

power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

AUGUST 2, 2004

VOL. VII, NO. 31

Texas Genco Chief Eyes Expansion

The new owner of **Texas Genco** plans to grow the generation business outside of Texas, primarily through acquisitions, according to newly installed chief executive **Jack Fusco**.

See story, page 4

At Press Time

Citi Quant Departs	2
PNM Ponders Selling Retail Biz	2

In The News

Alliant Acquires Midwest Project	3
London Manager Launches Energy Fund	3
Alliant Seals Financing	4
GE Hires BNP Financier	4
Bidders Unite In Big Apple PPA Auction	5

Corporate Strategies

PNM To Tap Capital Markets	5
Rating Upgrades Spur LIPA To Issue Debt	5

Departments

Recaps	6
Generation Auction & Sale Calendar	8
Financing Record	11

COPYRIGHT NOTICE: No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2004 Institutional Investor, Inc. All rights reserved.

For information regarding subscription rates and electronic licenses, please contact Dan Lalor at (212) 224-3045.

ARCLIGHT/CAITHNESS EYE B LOAN MARKET TO FINANCE NEG T ACQUISITION

ArcLight Capital Partners and Caithness Energy are looking to tap the B loan market to finance their \$558 million acquisition of 12 power plants and a natural gas pipeline from **National Energy & Gas Transmission**. **Dan Revers**, managing partner in Boston, says ArcLight has retained **Lehman Brothers**, which advised on the acquisition, to arrange the institutional loan, adding it has yet to determine the debt-to-equity mix of the financing.

The 2,500 MW of contracted coal and gas-fired generation spans Florida,

(continued on page 12)

CREDITORS PUT EXELON BOSTON PLANTS UP FOR SALE

A **BNP Paribas**-led bank group has hired **Lazard Freres** to sell a 3,000 MW merchant portfolio of Boston-area plants formerly owned by **Exelon**. Lazard initiated the sale process last week, says an official close to the process, adding that he expects a largely strategic field of bidders as well as interest from some "crossover" financial players with plant management experience. The plants are an attractive purchase given their proximity to downtown Boston, a load pocket that lacks transmission capacity especially under

(continued on page 12)

Blowin' In The Wind

BABCOCK JV LOOKS TO SELL SICILIAN PROJECTS

A joint venture between investment-banking boutique **Babcock & Brown** and **Infrastruttura**, an Italian power plant developer, is looking to divest a portfolio of three Sicilian wind projects. Babcock is conducting the sale from its Milan office, which last month distributed an initial sale memorandum to interested parties. **Max Battisti**, a financier at Babcock in Milan, and **Stefano Colonna** at Milan-based **Infrastruttura**, declined to comment.

Market watchers say the pair is selling **IDAS Srl**, a wind farm development vehicle

(continued on page 12)

U.K. DEVELOPER EYES PORTFOLIO REFINANCING

Renewable Energy Systems, one of the U.K.'s largest wind farm developers, is looking to refinance a portfolio of mostly small operational wind farms, scattered across the U.K. and the Republic of Ireland.

Market watchers say the **Kings Langley**-based green energy company invited a handful of project finance shops to bid for the tender last month and add it has yet to select a bank, or banks, to arrange the financing. **Jazz Baines**, the RES official conducting the beauty parade, says RES is evaluating its options, declining further comment.

(continued on page 12)

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

At Press Time

Morgan Stanley Seen Swooping For Citi Quant

Alex Eydeland, head of quantitative analysis on Citigroup's energy trading desk in New York, is leaving the firm and is reportedly heading to Morgan Stanley to take a senior quant role. Prior to joining Citi in March (PFR, 3/7), Eydeland was head quant at Mirant. Eydeland did not respond to a voicemail message on his number at Citi in New York and calls to Morgan Stanley were not returned.

Citi is actively looking to recruit quantitative expertise and expects to fill Eydeland's position shortly, according to an e-mail sent to PFR by Joe Toussaint, head of energy trading. Toussaint denied widespread market speculation that Citi's efforts to establish an energy trading operation are becalmed. "We have been diligently working through all the areas that need to be addressed...[and] expect that we will begin trading financial power in the next month with physical power and natural gas to follow in the next several months," he noted in the e-mail.

Mitsubishi Loses Commodities Chief

Tom James, head of commodity derivatives at Mitsubishi Securities in London, is set to leave the Japanese bank to establish a consultancy to advise banks and hedge funds about launching energy trading ventures.

James was hired from Credit Agricole by what was formerly called Tokyo-Mitsubishi International last summer to restructure its commodity derivatives arm from being a largely proprietary trading operation into a lower risk client-focused business. James says that this turnaround has largely been achieved and adds now is the time to move on to a new venture.

PNM Considers Divesting Texas Retail Unit

PNM Resources is considering flipping the ownership of First Choice Power, a Texas retail supplier, having agreed last week to buy its parent, TNP Enterprises. Market watchers say PNM is primarily attracted by TNP's other large unit, Texas-New Mexico Power, as this wires company is a much better fit with PNM's Public Service Company of New Mexico regulated utility operation. They add the risks embedded in a retailer operating in a deregulated supply market do not fit well with PNM.

In a conference call last week to discuss the TNP acquisition, PNM's management said that while it does not typically look to buy and spin off assets, it will examine the best options for First Choice. It declined to elaborate.

"This transaction is a little bit of a departure for PNM," says Michael Lapides, an analyst at Hibernia South Coast Capital. PNM's prior strategy consisted of buying distressed companies and leveraging their transmission capabilities for the benefit of its utility operations, explains Lapides.

Much of the risk attached to holding First Choice is tied to the expiry of a power supply contract with Constellation Energy in 2006, says Paul Fremont, an analyst at Jeffries & Co.

Lapides says that while First Choice is a good business, it is hard to see how PNM might incorporate it into its long-term growth plans. First Choice is one of the smaller retailers in Texas, says Lapides, and it is difficult to see how it can compete with larger suppliers for growth opportunities in the Lone Star State.

power finance & risk

The exclusive source for power financing and trading news

EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

VICTOR KREMER
Executive Editor [London]
(44 20) 7303-1748

WILL AINGER
Managing Editor [London]
(44 20) 7303-1735

PETER THOMPSON
Senior Reporter [Chicago]
(773) 525-6978

ANGELA SALVUCCI
Reporter [New York]
(212) 224-3226

CHRIS GAUDIO
Development Editor
(212) 224-3278

ARADHNA DAYAL
Hong Kong Bureau Chief
(852) 2912-8009

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING, KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV,
MELISSA ENSMINGER,
PHILIP CHIN, BRIAN STONE
Associates

JENNY LO
Web Production & Design Manager

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

MIKE McCAFFERY
Publisher, Director of Advertising Sales
(212) 224-3534
mmccaffery@iineus.com

NAZNEEN KANGA
Publisher
(212) 224-3005
nkanga@iineus.com

PAT BERTUCCI, MAGGIE DIAZ,
TAMARA WARD
Associate Publishers

JENNIFER FIGUEROA
Media Kits
(212) 224-3895

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

BRIAN McTIGUE
Marketing Manager
(212) 224-3522

JON BENTLEY
European Marketing Manager [London]
(44-20) 7779-8023

VINCENT YESENOSKY
Senior Fulfillment Manager
(212) 224-3096

SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year - \$2,495 (in Canada add \$30 postage, others outside U.S. add \$75).

DAN LALOR
Director of Sales
(212) 224-3045

THOMAS GANNAGE-STEWART
Account Executive [London]
(44-20) 7779-8998

ADI HELLER
Account Executive [Hong Kong]
(852) 2842-6929

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

AJANI MALIK
Reprint Manager (212) 224-3205
amalik@iinvestor.net

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Director of Finance and Operations

ROBERT TONCHUK
Fulfillment Director

Customer Service: PO Box 5016,
Brentwood, TN 37024-5016.
Tel: 1-800-715-9195. Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6950
E-mail: customerservice@iineus.com

Editorial Offices: Nestor House,
Playhouse Yard, London, EC4V 5EX,
England. Tel: (44 20) 7303-1735
Email: wainger@euromoneyplc.com

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 ©2004 Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Alliant Acquires 300 MW Wisconsin Project

Alliant Energy Generation last week took up its option to buy the site for a 300 MW simple-cycle, natural gas-fired power plant outside Sheboygan Falls, Wis., and will break ground on the project immediately. **Kim Zuhlke**, v.p. new generation at parent company **Alliant Energy Corp.**, says the option was exercised after the project's developer, **Burns & McDonnell**, received final permits for construction of a merchant plant.

AEG plans to construct and own the \$140-150 million plant, with sister company **Wisconsin Power & Light** operating the facility under a long-term lease agreement. Approval from the **Public Service Commission of Wisconsin** is required for the lease arrangement with WP&L, Zuhlke says, adding that a decision on that application should be made during the first quarter.

AEG will begin construction of the plant this week, well ahead of utility regulatory approval. Zuhlke says Alliant is confident the deal would be in utility customers' interests, but the plant will be built even without approval. "It won't be a utility project, it'll be a merchant plant," he says. Rival power outfit **Wisconsin Energy** already has commission approval for a similar lease arrangement covering additional generation it is building (PFR, 11/25).

Financing for the project has yet to be determined, but AEG is considering tapping the capital markets or looking to parent Alliant Energy for financing, says Zuhlke, referring further questions on the financing to **Mark Condon**, cfo at AEG. Calls to Condon were not immediately returned.

London Hedge Fund Readies Push Into Commodities

London-based hedge manager **Orn Capital** is preparing to launch an energy and natural resources-focused fund that will take long/short equity positions in power, gas and oil companies across the globe and overlay these investments with commodity derivatives.

Lindsay Jones, head of business development, says trading in wholesale energy contracts provides the fund with a novel twist on the generic long-short equity hedge fund and should offer both arbitrage opportunities and also allow Orn to better understand the energy companies in which it is investing.

Orn recently recruited two fund managers from **Deutsche Asset Management** to launch the new fund. **Alan**

Livsey and **Tal Lomnitzer** both have a background in the energy and resources space, although neither has actively managed a hedge fund before, says Jones. Both were out of the office raising capital for the fund last week and could not be reached for comment.

Orn already has a commitment of \$20 million from one investor, but will aim to raise at least another \$10 million before the launch this fall, says Jones. The firm does not have any specific targets for growth.

Orn, with \$720 million under management, already runs risk arbitrage, distressed debt, global credit and convertibles funds.

Livsey left Deutsche Asset Management at the beginning of July, while Lomnitzer left in April, according to a Deutsche Asset Management spokesman.

Dominion Trader Moves To First New York

Chris Michael, head of crude oil trading at **Dominion Resources'** wholesale power marketing subsidiary **Dominion Energy**, has resigned and will shortly be joining **First New York Securities** to oversee crude trading. Michael will join First New York in September, says **Jeff Foose**, head of First New York's fledgling commodities trading unit.

Foose, former head of energy trading at **PSEG**, initiated First New York's push into commodities this past spring, and is planning additional hires, including a London-based Brent crude trader (PFR, 6/21). Foose says the operation will begin to consider acquiring physical assets after it has fleshed out its trading venture. Calls to Michael were not returned.

Progress Looks To Beef Up Gas Trading Effort

Progress Energy is looking to bolster its gas marketing and trading effort over the next few months with several hires. **Mark Mulhern**, senior v.p of marketing and trading, says Progress recently recruited **Bob Adrian**, a former **TECO Energy** trader, to manage Progress' gas hedging and marketing needs and adds Adrian will hire a handful of gas traders in the near term to support this effort.

The move to bolster Progress' gas trading efforts comes after the company recently inked 1,800 MW in energy supply contracts in Georgia and also follows the acquisition of gas reserves. These deals have left Progress with an increased exposure gas prices and a desire to hedge out this risk, says Mulhern.

Alliant Lands Heavily Oversubscribed Credit

Alliant Energy has wrapped a five-year \$650 million loan refinancing after raking in \$1.1 billion in commitments. One financier says the strong demand meant there was a significant scaling back at allocation for all lenders. The loan facility, which is diced between three Alliant entities, replaced a troika of expiring 364-day facilities, the maturity extension fitting in with the current market appetite for longer-dated utility paper (PFR, 7/5).

Eighteen banks signed up for the deal, which was led by Wachovia and Barclays Capital, says a banker. The facility, which is earmarked for general corporate purposes, is made up of a \$100 million slug for Alliant Energy, \$300 million for Interstate Power & Light and \$200 million for Wisconsin Power & Light.

GE Adds BNP Portfolio Banker

GE Energy Financial Services has hired Fran Ballard, a loan portfolio banker at BNP Paribas in New York. One industry official says Ballard was one of the point people grappling with Exelon Boston Generating. BNP heads the 19 member bank syndicate that lent \$1.25 billion against the 2,400 MW portfolio and is taking control of the assets (PFR, 8/4). Ballard was between posts last week and could not be reached.

A GE spokesman says Ballard has joined as senior v.p., acquisitions. He was unable to provide further details, but one financier says Ballard would be an asset for any player looking at acquiring loan portfolios. A spokeswoman at BNP did not provide comment on whether Ballard has been replaced by press time.

PTC Plug

FPL Eyes 3GW Of Wind Projects

FPL Energy has a pipeline of wind generation projects of around 3,000 MW, but development is being held back by the continuing impasse over the renewal of production tax credits, or PTCs. "As soon as we get some resolution on the PTCs, you can expect to see some healthy spending on the wind side," Moray Dewhurst, cfo, told analysts on an earnings conference call early last week. Over the next five years, FPL expects to bring on line between 200-500 MW of new capacity each year, so long as the PTCs are renewed.

Wind developers have been in a holding pattern since the previous PTC regime expired Jan. 1. On several occasions this year, most recently early this summer (PFR, 6/21), it has looked like Congress would renew the tax credit, but it has yet to happen. FPL officials think there is still a good chance of getting approval, most likely after the Presidential election this November.

The FPL development portfolio includes both projects with a

90% probability and those that are at a much earlier stage, Dewhurst said. Capex associated with the developments will be around \$1 million per megawatt.

FPL tapped the non-recourse loan market earlier this year to refinance its Stateline wind farm (PFR, 4/12) and it has also blazed a trail with its innovative bond deals backed by a portfolio of other projects (PFR, 12/16).

Western Power Trader Exits BofA

Narsima Misra, a power trader at Banc of America Securities in New York, has left the firm. Misra traded the Western U.S. power market, and will reportedly join Barclays Capital covering a similar position. Spokespersons at BofA and Barclays did not return calls and Misra could not be reached for comment.

Barclays has been making a push into the U.S. commodities markets since last fall under the leadership of Joe Gold (PFR, 12/9). It executed its first U.S. power contract in late June.

Fusco Looks To Expand Texas Genco Beyond Lone Star State

GC Power Acquisition plans to turn its soon to-be-acquired 12-plant Texas Genco business into a multi-state, standalone independent power company, says Jack Fusco, newly installed chief executive, adding he intends to grow the IPP through acquisitions and, potentially, the construction of new power stations. "It is early days, but rest assured that we will continue to be prospecting for quality assets and facilities," says Fusco. "I think we are going to be extremely opportunistic and I don't want to constrain our thinking by limiting ourselves within the Texas border."

Fusco expects the private equity consortium of Kohlberg Kravis Roberts, Texas Pacific Group, The Blackstone Group and Hellman & Friedman, which has inked an \$3.65 billion agreement to buy the Texas Genco from CenterPoint Energy, to continue funding the venture as it grows. He adds GC Power has no plans to divest any stake or individual asset within the Texas Genco portfolio. Some market watchers had been predicting that it would likely divest its nuclear plant.

Fusco, formerly ceo of Goldman Sachs-backed Orion Power, says GC Power is looking to ink offtake contracts to underpin the plants that it's buying. "At Orion Power, we didn't speculate on the price of power [or] fuel. And we're not going to speculate here," says Fusco.

Fusco will relocate from his home in Baltimore to Houston shortly, and last week began touring Texas Genco's plants and meeting employees. He says the bulk of the staff will be retained following the change in ownership.

Upstate Players Unite On NYPA Capacity Bids

At least seven upstate generators and transmission venture **Conjunction** are working on tying their bids for the **New York Power Authority's** 500 MW New York City generation capacity tender (PFR, 7/5). The generators will submit their proposals separately from each other and from **Conjunction**, whose Empire Connection transmission project would bring power from upstate New York into the city, but are including standard offer information about the potential generation-transmission partnership in each, says **Conjunction** founder **Steve Mitnik**.

Mitnik says that he has formulated a standard pitch for the Empire Connection for inclusion in the generators' proposals. **Conjunction's** bid, in turn, will praise the generators' capabilities for producing power for the city.

Taweelah Banks Consider Bond Market Financing

Lead arrangers **BNP Paribas**, **KfW** and **ANZ Investment Bank** are considering tapping the European bond market as well as the traditional bank loan and Islamic finance communities to part finance **Marubeni**, **BTU** and Malaysian IPP **Powertek Berhad's** \$3 billion acquisition and expansion of the Taweelah B & C power complex. The financing will be so large that the banks are looking to broaden the investor base, explains one official working on the deal. He adds the lead arrangers are in talks with the major rating agencies about what level of rating any bond deal might achieve.

The **Abu Dhabi Water & Electricity Authority** named the **Marubeni** consortium preferred bidder on the Taweelah power and desalination project last month (PFR, 7/19).

Corporate Strategies

PNM To Tap Capital Markets

PNM Resources plans to finance its \$1 billion purchase of **Texas-New Mexico Power Enterprises** through the combination of a debt and equity offering, likely in the second quarter of 2005, when it hopes to complete the acquisition. A net \$350 million in securities will be sold to the public. **PNM** paid \$189 million in cash and assumed \$835 million in **TNM** debt and preferred securities, part of which it plans to refinance with the capital markets transaction.

PNM will issue \$250 million in common stock, \$200 million in mandatory convertible bonds, and \$100 million in unsecured senior notes, according to **Terry Horn**, treasurer at **PNM**. Of the common stock, only \$150 million will be sold to the public. The remainder will be distributed to **TNP's** existing shareholders. And of the mandatory convertibles, \$100 million is slated to go to **PNM** shareholders.

"I'd structure the debt offering so that we could pay it off quickly," says **Horn**, adding that the tenor of the notes will likely be less than five years. The debt will be paid down with cash from the operating facilities as it comes in, which will sit in a low-interest cash account. Since the interest on the debt is comparatively higher than it is on the cash, it makes sense to pay it down as quickly as possible, explains **Horn**.

PNM, the parent of **Public Service Company of New Mexico**, has yet to select underwriters for the securities offering, but they will likely come from the group of 13 banks that are part of a \$300 million revolving credit facility, says **Horn**. That list includes **Banc of America Securities**, which also advised on the **TNP** purchase, **J.P. Morgan**, **Citigroup**,

Morgan Stanley, **Merrill Lynch**, **Wachovia**, **U.S. Bank**, **Mellon Bank**, **Wells Fargo**, **Bank of Albuquerque**, **Compass Bank**, **Bank of the West** and **Southwest Securities**.

Rating Fillip Lures LIPA

The **Long Island Power Authority** was set to tap the bond market late last week for \$200 million in 30-year notes as two agencies upgraded the outlook on its credit rating. **Fitch Ratings** assigned an A minus rating and flipped the outlook from negative to stable and **Moody's Investors Service** rated the debt Baa1 and upgraded the credit from stable to positive.

The note issue, led by **Bear Stearns**, refunds general capital improvement expenses incurred by **LIPA**. Pricing details could not be ascertained. Calls to **Michael Lowndes**, spokesman for **LIPA**, were not returned.

Alan Spen, credit analyst with **Fitch**, says a key factor in the outlook reworking was **LIPA's** unveiling of its long-term power supply plan. This includes the 660 MW **LIPA** aims to take via the **Neptune Regional Electric Transmission System** cable between New Jersey and Long Island (PFR, 5/31) and a further 500 MW through an on-island expansion. **Spen** says the plan is a recognition that rapid demand growth on Long Island is making planning ahead more important and it's also shifted **LIPA** away from its old role as a pure T&D utility. "Today, **LIPA** is more of a fully integrated player," he reflects.

Spen notes **LIPA** was only put on negative watch June 10. The short turn around time reflects the ability of **LIPA's** management to quickly answer the rating agency's concerns, he adds.

Weekly Recap

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

Europe & Middle East

- **Scottish and Southern Energy** Chairman **Bruce Farmer** will retire Dec. 31 and be succeeded by **Robert Smith**, Deputy Chairman. At its annual meeting, SSE also announced that **David Sigsworth**, director of generation, will also retire (*Dow Jones*, 7/29).

- Spanish utility **Endesa** has acquired a 90% stake in a wind farm in Italy from **Gamesa Corporacion Tecnologica** for EUR23.7 million. Endesa said the wind park is located in the northern half of Sardinia and has a 20 MW installed capacity (*Dow Jones*, 7/29).

- A consortium led by London-based **International Power** is the only prospective buyer left for all the overseas assets being sold by **Edison Mission Energy** following the withdrawal of a rival bid by **GE Capital** and **American International Group**. The move could force Edison to accept an offer of about \$5.5 billion from IP and Japanese trading house **Mitsui** or to sell the operations piecemeal. Edison is also selling its 51% stake in New Zealand's **Contact Energy** to Australia's **Origin Energy** for \$720 million (*Financial Times*, 7/28).

- Italian energy group **Enel** intends to tap the retail bond market with an issue worth up to EUR1 billion. The deal will likely be the first major bond issue to be dedicated to Italian retail investors since the collapse last December of **Parmalat**. Enel, **Telecom Italia** and **Seat Pagine** have all launched large bond issues this year, but they were reserved for institutional investors (*Dow Jones*, 7/28).

Latin America

- Brazil's lower house of Congress will create a parliamentary commission to investigate loans given to **AES** and **Enron** during the privatization of Brazil's electric distribution companies in the late 1990's (*Bloomberg*, 7/29).

U.S. & Canada

- **Alliant Energy** has posted a quarterly loss after taking a charge to write off goodwill in its non-regulated businesses. The Madison, Wis., player reported a second-quarter net loss of \$13.1 million, compared with net income of \$32.2 million, or \$0.35 a share, in the year-ago period (*Reuters*, 7/27).

- U.S. utilities are beginning to look at signing longer term deals to acquire coal, according to executives at **Consol Energy**, one of the largest coal producers in the U.S. While one-year contracts were typical just a few months ago, utilities now are looking at locking in supply in three to four year deals, Consol Chief Executive **Brett Harvey** said on a conference call with analysts. Some are even committing to deals of 10 to 15 years (*Dow Jones*, 7/26).

- **FirstEnergy** has agreed to pay \$89.9 million to settle shareholder lawsuits stemming from last summer's electricity blackout, the extended outage at its Davis-Besse nuclear power plant and its earnings restatement. The company's insurers will pay \$71.9 million of the settlement, while FirstEnergy will pay \$17.9 million (*AP*, 7/28).

- The Caledonia Town Board has voted to support a tentative settlement with **Wisconsin Energy** under which the town would drop a lawsuit objecting to a \$2.15 billion power plant expansion in neighboring Oak Creek, Wis. If the Public Service Commission approves the settlement, Caledonia would receive annual payments of \$1.05 million until 2040 to cover the local costs associated with specific health and safety issues (*AP*, 7/28).

- **American Electric Power** has proposed a settlement with Virginia's state utility regulatory agency that would clear AEP's path to join the **PJM Interconnection** high-voltage power grid operator. AEP agreed to ensure Virginia customers aren't hurt by AEP's membership, and that they also share any benefits. Also recouping from customers any PJM administrative costs, or any grid operator development and implementation costs, will only be done through a base rate case (*Dow Jones*, 7/28).

- **Denali Power**, a joint venture between **Arclight Capital Partners** and **Caithness Energy**, has agreed to buy **National Energy & Gas Transmission's** stake in 12 power plants and a natural gas pipeline for \$558 million. The portfolio spans seven states and has a combined generation capacity of more than 2,500 MW. The sale is part of NEGT's plan to exit bankruptcy (*Bloomberg*, July 27).

- The FERC has granted permission to **Conjunction**, the developer of the 125 mile "Empire Connection" electric transmission line connecting upstate New York with New York City, to submit a bid to the **New York Power Authority's** RFP for 500 MW of in-city generation. Conjunction has lined up new investors to inject \$100 million in additional equity to the \$400 million project. **Kohlberg Kravis Roberts** and **Trimaran Capital Partners** are already investors through their joint venture **ITC Holdings Corp.**, an Ann Arbor, Mich.-based transmission company (*Bloomberg*, 7/28).
- **Coral Energy Resources** will pay \$30 million to settle charges it attempted to manipulate natural-gas transactions over a nearly two-year period. The **Commodity Futures Trading Commission** found that Coral reported "false, misleading or knowingly inaccurate natural-gas trading information" from 2000 through September 2002 to some firms that calculate indexes of natural-gas prices. The **Royal Dutch/Shell Group** affiliate settled without admitting or denying the charges (*Wall Street Journal*, 7/29).
- **Ameren** has cleared a regulatory hurdle in its proposed \$2.3 billion acquisition of Decatur, Ill.-based **Illinois Power**. St. Louis-based Ameren said the **Federal Energy Regulatory Commission** has approved the utility's purchase from Houston-based **Dynegy**. The **Illinois Commerce Commission** and the **Securities and Exchange Commission** still must approve the deal (*AP*, 7/28).
- **BNP Paribas** has closed a \$1 billion credit facility for **Sempra Energy Trading**, a unit of **Sempra Energy**. The facility, which is in multiple currencies and is both secured and revolving, has a two-year tenor and a 364-day extension option (*Reuters*, 7/28).
- **FPL Group** unit **FPL Group Resources** and **Ras Laffan Liquefied Natural Gas Co.** have signed a preliminary agreement to supply LNG to Florida markets via a proposed terminal and regasification facility in the Bahamas. RasGas is a joint venture between **Qatar Petroleum** and **ExxonMobil**. Under the deal about 800,000 million Btus per day will be delivered over a 25-year period beginning mid-2008 (*Reuters*, 7/27).
- **TECO Energy's** sales of its 50% stakes in the 1,000 MW each Odessa and Guadalupe plants to **PSEG** will add \$53 million in tax benefits and eliminate \$16 million in new investment over the next two years. The company said it recorded \$99 million in second quarter costs to write-down the plants, which PSEG purchased for a nominal price (*Bloomberg*, 7/27).

You
read
it
here
first!

We stay ahead
of our competition
so you can stay
ahead of yours.

power finance & risk

The exclusive source for power financing and trading news

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

www.iipower.com

JULY 19 2004

Three-Horse Race

PRIVATE EQUITY HEAVY HITTERS SLUG IT OUT FOR HOUSTON GENCO

CenterPoint Energy's auction of its 81% stake in the roughly \$3 billion Houston power producer Texas Genco has reportedly been whittled down to a three-way contest that reads like a *Who's Who* of New York's private equity and investment banking community.

A consortium of **Kohlberg Kravis Roberts**, **Texas Pacific Group**, **The Blackstone Group** and **Hellman & Friedman** is competing against a joint venture between **JP Morgan Partners**, **Warburg Pincus** and **Omaha, Neb.-based IPP Tenaska**, say advisors involved in the sale. The consortium of private equity investors is expected to be the leading bidders in Texas Genco's

THE WALL STREET JOURNAL

JULY 22, 2004

A Big Auction for CenterPoint Had a Rare Loser: Hedge Funds

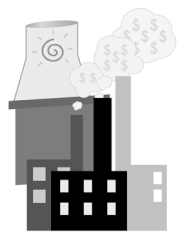
A group of four of the largest private-equity funds teamed up to secure control of Texas Genco Holdings Inc., a merchant generating company spun off from CenterPoint Energy Inc., in a deal valued at \$3.65 billion. The bid also involves a buyout of Texas Genco's public holders.

The buyers include **Blackstone Group**, **Hellman & Friedman LLC**, **Kohlberg Kravis Roberts & Co.** and **Texas Pacific Group**.

To Subscribe Call 212 224 3570 (USA),

+ 44 20 7779 8999 (UK),

EMAIL: ushotline@iinvestor.net



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 Will Ainger, managing editor, at (44-20) 7303-1735 or e-mail wainger@euromoneyplc.com.

Seller	Plants	Location	MW	Plant Type	Advisor	Status
AEP	Fiddler's Ferry	U.K.	2,000	Coal	Lexicon	Intention to sell.
	Ferry Bridge	U.K.	2,000	Coal	Lexicon	
	El Bajio	Mexico	600 (50%)	Gas	WestLB	
AES	Wolf Hollow	Texas	730	Gas	N/A	Ongoing.
	Granite Ridge	N.H.	720	Gas		
	Termomamonal	Colombia	90	Gas		
	Ottana	Italy	140	Gas	None	Ongoing
AES Fifeots Point	Fifeots Point	U.K.	363	Coal	KPMG (Administrator)	Looking to sell plant.
Allegheny Energy Supply	Armstrong	Penn.	356	Coal	J.P. Morgan	Ongoing.
	Hatfield	Penn.	1,600 (75%)	Coal	Citibank	
	Mitchell	Penn.	442	Coal	J.P. Morgan	
BP	Great Yarmouth	U.K.	400	Gas	J.P. Morgan	Intention to sell.
Black Hills Energy	Pepperell	Mass.	40	Gas	-	Intention to sell.
CenterPointEnergy	Texas Genco portfolio (12 plants)	Texas	14,175	Variety	-	Has agreed sale to KKR-led private equity consortium.
CMS Energy	Ensenada	Argentina	128	Gas	Not chosen	Announced intention to sell.
	CT Mendoza	Argentina	520	Gas	J.P. Morgan	
	El Chocón	Argentina	1,320	Hydro	J.P. Morgan	
Citi-led bank group (NEG developed plants)	Lake Road	Conn.	840	Gas	Lehman Bros.	Seperate auction for each plant.
	La Paloma	Calif.	1,121	Gas	Lehman Bros.	
ConocoPhillips	Ingleside	Texas	440 (50%)	Gas	None	Looking to sell stake by June.
Damhead Power	Damhead	U.K.	800	Gas	E&Y	Has agreed sale to ScottishPower.
Delta Power	Lowell Power	Mass.	82	Gas	None	Actively pursuing a sale.
Duke Energy North America	Hot Spring Energy Facility	Ark.	620	Gas	CSFB	Has agreed sale with MatlinPatterson.
	Murray Energy	Ga.	1,240	Gas		
	Sandersville Energy	Ga.	640	Gas		
	Marshall Energy	Kty.	640	Gas/oil		
	Hinds Energy Facility	Miss.	520	Gas		
	Southhaven Energy	Miss.	640	Gas		
	Enterprise Energy	Miss.	640	Gas		
	New Albany Energy	Miss.	385	Gas		
	Lee Energy	Ill.	640	Gas		
	Bridgeport Energy	Conn.	480 (67%)	Gas		
	Grays Harbor (in construction)	Wash.	650	Gas		
	Deming Energy (in construction)	N.M.	570	Gas		
	Griffith Energy (50%)	Ariz.	600	Gas		
	Maine Independence	Maine	520	Gas		
					J.P. Morgan	-
Dynergy	Oyster Creek	Texas	424 (50%)	Gas	N/A	Has agreed sale to Centennial Power. Has agreed sale to G.E. Capital.
	Hartwell	Ga.	300 (50%)	Gas		
	Michigan Power	Mich.	123 (50%)	Gas		
	Commonwealth	Va.	340 (50%)	Gas		
El Paso Europe	Enfield	U.K.	396 (25%)	Gas	No Advisor	Looking to exit Europe.
	EMA Power	Hungary	70	Coal		
	Kladna	Czech Rep.	350	Coal		

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
El Paso North America (Merchant assets)	Bayonne	N.J.	186	Gas		Final bids due.
	Berkshire	Mass.	261 (56.41%)	Gas		
	Camden	N.J.	149	Gas		
	CDECCA	Conn.	62	Gas		
	Eagle Point	N.J.	233	Gas		
	Fulton	N.Y.	45	Gas		
	Milford	Conn.	540 (45%)	Gas		
	Newark Bay	N.J.	147	Gas		
	Pawtucket	R.I.	67	Gas		
	Rensselaer	N.Y.	79	Gas		
	San Joaquin	Calif	48	Gas		
El Paso North America (Contracted assets)	Midland Cogen	Miss.	1,500 (44%)	Gas	Citigroup	Set to sell majority of QF portfolio to ArLight.
	Prime	N.J.	66 (50%)	Gas		
Edison Mission Energy	Derwent	U.K.	214 (33%)	Gas	CSFB/Lehman	Has received initial non-binding bids.
	Dinorwig	U.K.	1,728	Pumped-storage		
	Ffestiniog	U.K.	360	Pumped-storage		
	ISAB Energy	Italy	512 (50%)	Waste		
	ICPV4	Italy	312 (50%)	Wind		
	Spanish Hydro	Spain	86	Hydro		
	Doga Energy	Turkey	180 (80%)	Gas		
	CBK	Philippines	728 (50%)	Pumped-storage		
	Clyde	N.Z.	432 (51%)	Hydro		
	Kwinana	Australia	116 (70%)	Gas		
	Loy Yang B	Australia	1,000	Gas		
	New Plymouth	N.Z.	464 (51%)	Gas		
	Oakey	Australia	300 (12%)	Gas		
	Ohaaki	N.Z.	104 (51%)	Gas		
	Otahuhu A	N.Z.	45 (51%)	Gas		
	Otahuhu B	N.Z.	372 (51%)	Gas		
	Poihipi	N.Z.	55 (51%)	Steam		
	Roxburgh	N.Z.	320 (51%)	Hydro		
	Te Rapa	N.Z.	45 (51%)	Gas		
	Valley Power	Australia	300 (60%)	Gas		
Endesa	Conatillor	Chile	172	Hydro	N/A	Ongoing.
EnCana	Cavalier	Alberta	106	Gas	HSBC	Launched sale in April. Looking to exit generation business.
	Balzac	Alberta	106	Gas	HSBC	
	Kingston	Ontario	110 (25%)	Gas	HSBC	
Energy Investors Fund	Multitrade	Va.	79.5 (60%)	Biomass	None	Intention to sell.
	Crockett	Calif.	240 (24%)	Gas	None	
Entergy Asset Management	Crete	Ill.	320	Gas	Deutsche Bank	ArLight is set to acquire Entergy's 50% stake. Launched sale in September.
	Robert Ritchie	Ark.	544	Gas/oil		
	Warren Power	Miss.	314	Gas		
	Top of Iowa	Iowa	80	Wind		
	RS Cogen	La.	425 (49%)	CHP		
	Roy S. Nelson	La.	550 (20%)	Coal		
	Harrison County	Texas	550 (70%)	Gas		
	Independence	Ark.	842 (15%)	Coal		
Ernst & Young Corporate Finance (representing secured creditors)	Bear Swamp	Mass.	599	Hydro	E&Y	Exploring sale.
Exelon	Mystic 8	Mass.	800	Gas	Lehman Bros.	Has shortlisted bidders.
	Mystic 9	Mass.	800	Gas		
	Fore River	Mass.	800	Gas		
Fife Power	Fife	U.K.	115	Coal	E&Y (Administrator)	El Paso placed plant in administration.
HSBC-led creditor group InterGen	Attala	Miss.	526	Gas	HSBC	Ongoing.
	El Bajio	Mexico	600 (50%)	Gas	No Advisor	Ongoing.

Generation Auction & Sale Calendar (cont'd)

Seller	Plants	Location	MW	Plant Type	Advisor	Status
KBC-led creditor group	Milford	Conn	542	Gas	Lazard	Ongoing
LG&E Power	Roanoke Valley	N.C.	178 (50%)	Coal	N/A	Ongoing.
	Gregory Power	Texas	550 (50%)	Gas		
	Palm Springs	Calif.	42 (50%)	Wind		
	Tyler	Minn.	27 (50%)	Wind		
	Van Horn	Texas	41 (33%)	Wind		
	Tarifa	Spain	30 (46%)	Wind		
Mirant	Kendall	Mass.	270	Oil	CSFB	Ongoing.
	Shady Hills	Fla.	474	Gas	BofA	
	West Georgia	Ga.	640	Gas		
	Bosque County	Texas	538	Gas		
	Wichita Falls	Texas	77	Gas		
Morrow Power	Boardman	Ore.	28	Gas	Marathon Capital	Looking to select bidder by June.
National Energy Gas & Transmission	Cedar Bay	Fla.	258 (64%)	Coal	Lazard	Set to sell contracted plants to Archight
	Panther Creek	Penn.	80 (55%)	Coal		
	Logan	N.J.	226 (50%)	Coal		
	Northampton	Penn.	110 (50%)	Coal		
	Indiantown	Fla.	330 (51%)	Coal		
	Carneys Point	N.J.	245 (51%)	Coal		
	Selkirk	N.Y.	345 (42%)	Gas		
	Altresco Pittsfield	Mass.	173 (89%)	Gas		
	Masspower	Mass.	267 (13%)	Gas		
	Scrubgrass	Penn.	87 (51%)	Coal		
	Colstrip Energy	Mont.	40 (17%)	Coal		
	Hermiston	Ore.	474 (25%)	Gas		
	Salem Harbor	Mass.	745	Coal & Oil		
	Pittsfield	Mass.	173	Gas		
	Brayton Point Station	Mass.	1,599	Coal		
	Manchester Street Station	R.I.	495	Gas		
Nations Energy	Bayport	Texas	80	N/A		Considering liquiditing the company.
	Mungo Junction	Ohio	32			
	Southbridge	Mass.	7			
Oman (Ministry of Housing, Electricity & Water)	Rusail	Oman	730	Gas	CSFB	-
	Ghubratt	Oman	507	CHP		
	Wad AlJazzi	Oman	350	Gas		
Reliant Energy	Carr Street	N.Y.	95	Oil	Goldman	Ongoing.
	Astoria	N.Y.	1,276	Gas		
	Gowanus	N.Y.	549	Gas		
	Narrows	N.Y.	281	Gas		
SG-led bank group (NEG developed plants)	Athens	N.Y.	1,080	Gas	Blackstone	Assessing bids.
	Covert	Mich.	1,170	Gas		
	Harquahala	Ariz.	1,092	Gas		
	Millennium	Mass.	360	Gas		
STEAG	Iskenderun	Turkey	1,320	Gas	Morgan Stanley	Ongoing. Set to sell Guadalupe and Odessa to PSEG
	Termopaipa IV	Philippines	185	Gas		
TECO Energy	Odessa Power Station	Texas	1,000	Gas	N/A	Considering exiting the merchant energy business.
	Guadalupe Power Station	Texas	1,000	Gas		
	Frontera Power Station	Texas	477	Gas		
	Dell Power Station	Ark.	540	Gas		
	Gila River Power Station	Ariz.	2,300	Gas		
	McAdams Power Station	La.	599	Gas		
	Commonwealth Chesapeake	Va.	315	Gas		
	Union Power Station	Ark.	2,200	Gas		
Tractebel North America United Utilities	Chehalis	Wash.	520	Gas	N/A	Looking to sell or swap.
	Landfill Generation Portfolio	U.K.	50 MW	Landfill	RBC Capital Markets	Set to launch sale in May.

Financing Record (JULY 21 - JULY 28)

Bonds

Issue Date	Maturity	Issuer	Amount (\$ mil)	Offer Price	Coupon (%)	Type of Security	Spread to Benchmark	Moody's	S&P	Bookrunner(s)
7/28/04	8/15/14	Chesapeake Energy	300	100	7	Senior Notes	241	Ba3	BB-	UBS/BofA/Bear Stearns/Lehman/Morgan Stanley
7/28/04	8/15/09	EnCana	250	99.838	4.6	Global Notes	83	Baa2	A-	ABN Amro/Lehman
7/28/04	8/15/34	EnCana	750	99.123	6.5	Global Notes	125	Baa2	A-	ABN Amro/Lehman
7/28/04	7/31/34	WP&L	100	99.718	6.25	Notes		A2	BBB+	BofA/Wachovia

M&A

Date Effective	Date Announced	Target Name	Target Advisors	Target Country	Acquiror Name	Acquiror Advisors	Acquiror Country	Value (\$mil)
7/22/04	7/22/04	Fernwasser Sachsen-Anhalt	-	Germany	Investor Group	-	Germany	26.351
-	7/23/04	City of Fukushima-Hyd Power Stn	-	Japan	Tohoku Electric Power	-	Japan	27.237
7/23/04	7/23/04	El Paso Merchant-Domestic Power	-	U.S.	Redwood	-	U.S.	28
-	7/25/04	TNP Enterprises	Goldman Sachs	U.S.	PNM Resources	B of A	U.S.	1,024.00
7/26/04	7/26/04	Custer Gas Service	-	U.S.	Heritage Operating	-	U.S.	-
-	7/26/04	Kyushu Chinetsu-Vapor Prod Equ	-	Japan	Kyushu Electric Power	-	Japan	-
-	7/26/04	Shanxi Xishan Puxing Resources	-	China	Shanxi Xishan Coal Electricity	-	China	14.516
-	7/26/04	Yixing Xinhongyan Erwi Sci	-	China	Asia Environment Holding	-	Singapore	0.363
-	7/27/04	Meiya Power	-	Hong Kong	Asian Infrastructure Mezzanine	-	Singapore	84.6
-	7/27/04	NEGT Gas-Power Plants	Lazard	U.S.	Denali Power	-	U.S.	558
-	7/27/04	Suizhou Zhongran City Gas	-	China	Central Asia Natural Gas	-	China	0.423
-	7/27/04	Texas Independent Energy	-	U.S.	PSEG Global	-	U.S.	0.5
-	7/28/04	Evergreen Asset Group	-	Hong Kong	Discovery Investments	-	U.S.	-
-	7/28/04	Undisclosed Power Plants	-	U.S.	John Hancock Life Insurance	-	U.S.	28

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (973) 645-9701.

SUBSCRIPTION ORDER FORM

www.iipower.com

☐ **YES!** Please send me 1 year (51 issues) of **Power Finance & Risk** at the special price of \$2,195*. Once I have subscribed I can select a permanent User ID and Password to www.iipower.com at no extra charge.

NAME B40801

TITLE FIRM

ADDRESS

CITY/STATE POSTAL CODE/ZIP COUNTRY

TEL FAX E-MAIL

Options for payment:

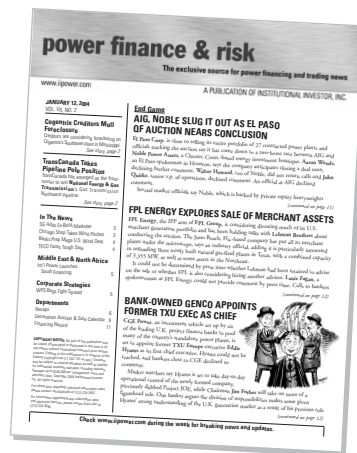
- ☐ Bill me ☐ Check enclosed (please make check payable to Institutional Investor News)
☐ I am paying by credit card: ☐ Visa ☐ Amex ☐ Mastercard

CREDIT CARD NUMBER EXPIRATION DATE SIGNATURE

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.

* In Canada, please add US\$30 for postage. Other non-U.S., please add US\$75.



Institutional Investor NEWS
INTELLIGENCE FIRST

UNITED STATES
 Tel: 1-212-224-3570
 Fax: 1-615-377-0525
 Email: customerservice@iinvest.com
 Mail: Institutional Investor News
 P.O. Box 5016
 Brentwood, TN 37024-5016

UNITED KINGDOM
 Tel: 44 20 7779 8998
 Fax: 44 20 7779 8619
 Email: tgstewart@euromoneyplc.com
 Mail: Thomas Gannagé-Stewart
 Institutional Investor News
 Nestor House, Playhouse Yard
 London, EC4V 5EX, England

HONG KONG
 Tel: 852 2842 6929
 Fax: 852 2973 6260
 Email: hellera@iinvest.com
 Mail: Adi Heller
 Institutional Investor News
 5/F, Printing House, 6 Duddell Street
 Central, Hong Kong

BABCOCK JV

(continued from page 1)

that owns the 32.3 MW Trapani project, the 38.55 MW Palermo project and the 23.8 MW Vizzini project. The former has obtained all key construction permits. The authorization process for the Palermo and Vizzini developments is expected to be completed within the next few months, says one potential bidder. He adds a fully permitted portfolio could fetch some EUR40 million for the sellers.

The sale likely reflects B&B and Infrastrutture's reluctance to inject the large amounts of equity capital necessary to bring these projects to fruition. "Wind farms are capital intensive and it's difficult to draw in debt financing without a strong offtake contract," says another financier.

Infrastrutture focuses on the development of distributed generation and renewable power and has been involved in the construction of over 15 GW of generation in Italy and across Europe. It retains an equity stake in some 1.5 GW of generation.

—Will Ainger

ARCLIGHT/CAITHNESS

(continued from page 1)

Pennsylvania, New Jersey, New York, Massachusetts, Montana and Oregon and were sold by the former **PG&E National Energy Group** as part of its emergence from bankruptcy protection. "They were the last big portfolio of contracted assets out there," says Revers of the auction process. **Lazard Freres** advised NEGTE.

If the B loan is secured against the contracted generation assets and the pipeline, it will likely draw strong lender support, says one financier. "It'll be a blow-out," he declares.

With bullish sentiment in the high-yield market, Arclight/Caithness will be looking to achieve pricing of around 200 basis points over LIBOR, says the financier, but he notes that commercial banks and even the bond market might be able to provide better pricing, depending on the credit rating of the offtakers. Another driver toward executing a B loan could be the sponsors' desire to lever the assets as fully as possible through the adoption of a first- and second-lien structure, as has been seen in the recent \$460 million Coletto Creek financing (PFR, 7/19) and the imminent **MatlinPatterson** loan (PFR, 7/24).

Lehman also launched a \$196 million B loan for ArcLight's \$301 million acquisition of a 12-plant merchant portfolio from **Aquila** over the winter (PFR, 1/20).

—Angela Salvucci

CREDITORS PUT

(continued from page 1)

peak conditions, says the official.

A **Lehman Brothers**-led auction of the Exelon Boston plants faltered last year, largely because potential acquirers were deterred by their heavy debt burden (PFR, 11/25). Exelon turned the plants' keys over to its creditors at the beginning of the year.

The plants include Mystic 8 and 9 and Fore River, all 832 MW gas-fired plants, and Mystic 7, a 560 MW oil and gas-fired plant.

Peter Marquis, the Lazard director leading the auction, declined comment. Calls to BNP were not returned.

—A.S.

U.K. DEVELOPER

(continued from page 1)

RES was founded in 1980 as a subsidiary of the **Sir Robert McAlpine**

construction company and over the past 20 years has developed 20 projects in the U.K. and Ireland as well as several large scale wind farms in the U.S., mainland Europe, the Caribbean and Japan.



Four Burrows

The upcoming financing will cover six to eight projects in the U.K. and Ireland, including the Atalhullion (26 MW) and Rigged Hill (5 MW) projects in County Londonderry, and the Four Burrows Wind Farm in England. The financing will likely cover some 100 MW of operational capacity.

—W.A.

News In Brief

First Call Associates, an executive search firm that specializes in the energy sector, has hired **Sybilla Mason**, a manager at energy consultancy **The Structure Group**. Mason, whose industry experience includes stints at **Enron** and **Sempra Energy Trading**, will be based in Boca Raton, Fla.

Quote Of The Week

"I don't want to constrain our thinking by limiting ourselves within the Texas border." —**Jack Fusco**, newly installed chief executive at **Texas Genco**, commenting on the IPP's power plant expansion plans (see story, page 4).