a way to fund growth. The team will lend at both the project and corporate levels.

The team is interested in power assets with long-term cash flows although it will look at merchant assets because "we've always been pleased to come in and put contracts in place," Daly says.

Daly declined to comment on the target size of investments and Silver declined to comment on how much capital the team has to deploy.

A fourth hire is in the works but the two men declined to comment on specifics. The team could grow beyond four people as its deal pipeline grows, says Daly, adding that the first transaction is expected to be complete this fall.

The team does not expect to make upstream oil and gas investments.

—Holly Fletcher

EQT Looks *(Continued from page 1)*

Midland power and steam contracts will require due diligence, says a banker who spoke with an investment shop that decided not to submit a first round bid because of an issue in a contract. Further details could not be learned.

The owners are said to be selling now that a series of upgrades have been completed to make the plant more efficient, says one banker.

EQT and Fortistar inked a \$660 million package last summer to refinance the existing \$515 million of acquisition debt on the facility. The package included a \$560 million tranche of senior secured notes that mature in 2025 and about \$100 million in bank facilities, including letters of credit ([PL 8/12](#)). Credit Suisse led the bond component.

Consumers Energy has a 35-year power purchase agreement for 1.24 GW that started in 1990 while **The Dow Chemical Co.** buys an undisclosed amount of power. The steam is contracted to Dow as well as **Dow Corning Corp.** EQT and Fortistar bought the plant in the spring of 2009 from a consortium including **GSO Capital Partners** and **Rockland Capital** ([PL 3/20/09](#)).

A timeline for first round bids could not be learned. Officials or spokesmen for EQT, Fortistar and the advisors either declined to comment or were not available.

—Holly Fletcher

Power Intelligence

Crucial market data and analysis right at your fingertips

Have you seen the data section? Log onto www.PowerIntelligence.com and click on "Data" in the grey navigation menu to see how it is a crucial asset in your day-to-day business.

Generation Sales Database

Available exclusively from Power Intelligence, the Generation Sales Database tracks power deals and the sale of assets for all power facilities. Details include size, sale price, type of fuel, buyer, seller, advisor to the buyer, advisor to the seller, which power pool the asset connects to, general terms of any PPA agreement connected with that asset.

Project Finance Deal Book

A matrix of project finance deals that we are tracking in the power sector.

Generation Call Calendar

A quarterly calendar that tracks ongoing calls for generation in the North American power sector. The entries are of new calls since Jan. 1, 2011 or calls that have been changed in their parameter or status.

www.PowerIntelligence.com

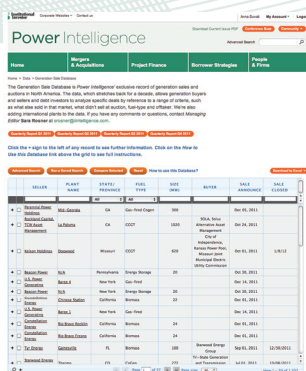
Visit www.PowerIntelligence.com Today!

Institutional Investor

Institutional Investor Intelligence, A Division of Institutional Investor LLC.

To confirm your log in details or enquire about your subscription options please contact:

1-800-437-9997 (US)
or +44-207-779-8999 (UK)



Idaho Utilities *(Continued from page 1)*

effort could also spur similar disputes across the country.

Idaho Power Co., **Avista** and **PacifiCorp** have filed a petition with the Idaho **Public Utilities Commission** to change the nature of existing and proposed offtake contracts under the federal Public Utility Regulatory Policies Act. PURPA requires that natural monopoly utilities purchase power from qualifying facilities at a set rate for projects up to 10 MW or a negotiated rate for larger projects. The three utilities say they are being forced to purchase excessive amounts of wind power at high prices under the set, or published, PURPA, that uses natural gas generation pricing as a benchmark.

Developers have been taking advantage of published PURPA rates, which are normally more favorable than negotiated contracts, by aggregating 10 MW increments in to larger projects. There are 119 PURPA wind projects representing 989 MW already in operation and about 27 wind projects with a total of approximately 595 MW angling for offtake agreements with Idaho Power, according to petition documents.

While reducing the price of contracts is against U.S. **Federal Energy Regulatory Commission** guidelines, a proposed change would involve Idaho Power curtailing the total time it takes power from wind projects by 5%, pro rata. This would apply to all existing PURPA projects in the state, according to an attorney working against the petition. This would in turn reduce earnings and the capacity for projects to pay back debt. One banker says financiers have been speaking to attorneys about options for recourse if Idaho Power is successful in its petition.

Idaho Power is also looking for a possible reduction of new PURPA contracts from 20 to 5 years, the establishment of a new negotiation process, and a final agreement on the curtailment process on existing projects under the revised agreements, says a spokesman in Boise. The utilities are facing a 300% increase in cost adjustments for customers, to \$120 million in 2011 from \$40 million in 2004, if the situation is not resolved.

Ridgeline Energy, a Seattle-based developer that is seeking funding for its 120 MW Meadow Creek wind project in the state ([PI 5/22](#)), filed a petition to intervene in the proceedings, citing that if upheld, Idaho Power's complaint "could directly or indirectly affect Ridgeline Energy LLC's rights and obligations." The developer also partially owns and operates the 80 MW Rockland wind farm, which has PURPA contracts, near American Falls, Idaho. Whether Meadow Creek or Rockland would be affected by the dispute could not be learned. **Matt Ordway**, v.p. of finance at Ridgeline, did not return calls.

Developer **Exergy Development Group of Idaho** is among entities opposing Idaho Power's motion. The company was installing 116 MW of wind across Twin Falls, Lincoln and Bingham counties, Idaho, beginning late last year, many of which fell into the QF category. **James Carkulis**, ceo at Exergy in Boise, as well as an Exergy spokeswoman did not return calls by press time.

Technical hearings in the petition are scheduled for Aug. 7-9, but even with an agreement a final order likely won't be reached until late October. The results of the petition could have ramifications nationwide as a similar complaint has already been lodged in Oregon by Idaho Power. The Colorado and California PUCs are

ALTERNATING CURRENT

Prisoners Pedal For Freedom And Power



The most interesting cycling in the world is happening in Europe at the moment, as the Tour de France winds its way into the Pyrenees. The inmates at the **Santa Rita Do Sapucaí** prison between Sao Paulo and Rio de Janeiro are stepping up the competition, however, as they spend their days pedaling the prison's specially fitted stationary bikes to power the town's riverside promenade.



Thinkstock/StockPhoto

Each evening, the prison guards take a battery charged by the inmates' pedaling to the town where it powers 10 street lamps. For every three, eight-hour days a prisoner spends on the bikes, one day gets cut from their sentence. The goal is to have enough bikes to allow cyclists in the big house to power all 34 riverside street lamps, according to prison director **Gilson Rafael Silva**.

Bringing this strategy to the U.S. could be huge. With about one quarter of the world's prisoners or a rate of around 731 inmates per 100,000 people, no other country comes close to the U.S. level of incarceration.

—**Nicholas Stone**

also looking at the issue.

The Idaho PUC has dropped the maximum threshold for qualifying projects from 10 MW to 100 kW in order to deter new developments while it resolves the issue. Uncertainty over the outcome of the dispute and the lower threshold has already effectively halted project development, one banker says. No new wind generation projects of any substantial size have started up in the state since the QF threshold was dropped as developers wait, says another deal watcher.

—**Nicholas Stone**

QUOTE OF THE WEEK

"We have tended to find [growth potential] in smaller, entrepreneurial types."—**Richard Bird**, executive v.p. and cfo, corporate development at **Enbridge** in Calgary, on the company's efforts to invest in new renewables projects (see story, page 7).

ONE YEAR AGO

ArcLight Capital Partners put six contracted assets up for sale, which included 1.12 GW of gas-fired facilities and its equity stake in the Neptune transmission line via **Citigroup** and **Barclays Capital**. [**Deutsche Bank** led a seven-year, \$243 million financing package supporting **First Reserve's** acquisition of four of the available gas-fired facilities in Crockett, Calif., Hobbs, N.M., Borger, Texas and Stamford, Conn. ([PI 2/17](#)).]