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Abengoa Looks To Hook Banks For Arizona Solar

Abengoa subsidiary **Solúcar Energia** is auditioning lenders for its planned \$1 billion solar thermal facility in Arizona.

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U.K. IPP Seeks Debt For 850MW CCGT

Carron Energy plans to issue an RFP to lenders by the month end for GBP300 million (\$596 million) funding its newly approved 850MW CCGT in Wales.

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FPL ROUNDS UP INVESTORS FOR FIRST TAX EQUITY FINANCING

FPL Energy, the leading U.S. wind energy owner, is plotting its first tax equity monetization. As first reported by *PFR* last Wednesday, it is set to dispatch specs on a roughly 600 MW portfolio known as Northern Frontier Wind to potential investors. The company, a unit of **FPL Group**, traditionally uses debt to finance its developments, but observers speculate it may have invested so much that it has run out of capacity to put the credits to use. Until now it had been using them at its utility **Florida Power and Light**.

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MAINE COGEN MAY BE UP FOR GRABS

Hydro-Québec may look to offload its stake in a 174 MW qualifying cogeneration facility in Bucksport, Maine—its only U.S. generating asset—according to an official familiar with the company's thinking. But **Sylvain Thériège**, a spokesman for **Hydro-Québec Production** in Montréal, said the company has no intention to divest the plant and no call for tenders has been made.

Bucksport Energy is owned jointly by a U.S. subsidiary of **Hydro-Québec International** and by **MEG International**, which itself is jointly owned by **Hydro-Québec** and **Gaz de**

(continued on page 12)

MINN. WIND LOOKS TO PARTNER UP FOR 300 MW PROJECT

Minneapolis-based developer **National Wind** is scouting for new equity for a 300 MW project in Minnesota after recently teaming up with **Edison Capital** on 380 MW of farms in the Midwest. **Pat Pelstring**, partner and co-founder, says PPAs are expected to be inked soon on the High Country Energy farm in Dodge and Olmstead Counties, Minn., and another project, 150 MW M Power in Griggs and Steele Counties, N.D. He declined to say if an investor would be sought for M Power. Both are slated to be online by 2010.

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BLUE SOURCE GETS CREATIVE WITH SEQUESTRATION

Carbon capture specialist **Blue Source** is working on adapting a proprietary sequestration technology in use at two fertilizer plants as a way of reducing greenhouse gas emissions in power generation. So far, the technology is in use at the Enid, Okla., fertilizer facility owned by **Koch Industries** and in development at a **Coffeyville Resources** nitrogen



Russell Martin

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At Press Time

Abengoa Sub Seeks Debt For Arizona Solar Unit

Solúcar Energía, the solar unit of Spain's Abengoa, has been holding preliminary talks with lenders with a view to financing a large solar thermal facility in Arizona, according to bankers. The size of the unit is yet to be decided, but is likely to be at least 250 MW and could cost as much as \$1 billion, they add.

An Abengoa spokesman in Seville, Spain, declined to make an official available for comment. The sponsor is said to have a location in mind, but will not go firm until it has negotiated a PPA. The timetable for selecting lenders and constructing the plant could not be ascertained. Solúcar has a big solar portfolio in Spain, but has yet to build in the U.S. It recently mandated **Caja Madrid, Société Générale, Calyon, Natixis** and **Banco Santander** to arrange financing for its 100 MW SolNova project in Sanlúcar La Major, Spain (PFR, 6/4).

SunEdison's New Chief To Strengthen Utility Ties



Thomas Rainwater

Utility veteran **Thomas Rainwater** took his seat as CEO of solar developer **SunEdison** last week, with the aim of boosting relations with potential utility offtakers for the larger developments it has planned. As former executive v.p. of commercial operations and development at Canadian utility **TransAlta**, "His pedigree helps solar to be seen as a significant solution," says **Jigar Shah**, SunEdison's founder and chief strategy officer.

The Beltsville, Md., company has closed on debt financing for an 8 MW photovoltaic facility in Colorado that it is building for **Xcel Energy**, and a joint venture with Canada's **SkyPower Corp.** to develop up to 50 MW for the **Ontario Power Authority**. Shah declined to comment on debt financing plans for the Ontario projects.

Commitments Roll In For Sandy Creek

Commitments of \$100 million or more are said to be rolling in for the \$1.2 billion in construction debt funding **LS Power's** 800 MW Sandy Creek coal facility in Riesel, Texas. According to deal watchers, at least a dozen banks are angling for positions on the second tier. **Credit Suisse** and **Royal Bank of Scotland** lead the deal and are looking to allocate most, if not all, of the total package. Officials at LS and the leads did not return requests for comment.

Banks in the running include **Scotia Capital**, **CIT Energy** and **BNP Paribas** as well as the four that came in on a recent \$200 million revolver for **LS Power Associates** (PFR, 8/10)—**Fortis Capital**, **ING Capital**, **Union Bank of California** and **Natixis**. It could not be learned which have committed funds or when allocations are due, but general syndication is being targeted for September. The financing is being executed on a club basis because appetite from B loan investors has dried up in the credit market tumult.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Citi Appoints Senior Climate Change Advisor

Citi Markets & Banking has hired Tracy McKibben as managing director and head of environmental banking strategy in a bid to bolster its client advisory capabilities on the business issues of climate change. She will report to **Andrew Safran** and **Peter McTague**, co-heads of energy, power and chemicals investment banking, and advise clients on environmental financing, energy policy and government affairs.

McKibben joins from **The National Security Council**, where she was director for European economic affairs and E.U. relations. Safran noted that her direct exposure to the formulation of energy policy in Washington, D.C. and Europe made McKibben an attractive hire. "We need to expand our advisory capability on climate change and environmental policy," he says. "These issues are at the center of many of our clients' thinking, and we want to be ahead of the curve." McKibben is slated to start Sept. 10.

PPM Reviews Quartet For Fourth Tax Equity Financing

PPM Energy had compiled a shortlist of four contenders for its fourth tax equity financing as *PFR* went to press. Two of the parties looking to invest in its so-called Aeolus IV portfolio, **Morgan Stanley** and **JPMorgan Partners**, are bidding individually and two are bidding as consortia, one led by **Lehman Brothers** and the other comprising **GE Energy Financial Services** and **Wachovia**. An official close to the process says there is a frontrunner, but its identity could not be learned. A decision was expected Thursday by PPM's owner, **Iberdrola**, for whom the deal is a first in the U.S.

Aeolus IV packages an aggregate 453.6 MW of wind capacity under development. In it is the 150 MW Minn-Dakota Wind in Brookings County, Minn., 123.6 MW Klondike III in Sherman County, Ore., and 80 MW Top of Iowa II in Worth County, Iowa.

PPM—previously owned by **ScottishPower**—was forced to pursue tax equity investment after its parent sold **PacifiCorp** to **MidAmerican Energy Holdings**, eliminating its ability to realize the tax benefits of its wind projects (*PFR*, 9/22). The structure of tax monetization deals can take two forms. One, a so-called pre-tax, after-tax preferred structure (PAPs), whereby the investor pays cash upfront, operating cash over the first five years and then nothing until the production tax credits expire 10 years in, when the economic benefits shift back in favor of the sponsor. The other is a pay-as-you-go format, where there is a slug of cash upfront and then steady payments that function like an annuity for a period of 10 years.

JPMorgan invested in 141 MW Aeolus I in May last year and in October won 516 MW Aeolus II (*PFR* 10/9), alongside

Halsey Street Investments, New York Life Insurance and ABN Amro's Lease Plan North America. Morgan came into PPM's 320 MW Aeolus III deal last year (*PFR* 11/22). Officials at PPM declined to comment and principals at the bidders either had no comment or did not return calls.

Goldman Weighs Noble Bids

Goldman Sachs took first-round bids Aug. 13 on **Noble Environmental Power**, according to sources following the sale process. The firm, which was retained in June to shop the Essex, Conn.-based wind developer (*PFR*, 6/01), is reportedly looking to fetch as much as \$2 billion for the company.

The full list of contenders could not be determined, but is thought to include Spanish utility **Endesa** and Canada's **Brookfield Power**, a unit of **Brookfield Asset Management**. Endesa is reportedly interested because it is trying to compete with Spanish rivals **Iberdrola** and **Acciona**, which already have a presence in the U.S. Brookfield has been looking for a target for some time, add deal trackers, having been a frontrunner in the **Morgan Stanley**-led auction of **Superior Renewable Energy** last year, which went to **Babcock & Brown**. **Duke Energy** had reportedly looked at Noble early on, but has since dropped out of the process.

Calls to **Chuck Hinckley**, ceo, and officials at Goldman were not immediately returned. Noble, which is majority owned by **JP Morgan Partners**, has 385 MW of capacity scheduled to come online by the end of this year and a 4 GW pipeline.

U.K. IPP Seeks Debt Financing With Green Light On 850MW CCGT

Carron Energy is planning to issue a formal request for proposals to lenders by the end of the month for roughly £300 million



Severn Power

(\$596 million) supporting its planned 850 MW combined-cycle gas turbine plant near Newport, South Wales. After some delay due to the recent U.K. Cabinet reshuffle, approval was granted Aug. 17

for the Severn Power facility to be built on the site of the existing 360 MW coal-fired Uskmouth Power station for an expected £400 million (*PFR*, 8/8).

Advisory boutique **Lexicon Partners** is advising on the financing and has been holding informal discussions with banks for several weeks. Lender participation is expected to be hotly contested because greenfield projects in the U.K. are rare and mostly done on balance sheet by utility sponsors. "There is a cast of usual suspects who include a lot of the mainstream banks," notes Carron CEO **Alex Lambie**.

The aim is to mandate no more than three firms, and a club financing has not been ruled out. Uskmouth was financed with £35-40 million underwritten by Belgium's **KBC Bank** in 2005, and later refinanced with a £120 million bond deal via **Deutsche Bank**. The plant was then sold to its present management and shareholders—Deutsche (36%), **Strategic Value Partners** (36%) and **Trafalgar Asset Managers** (16%)—for £125 million. Lexicon advised on the refinancing and sale.

Carron aims to have funds for Severn Power in place by the end of October so it can start construction early next year and reach commercial operation by 2010. The plant will be part merchant and part hedged. "There's obviously a stress because of the amount we have to hedge the plant to cover the debt service, but we want to keep that to a minimum because the less we hedge now, the less we will give away as power prices in the U.K. trend upward," explains Lambie. **Siemens** has been selected as the preferred bidder to win the EPC contract, as well as the operations and maintenance and long-term service agreement.

Santander To Add N.Y. Syndicator

Banco Santander is set to transfer **Javier Rovira**, an executive director, to its New York office from Madrid in mid-September. He will oversee the distribution of project and acquisition financing for power and infrastructure clients in the Americas. Calls to **Fuensanta Diaz**, managing director in New York, were not returned by press time.

The bank has been steadily expanding its New York team with staffers from its Spanish headquarters as it looks to build its North American presence and play a lead role in more transactions (PFR, 1/16). Its most high-profile U.S. deal to date was the debt supporting **Acciona Solar's** 64 MW Nevada Solar One facility, jointly led by **BBVA** and **La Caixa**. Syndication of the deal is set to launch next month (PFR, 5/4).

EIF Taps ExxonMobil Staffer



José Torres-Monllor

Energy Investors Funds has hired **Scott Parkes**, a corporate finance official at **ExxonMobil** in Houston, as a senior associate in its Mill Valley, Calif., office. Parkes will work with the investment and marketing teams, reporting to **Jose Torres-Monllor**, senior v.p. "He has the skills we need to operate on both the investment and fund raising sides of our business," says Torres-Monllor.

Before ExxonMobil, Parkes spent four years in investment banking with **JPMorgan** and **McManus & Miles** in New York. He is the third new hire by the private equity fund manager since it closed its United States Power Fund III with \$1.35 billion in commitments last month (PFR, 7/13).

Warren MacGillivray recently joined as senior v.p. in the asset management group in Boston, while **Jason Kahan** joined as an associate in New York. "These new personnel will use their skills to help us deploy the capital that we now have," says Torres-Monllor, adding that one focus is the opportunity to build a second unit at its co-owned 500 MW Astoria Energy generating facility in Queens, N.Y.

HSBC Anoints New Head of Global Project Finance

HSBC has appointed **Will Rathvon** chief executive of global project and export finance. He will be based in London, reporting to **Robin Phillips** and **Paul Hand**, co-heads of global banking. Rathvon worked in project finance for 20 years, the last three of which were at **Standard Chartered**, where he was global head of project and export finance, based in Singapore. His start date could not be learned, but according to an HSBC spokesman will be some point next quarter.

Rathvon replaces **Jeremy Thirsk**, who died of a sudden heart attack shortly after being appointed global head of export and project finance (PFR, 5/11). The expectation was that the top spot would be handed to an internal candidate, such as **Mark Lemmon**, deputy head of global project and export finance, or **David Gardiner**, head of energy. Additional inquiries to Rathvon and HSBC officials were not immediately returned.

Need For Speed Determines Conn. RFP Winners

The **Connecticut Department of Public Utility Control** reaffirmed three generation projects as winners of its RFP for new capacity after a brief period where the results were contested, finding they offered the most cost-effective projects that could be built the fastest. "There were parties who didn't agree with the selection, but the critiques offered were not seen as sufficient to change the DPUC decision," explains **Bridgett Neely**, managing consultant with Boston, Mass.-based RFP advisor **London Economics International**.

The winners, given preliminary notice they had won April 23, are **Kleen Energy** with a 620 MW gas-fired baseload plant to be built in Middletown; **Waterside Power's** 66 MW oil-fired peaker in Stamford; and **Waterbury Generation's** 96 MW gas-fired peaker in Waterbury. A demand-side initiative also was chosen from the blind selection process, which involved bidders identified only by numbers and letters. Binding contracts will be signed in October, according to **Don Downes**, chairman of the DPUC.

London Economics started with more than 20 project submissions last year (PFR, 9/15), some of which offered multiple arrangements and configurations. Among them was

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NRG Energy, which bid with about 1.3 GW of new capacity; **GE Energy Financial Services**, which bid a 620 MW combined-cycle facility in Oxford; **Maxim Power**, which bid 100 MW Max Bridge in an undisclosed location; and **Lake Road**, which had planned an onsite extension to the 805 MW facility in Dayville, but pulled out citing the need for more time while the plant was being sold.

The state's Office of Consumer Counsel was also reportedly unhappy with the results of the RFP. After legislation was enacted earlier this year allowing utilities to build certain plants, critics favored scrapping the process and asking utilities to build cost-of-service plants that could be put through rate base. But Neely says the DPUC decided to pay a premium for getting the new capacity online more quickly.

SUEZ Takes Chilean Coal Proposals

SUEZ Energy International asked lenders to submit proposals last Friday for construction financing underpinning its planned coal-fired plant in northern Chile, according to deal trackers. The 150 MW Central Termoeléctrica Andino project is expected to cost \$500 million, largely due to the cutting-edge circulating fluidized bed technology it will feature, enabling it to burn biomass and other fuels. Officials at SUEZ in Houston did not return calls.

The winning banks are expected to be announced in a few weeks. The plant already has a 21-year power purchase agreement locked up with a unit of copper producer **Codelco** to power two of its mines. Construction is slated to begin by the end of the summer and take three years to complete.

Nevada Biomass Concern Seeks Development Funds

Green Tree Power, a Nevada-based biomass developer, is trying to raise development funds for a series of projects it plans to build across the western U.S. It is looking to bring online five 25 MW plants, underpinned by an inaugural project in north-central Oregon, and will need \$60-80 million per facility from equity investors.

At this point, the company is not using an advisor because its three founders are semi-retired industry folk who still have solid contacts. The founder/owners are **Joe Bizzano**, former v.p. and general counsel for **NRG Energy**, **Tom O'Connell**, who developed a raft of biomass plants for different sponsors in New England and **Richard Riley**, former president of engineering specialist **Southwest Engineering**.

Private equity firms have already come knocking, says Bizzano, citing **Energy Investors Funds** as an example, as has **Goldman Sachs**-owned **Cogentrix Energy**. But the rollout is

temporarily on hold while **Green Tree Power** sources the right fuel supply to make the projects bankable. "Eventually it would be project financed," notes Bizzano. "We are going to start with the first one and use it as a template to replicate it in other locations. Our new strategy is to get biomass supply that is financeable. [Without that], we can't get a 10-20 year [offtake] contract."

Landfill Gas Plant Set For Auction

E/S Solutions and **Bluff Power Partners**, owners of a bankrupt landfill gas plant in Dallas known as **McCommas Bluff**, are close to auctioning the 9 million standard-cubic feet-a-day facility under Section 363 of the U.S. Bankruptcy Code. A federal district court decision was expected to kick start the process last Thursday.

William Snyder, managing partner at **Corporate Revitalization Partners**, now **CRG Partners**, is advising as trustee, after **McCommas** filed for Chapter 11 bankruptcy protection in May. "We came in because the ownership found it hard to agree on where to go with the sale process. Now a federal judge is ordering me to sell it," says Snyder.

Pittsburgh, Pa., landfill gas concern **Montauk Energy Capital** has been named the stalking horse with a \$10.5 million bid. **Montauk** is owned by New York private equity firm **Blue Wolf Capital Management**, which did not return requests for comment. **McCommas** sells the pipeline quality gas it produces to utility **Atmos Energy**.



McCommas Bluff

Leads Lasso 11 To Wrap Babcock Global Wind Refi

Syndication of a EUR1.03 billion (\$1.39 billion) refinancing of **Babcock & Brown Wind Partners'** 1.2 GW global project portfolio drew 11 banks last week. The debt, arranged by **HBOS**, **Dexia Crédit Local**, **Millennium BCP Investimento** and **Banco Espirito Santo de Investimento**, will enable the Aussie sponsor to find the funds to construct more facilities (PFR, 4/13).

The participants were Australia's **Westpac**, **Bank of Australia**, **Bank of Ireland**, **Royal Bank of Scotland**, **Natixis**, **Banco Santander Central Hispano**, **Société Générale**, **DEPEA**, **Deutsche Pfandbriefbank**, **IKB Deutsche Industriebank**, **KBC Bank** and **KfW Bank**. The size of the tickets they took and fees could not be learned. The deal was 40% oversubscribed, according to **Bernardo Amaral**, an associate at **Banco Espirito Santo de Investimento**, who adds, "For the suppliers, this



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portfolio provides somewhat less risk because it is well spread out. It's no surprise that banks had an appetite for this deal."

RBS Taps BNP For Power Syndicator

Royal Bank of Scotland has hired **Simon Orchard**, former head of energy, commodities, export and project finance syndication at **BNP Paribas** in London. He started yesterday as managing director and head of project finance, shipping and structured finance, reporting to **Declan McGrath**, head of loan capital markets.

Orchard spent 10 years at BNP. According to an RBS spokesman, he replaces **Steve Gee**, who left RBS in April to take a sabbatical (PFR, 6/8). Orchard could not be reached.

Corporate Strategies

Dallas Midstream MLP Issues Equity To Trim Debt



Stephen Arata

Regency Energy Partners, a midstream natural gas services provider, has raised \$370 million from a sale of common units, allowing it to pay down pricey debt. "We had wanted to right-size the balance sheet for a while," explains **Stephen Arata**, cfo in Dallas. Debt had been 80% of the capital structure and is now 55%.

"It's a level that's appropriate for our business and our goal of becoming investment-grade," says Arata.

The master limited partnership, rated BB by **Standard & Poor's**, has seen more than \$800 million in growth since 2004, with only \$100 million financed via equity so far. It had to wait until after **HM Capital Partners** sold its majority stake to **GE Energy Financial Services** for \$603 million to issue any new equity, notes Arata, adding GE plans to use Regency as a platform to grow its gas gathering and transportation business.

Regency sold 11.5 million common units, each priced at \$32.05, including 1.5 million units covering overallocments. Proceeds will redeem \$192.5 million of 8.375% senior notes due 2013, the limit under covenants imposed on an earlier \$550 million debt offering, and pay off the final \$50 million of a \$600 million term loan led by **Lehman Brothers**, **UBS** and **Wachovia Capital Markets** drawn last August.

UBS, **Goldman Sachs** and **Morgan Stanley** managed the offer, with **AG Edwards & Sons**, **Credit Suisse Securities**, **JPMorgan Securities** and **Wachovia** serving as co-managers. **UBS** and **Wachovia** underwrote the earlier \$600 million term loan and 8.375% issues; **JPMorgan** co-underwrote the term loan; and **Goldman** advised **HM Capital Partners** on the sale to **GE EFS**. Regency units traded at \$30.43 on Aug. 17, and hit a 52-week high of \$35.08 on July 27 and a 52-week low of \$21.88 on Dec. 8. There are 59 million common units outstanding.

Alliant Sub Sells \$300M To Bankroll Wind, Repay Debt

Alliant Energy subsidiary **Wisconsin Power and Light** plans to use proceeds from its sale of \$300 million in 30-year debentures to repay short-term debt and help fund future wind projects. **Enrique Bacalao**, WP&L assistant treasurer in Madison, Wis., says the plan is to build a 100 MW farm at a still-to-be-determined spot in Wisconsin within two years, and 200 MW in Iowa through subsidiary **Interstate Power and Light**. The offering also will repay \$105 million of 7% senior debentures that fell due June 15.

The 6.375% senior debentures mature Aug. 15, 2037. **Banc of America Securities** and **Merrill Lynch** were joint book-running managers. **Citigroup** and **KeyBanc Capital Markets** were co-managers. "We went with these banks because they work well together and work well for us," Bacalao says, declining to elaborate.

WP&L bought 41 wind turbines from **Vestas Wind Systems** for its 70 MW Cedar Ridge Wind Farm in Fond du Lac County, Wis., last month. The \$180 million project is expected to be complete by the end of next year, and is being financed with bonds and common stock (PFR, 7/20). Bacalao says the wind possibilities in the company's service territory are particularly attractive, despite the run-up in construction costs. "We take a longer-run view," he says. "The nature of the business and the assets we finance have their ups and downs, but we still think that we can back projects that can get optimal valuation." WP&L's total debt following the debt offering is about \$597 million.

Boardwalk Sub Places \$500M For Pipe Expansions

Gulf South Pipeline Co., a subsidiary of midstream master limited partnership **Boardwalk Pipeline Partners**, sold \$500 million in senior notes in a private placement Aug. 14. Proceeds from the sale of \$275 million in 6.3% notes, due 2017, and \$225 million in 5.75% notes, due 2012, will help fund two large pipeline expansions, says **Jamie Buskill**, cfo in Owensboro, Ky.

About \$1.5 billion is being spent on Gulf South's 242-mile East Texas Expansion and 112-mile Southeast Expansion projects, both of which are expected in service late 2007 or early 2008. A total of \$3.7 billion has been earmarked for Boardwalk's capital expenditures, Buskill says. The aim is to stick to a 50:50 debt-to-equity ratio when funding the MLP's growth, he adds, and if Gulf South's debt becomes too much of a burden, the parent will issue additional equity. Boardwalk's general partner is indirectly owned by **Loews Corporation**.

The debt was privately placed to match previous Gulf South offerings. **Citigroup** and **Morgan Stanley**—Boardwalk relationship banks—underwrote the issue, rated BBB+ by

Standard & Poor's. Gulf South has about \$575 million in debt outstanding. Together with another Boardwalk subsidiary, **Texas Gas Transmission**, the MLP has about 13,400 miles of pipeline and underground storage fields with 146 billion cubic feet per day of aggregate working gas capacity.

CenterPoint To Pocket Savings Via Stranded Cost Securitization

The decision by the Public Utility Commission of Texas to allow utility **CenterPoint Energy** to securitize \$511 million of future payments collected from retail electric providers will lower the interest rate it pays on its transition balances to 5% from 8%. "This decision is a win-win for us," says **Floyd LeBlanc**, spokesman in Houston. "It's what consumers want, and we're not opposed to getting our money back all at once."

Transmission and distribution subsidiary **CenterPoint Energy Houston Electric** got the green light to issue the low-cost transition bonds after the Texas legislature voted to allow utilities

to recover funds being collected through a monthly competition charge (PFR, 7/6). The charge has been in place since 2002. Because the securities will be backed by the state, they carry lower interest rates than standard corporate bonds, generating big savings for consumers. According to LeBlanc, bookrunners have yet to be chosen, but the deal will come to market as soon as possible. The offer is expected to close by the year end, adds **Marc Kilbride**, treasurer in Houston.

Separately, CenterPoint is expecting a decision from a Texas lower state court that would enable it to recover an additional \$850 million in stranded costs within the next several weeks—a case most likely decided by the middle of next year. Expecting a favorable decision in the stranded cost true-up appeal, **Citigroup** analyst **Faisal Khan** upgraded CenterPoint to 'buy' from 'hold' last Monday. Khan, who was unavailable for comment, forecasts the utility will spend \$1 billion on capital expenditures over the next three years, on top of the depreciation of its regulated pipeline and utility assets. Over that time its earnings are expected to grow 7% annually.

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.

North America

- **El Paso Corp.** said it would pay \$875 million in cash to buy the oil and gas production unit of **Integrus Energy Group** (*Reuters*, 8/17).
- Plans for a \$1.6 billion coal-fired plant on Minnesota's border with South Dakota went forward when judges urged state regulators to issue permits for transmission lines (*Minneapolis Star-Tribune*, 8/16).
- Spain's **Iberdrola** may complete the \$4.5 billion purchase of **Energy East** in the first half of 2008, up to six months earlier than expected (*Bloomberg*, 8/20).
- **Aquila** has entered an agreement with biofuel supplier **Blue Sun Biodiesel** to provide fuel for two Colorado generation plants. (*McClatchy-Tribune Regional News*, 8/18).
- **DTE Energy** signed a 10-year agreement with **Heritage Sustainable Energy** to provide wind power for DTE's GreenCurrents renewable energy program. The agreement will allow for Heritage to build a new 100 MW wind farm in Richland, Mich. (*Detroit Free Press*, 8/17).
- **WCE Holdings**, the privately held owner of the **Winnipeg Commodity Exchange**, has accepted an amended offer from **IntercontinentalExchange** to be acquired for C\$50 million (\$47 million) (*Reuters*, 8/17).
- **Reliant Energy's** 800 MW Channelview plant filed for Chapter 11 bankruptcy protection after defaulting on its loans. The IPP is exploring strategic alternatives for the unit (*Reuters*, 8/20).
- Wisconsin state regulators could decide as early as this week whether to let the proposed \$1 billion sale of **We Energies'** Point Beach nuclear plant to **FPL Energy** proceed (*Milwaukee Journal Sentinel*, 8/20).
- A court ruling has effectively stopped a proposed 50-mile natural gas pipeline to be built by **Spectra Energy** and **KeySpan Corp.** that would run between Connecticut and Long Island, N.Y. (*Reuters*, 8/20).
- The **Arkansas Public Service Commission** will resume hearings on a proposed \$1.3 billion coal-fired plant near Fulton to be built by **Southwestern Electric Power Co.** (*Associated Press*, 8/20).
- The **American Federation of Labor and Congress of Industrial Organizations** recommended that shareholders vote to approve the proposed \$32 billion private-equity buyout of **TXU Corp.** (*Associated Press*, 8/20)...Meanwhile, TXU generation unit **Luminant Energy** is tackling repairs at Unit 2 of its 575 MW Big Brown coal-fired plant near Fairfield, Texas, after a boiler leak (*Reuters*, 8/20).
- A judge in Oklahoma has recommended that **Oklahoma**

Weekly Recap (cont'd)

Gas & Electric, Public Service Company of Oklahoma and the **Oklahoma Municipal Power Authority** be allowed to build the \$1.8 billion 950 MW Red Rock coal-fired plant near OG&E's Sooner Power Plant in northern Oklahoma (*Associated Press*, 8/22).

- **American Electric Power** has agreed to sell its 50% interest in the 450 MW Sweeny cogeneration plant south west of Houston to **ConocoPhillips** for roughly \$80 million, including working capital items and the assumption of related debt. The deal is expected to close in the fourth quarter (*MarketWatch*, 8/21).

- **American Electric Power** finalized its joint venture with **Allegheny Energy** to build a 290-mile, high voltage transmission line from West Virginia to Maryland (*Associated Press*, 8/23).

- The New York State Public Service Commission voted to authorize **National Grid's** acquisition of **KeySpan Corp.** (*Associated Press*, 8/23).

- The **PJM Interconnection** recommended that its board approve **Pepco Holdings'** proposed 230-mile high-voltage transmission line that would stretch from northern Virginia to New Jersey (*Washington Post*, 8/23).

Asia

- A consortium led by Indonesia's **Medco Energi Internasional**, **Ormat International** and **Itochu Corp.** has signed an agreement to construct the Sarulla geothermal project in Tapanuli Utara, Indonesia. The plant will consist of three phases, each of 110-120 MW, and be constructed over the next five years (*Datamonitor*, 8/21).

- The **Association of Southeast Asian Nations** signed a memorandum of understanding to establish a power grid among its 10 members (*Channel News Asia*, 8/23).

Thailand plans to generate 4 GW of nuclear power by 2020, according to the Thai Energy Ministry (*Bangkok Post*, 8/23).

Africa

- The Bujagali hydropower dam project was commissioned. The \$750 million, 250 MW dam is scheduled for completion in 2011 (*AllAfrica.com*, 8/23).

Europe

- **British Energy** warned investors that it was increasing output more slowly than expected at two power stations that were shut down last year due to safety concerns (*Financial Times*, 8/16).

- **Zsolt Hernádi**, ceo of Hungary's national energy company

Mol, said it is open to partnerships with bigger rivals (*Financial Times*, 8/20).

- Buyout firm **Arcapita** has agreed to sell its one-third stake in the U.K.'s Zephyr wind farm portfolio to **Infracapital**, a European infrastructure fund managed by the **Prudential Group**, and a unit of **JPMorgan Asset Management** for GBP145 million (\$287.5 million). **Englefield Capital** sold its one-third stake earlier this year for the same price to the pair. **RWE npower** still owns its original third (*Reuters*, 8/22).

- **RWE** and Swiss power company **EOS** have signed an agreement to exchange hydroelectric and coal-fired power. The agreement will take effect January 1, 2009 (*Forbes*, 8/23).

- Czech utility **CEZ** has been granted a tender from Romanian energy company **Electrocentrale** to become the strategic partner for the modernization of an existing power plant and potential construction of a new plant in Galati, Romania (*Datamonitor*, 8/22).

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Project Finance Deal Book

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

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
SUEZ Energy International	Central Termoeléctrica	Northern Chile	TBA	TBA			Looking for banks for \$500M project.
LS Power	Sandy Creek (800 MW, Coal)	Riesel, Texas	Credit Suisse, RBS	Term loan	\$1.2B	8 yr	Choosing sub-tier banks.
Carlyle/Riverstone	Portfolio (1.5 GW Gas)	Various, Texas	TBA	TBA	\$900M		RFP sent out 7/23.
Granite Ridge	Granite Ridge (720 MW, Gas) Recap	Londonderry, N.H.	TBA	TBA	\$500-\$600M		Choosing lead banks.
AES	Termoeléctrico de Penoles (230 MW Petcoke)	Tamuin, Mexico	TBA	TBA	TBA	TBA	Choosing lead bank.
RES	Hackberry Wind (165 MW Wind)	Shackleford Co., Texas	TBA	TBA	TBA	TBA	Looking for lead banks.
Borealis Infrastructure	Bruce Power (4.6 GW)	Tiverton, Ont.	Scotia, Dexia	TBA	C\$750M (\$710M)	TBA	Syndication launched 7/3.
LEP Holdings	Liberty Electric Power (568MW Gas) recap	Eddystone, Pa.	Credit Suisse, JPMorgan, Deutsche Bank	First lien Second lien	\$400M \$200M	TBA	Timeline unclear.
Nacogdoches Power	Nacogdoches (100MW Biomass, 300MW Gas)	Sacul, Texas	TBA	TBA			Looking for debt/equity for \$600M project.
J-Power USA	Pala (86.5 MW Gas)	San Diego Co., Calif.	TBA	TBA			Looking for lead bank.
MACH Gen	Portfolio (800 MW Coal)	Various	Credit Suisse	TBA	\$850M	TBA	Refinancing of \$850M second lien.
Acciona Solar Power	Nevada Solar One (64 MW)	Boulder City, Nev.	Santander, BBVA, La Caixa	Term loan	\$140M		Syndication expected in Sept.
Airtricity	Roscoe (209MW Wind) 2008 Turbine Supply	Abilene, Texas Various	HVB, BayernLB, NordLB HVB, Mizuho	TBA \$325M	\$300M	TBA	Syndication launched 6/21. Timeline unclear.
Shell WindEnergy, Dominion	Mt.Storm (264 MW, Wind)	Grant Co., W.Va.	TBA	Construction financing	\$288M	TBA	Fortis tipped as sole lead. Hedge with merchant tail expected.
Invenergy	St. Clair Power Station (570 MW Gas)	Sarnia, Ontario, Canada	RBC	Construction term loan LC facility	\$383M \$96M	5 yr	Syndication re-launched 7/2.
Perennial Power	Hermiston (474 MW Gas)	Hermiston, Ore.	TBA	TBA	\$130M	10 yr	Status unclear.
Noble Environmental Power	Altona, Ellenberg, Clinton and Bliss (339 MW Wind)	Altona, Ellenberg, Clinton and Bliss, N.Y.	HSH Nordbank, Dexia	Non-recourse loan	\$445M	TBA	Selecting sub-underwriters. Syndication expected Sept.

Live Deals: Europe/Middle East/Africa

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Eolicas de Portugal	Eolicas de Portugal (1.2 GW Wind)	Porto, Portugal	TBA	TBA	TBA		Selecting lenders.
Cobra, ACS Group	La Boga II (355 MW Wind)	Andalucia, Spain	Natixis, La Caixa	Term loan	EUR205M (\$283M)		Debt slated to close 7/20.
Abaste	El Bonillo (20 MW Solar)	El Bonillo, Spain	Deutsche Bank	Bond Offering	\$207M	24.5 yr	Iberdrola offtake.
Industrial Promotion Services, Sithe Global	Bujagali (250 MW Hydro)	Southern Uganda	International Finance Corp., Absa Capital, EIB, Standard Chartered	Term loan	\$630M	TBA	Uganda Electricity Transmission Co. offtake.
Spanish Egyptian Gas Co.	Damietta LNG	Damietta, Egypt	TBA	Term loan Bank Facility	\$600M \$250M	15 yr	25 year tolling agreement
Solucar Energia	SolNova (100MW, Solar)	Sanlucar La Major, Spain	Caja Madrid, SocGen, Calyon Natixis, Santander	TBA	EUR450-500M		September syndication expected.
Botswana Power Corp.	Morpule (1.2GW Coal)	Palapye, Botswana	TBA	TBA			Project Financing Solutions advising.
InterGen	Rijnmond Energie Center (820MW, Cogen)	Rotterdam, Netherlands	TBA	TBA			Refi of EUR240M (\$326M) in debt and 400MW expansion. Advizorum is advising.
AES	Cartagena (1.2GW, Gas) Refi	Cartagena, Spain	Calyon, Societe Generale	TBA			Terms to be set.
Babcock & Brown, Eurowatt	Wind Portfolio (120MW)	Various, France	La Caixa, Natixis	Term loan	EU183M (\$234M)		Syndication timeline unclear.
Dhofar Power Co.	Salalah (192 MW Gas Refi)	Salalah, Oman	Calyon	TBA	\$340M	TBA	Timeline unclear.
Tanjong Broup	Port Said East (683 MW Gas Refi)	Port Said, Egypt	Calyon	TBA	\$500-675M	TBA	Timeline unclear.
Ras Laffan Power Co. (AES)	Ras Laffan A (750 MW IWPP)	Doha, Qatar	TBA	TBA	\$572M		Looking for lead banks.
AES Oasis, Mitsui & Co.	Almanakher (370MW Gas)	Almanakher, Jordan	Sumitomi Mitsui, Overseas Private Investment Corp., JBIC	Senior facility Equity tranche	\$255M \$75M		Near close. National Electric Power Co. offtake.
Marubeni, Qatar Electricity and Water Petroleum	Messaieed (2GW Gas)	Mesaieed Industrial	Calyon	Term Loan	\$1.2B	25 yr	Syndicating.
Electricite de France, Delta	Sloe (820 MW Gas)	Vlissingen, Netherlands	TBA	TBA			Project Finance Solutions advising.
Eclipse Energy	Ormonde (200 MW Wind/Gas)	Irish Sea	TBA	TBA	Apr. GBP200M		Choosing Banks.
Carron Energy	Severn Power (850 MW Gas)	South Wales	TBA	TBA			Choosing Banks. Lexicon Partners is advising.

MINN. WIND

(continued from page 1)

National Wind, originally known as **Wind Energy Developers**, has a 1 GW pipeline. Edison Capital came in on its \$350 million, 200 MW Emmet County facility in Emmet County, Iowa, and phase one of its \$280 million, 130 MW Jeffers Wind Energy in Jeffers, Minn. National Wind is negotiating PPAs for both, which are expected online in 2009. "Edison has been an active co-developer, which likes to step into a project with form and substance," notes Pelstring.

The company's business model is to obtain early development funding from landowners before bringing in larger partners for tax equity investment who can then arrange debt financing. Edison Capital is handling the debt for its projects, but Pelstring declined to talk specifics and officials at parent **Edison International** declined comment. Getting landowners involved as investors and not just lessors can earn them a nice return over the life of the project, he adds—sometimes 10-15 times their original investment. "Most of the time the landowner participates only in the turbine placement, [but] we offer everything in one footprint," Pelstring says.

—Ben Miller

BLUE SOURCE

(continued from page 1)

process facility in Kansas. "For companies looking to develop integrated gasification combined cycle plants down the road, this model works perfectly," says **Russell Martin**, executive v.p. at Blue Source in Houston.

The costs of carbon capture are so high, adds **Lee Davis**, v.p. of development at **NRG Energy** in Princeton, N.J., that this sort of innovation is crucial to the future of IGCC and other clean generation projects. "This technology is definitely adaptable to plants that want to improve carbon capture through sequestration," he says. NRG is seeking approval to build the 700 MW Huntley Generating Station in Tonawanda, N.Y., expected to cost \$1 billion and be complete by 2013. It is also looking to add an IGCC plant to its extensive fleet in Texas.

Blue Source's business is to identify ways to manage emissions through a variety of sequestration projects, and then aggregate and market the resulting emission reduction offsets to third parties. The company is backed by energy-focused private equity firm **First Reserve Corp.**, which is providing funding for the Coffeyville project, with costs per ton of gas sequestered ranging from \$23-30, as well as a price estimate of \$25 million per 50 miles of related pipeline.

—Mark Bonamo

MAINE COGEN

(continued from page 1)

France. Hydro-Québec Energy Services has a 15-year contract to buy power from the plant. A smaller stake is owned by **International Paper**, formerly **Champion International**, which buys the steam to power its paper mill onsite. The project, which became operational in 2001, is fueled by some 48 million cubic feet per day of natural gas supplied by **Bangor Gas**, a unit of **Sempra Energy International**.

Hydro-Québec has been selling off its international interests to focus resources and efforts on developing its core businesses, with planned capital expenditures of \$19 billion by 2010. The company has stated in the past that further development of international assets is not in its plans.

—K.B.

FPL ROUNDS

(continued from page 1)

BNP Paribas affiliate **Capstar Partners** is advising on the deal.

Northern Frontier will consist of five projects, four of which are already in service. In it will be 199.5 MW of Peetz Table, a 400 MW project under construction that was co-developed by **Invenergy** in Peetz, Colo., 201 MW Logan in Logan County, Colo., 50.6 MW Oliver I and 48 MW Oliver II near Center, N.D., and 98.9 MW Mower in Mower County, Minn. Tax equity is expected to fund about 60-75%—an investment worth about \$600-800 million.

The investors being approached could not be identified, but it is expected to be a line up of usual suspects involved in power-related tax equity deals—**JPMorgan Capital**, **Morgan Stanley**, **ABN Amro's Lease Plan North America**, **GE Energy Financial Services**, **Wells Fargo** and **Wachovia**. Early expressions of interest were due Aug. 16 after an informal meeting was held July 30 at FPL's headquarters in Juno Beach, Fla.

—Katy Burne

Quote Of The Week

"We came in because the ownership found it hard to agree on where to go with the sale process. Now a federal judge is ordering me to sell it."—**William Snyder**, managing partner at **CRG Partners**, describing the 363 auction planned for the McCommas Bluff landfill gas plant, (see story, page 7).

One Year Ago In Power Finance & Risk

Cleco planned to tap the capital markets for close to \$600 million to bankroll its development of the \$1 billion, 600 MW coal-fired Rodemacher 3 facility in Boyce, La. [Cleco plans to use the \$189 million cash released by the sale of **Calpine's** 50% stake in their co-owned 1,160 MW Acadia plant in Eunice, La., to help fund the project (PFR, 8/3).]